Jerónimo Martins

2020

Annual Report

MESSAGE FROM THE CHAIRMAN

PEDRO SOARES DOS SANTOS
Chairman and Chief Executive Officer

At the beginning of last year, when I wrote about our performance in 2019, I began by reflecting on the high uncertainty the world was facing, the crisis of multilateralism and the aggravation of the trend towards the polarisation of societies. Tensions between the U.S. and China saw the latter record its lowest economic growth in nearly three decades, alongside a significant global slowdown and concerns about rising poverty.

In the first quarter of 2020, the outbreak of the Covid-19 pandemic followed by its alarming progression during the year had an enormous and large-scale impact, with the number of infections worldwide exceeding 110 million at the end of February this year, placing significant pressure on national health systems and killing nearly 2.5 million people.

As I write this message, implementation of the vaccination programme across the globe is haphazard and the virus continues to spread in all corners of the globe, albeit with varying levels of severity.

The pandemic has increased uncertainty and exacerbated inequalities and social fragmentation, on the one hand, and the crisis of multilateralism, on the other, threatening to reverse years of effort to fight poverty and further weaken the prospects for global cooperation and, ultimately, peace.

As a result of the evolution of the pandemic and the measures put in place to halt its progression, the global economy suffered a colossal collapse in 2020, two times worse than in the 2007/2008 financial crisis. And, as always, the recession has not affected everyone equally. The poor, young people, and the low-skilled are just some of the groups most affected by the crisis which has struck countries differently, given that the wealthier nations had budgetary capacity to implement support measures to offset the closing of economies, while the majority of the world's countries did not.

The effects of the pandemic in the widening of inequalities will be felt for many years to come, perhaps even generations. Digitalisation itself, always touted as a solution to reducing inequalities in a world where access to information and knowledge can be available anywhere and at any time, instead, is worsening the divide. In many parts of the world there are no infrastructures, no connectivity, no equipment and devices, in other words, there is no digital world. In most countries, including the ones where we do business, a significant percentage of the population, particularly children and young people, did not have the resources – computers and an internet connection – to migrate to remote education when schools closed.

The sudden reduction in the income of millions of people will force many to make choices, and education, the best route out of poverty, is at risk of being sacrificed.

The World Bank has a sombre outlook which, due to Covid-19, estimates that at the end of 2021 there will be more than 150 million people in extreme poverty around the world compared to what was expected pre-Covid.

All the world's attention has been on the pandemic, overshadowing increasing global geopolitical tensions. The race by the various blocs to be the first to purchase vaccines has revealed just how little global solidarity there is. China led the Covid-19 response and was the only major power to record economic growth. The U.S. saw an attempt to remove former-president Trump from office, who lost the election – unusual for a president seeking re-election –, and tensions erupting in the streets in the aftermath of the killing of George Floyd by police officers, with racial protests crossing borders and spreading around the world.

Indeed, while it is true that one of the lessons learned from the pandemic is that there is a deep interdependence among human societies in times of globalisation, it is also true that there is an increased risk of the self-centredness of countries, with obvious difficulty in aligning strategies and a huge asymmetry in their capacity to protect their peoples. While the majority of European countries, for example, expect to have 60% to 70% of their population vaccinated by the end July 2021, more than 85 poor countries will not have widespread access to vaccination against SARS-CoV-2 before 2023, in the best case scenario.

If achieving the 2030 Agenda and the Sustainable Development Goals (SDGS) set by the United Nations – which marked its 75th anniversary in 2020 –, was already difficult before the Covid-19 pandemic struck, it will certainly be even more so in a post-pandemic world, in particular the first and most pressing goal, on which many of the other goals depend: end poverty in all its forms everywhere.

By breaking out during year one of what will be the most demanding decade for achieving the shared vision for humanity embodied in the 2030 Agenda and its 17 SDGs, the pandemic has increased the risk of failure and has forced us to effectively acknowledge that is it only through collective action, solidarity and cooperation that we will be able to overcome the enormous challenges humankind faces on planet Earth.

All this has placed the debate on the role companies and businesses play in society at the centre of the agenda. For our part, we take on the responsibility of and commit to being a company that is as responsible as possible.

Responsible, from the outset, for the earnestness and determination with which we carry out our business of food distribution, the social importance of which became evident to all during the pandemic. Never before have we seen such social recognition of, and even gratitude for, occupations that cannot be put on hold, that cannot self-isolate because they are at the service of what is essential to life as we know it.

Despite the pandemic progressing differently in the countries where we operate, leading to very different approaches and responses by the respective governments and national health authorities, our teams, particularly those who carry out functions in stores and distribution centres and the support teams, showed that they could rise to the challenge.

Standing strong on the front lines, ensuring the stability of the supply chain (in particular by supporting our most vulnerable suppliers), ensuring that consumers had access to a quality offering at low prices and providing them a safe shopping environment, and being an active and supportive presence in the communities and societies we serve were priorities shared across the entire Group and guided our Companies throughout the year.

In Europe, the first half of 2020 saw an unprecedented decline in the economy, partially offset by the gradual lifting of the lockdown measures implemented by the governments. But this recovery was not evenly felt everywhere, and tourism-dependent countries, such as Portugal, are far from returning to pre-crisis levels.

Jerónimo Martins

Poland was able to resist better than most EU countries and was one of the Member States that recorded the least loss in 2020. The country's strong industrial base helped cushion the fall and the government created mechanisms that protected the economy and employment.

For us, well aware of the reality of both countries, the contrast with the impact suffered by Portugal was clear. Tourism is a major driver of wealth creation and employment in the country and, in a year in which foreign holidaymakers did not visit Portugal, domestic tourism was not enough to offset the decline. Recession resulted in a historic fall in GDP of more than 7.5% and unemployment (still) hasn't risen to alarming rates because the Portuguese government subsidised lay-offs.

The Covid-19 pandemic led to Colombia's first recession in the 21st century, destroying millions of jobs and increasing informality. The country's natural features and territorial organisation led to a significant decentralisation of measures to fight the pandemic, greatly increasing the complexity of the logistics and operational challenges for a Group, such as ours, operating in several regions.

In these incredibly challenging times, I believe we showed remarkable resilience in the first year of this pandemic, which pushed us all to the limit and required us to give it our very best. This report describes what we were able to accomplish together in a year that will perhaps go down as the most unpredictable of our lives, and also everything we did to respond, as best we could and knew how, to the crisis that befell us.

The Group's sales increased 3.5% to 19.3 billion euros (+6.7% at constant exchange rates), driven mostly by Biedronka's double-digit growth in sales (+10.4% in local currency).

In a year in which we celebrated Biedronka's 25th anniversary and Pingo Doce's 40th, the pandemic robbed us of our festive spirit and slowed the pace of growth, but it did not affect our financial soundness.

Consolidated EBITDA, which decreased 1%, remained above 1.4 billion euros mark, even after incorporating the additional 41 million euros in operating costs related to managing the pandemic.

Jerónimo Martins' net profit fell 19.9% year-on-year, which also reflects our strategic decision to once again increase wages in the three countries and the total bonuses paid to employees, which amounted to 189 million euros (38% more than in 2019), reaffirming our recognition of the extraordinary efforts made by our employees in an unprecedentedly challenging year.

However, despite the commitment and dedication shown by our teams, we were unable to prevent the decline in sales at Pingo Doce (-1.9%), Recheio (-15.9%) and Hebe (-2.2% in local currency). Ara, on the other hand, and despite five consecutive months (between April and August) of very restrictive lockdown, quickly recovered after health-related restrictions were lifted and ended 2020 with a 24.4% increase in sales (in local currency).

The pandemic, and all the uncertainty, restrictions and limitations to trade that came with it, did not stop us from opening 220 stores and refurbishing 291 others in the year, corresponding to an investment of 470 million euros, 64% of which channelled to Biedronka, which closed the year with a market share of more than 25%.

The determination, flexibility and creativity Biedronka demonstrated helped increase like-for-like sales by 7.1% in the year, an absolutely remarkable performance. By aligning cost discipline, a focus on efficiency and business assertiveness, Biedronka posted an EBITDA of 1,252 million euros, thereby reinforcing its position as the driving force behind the Group's profitable growth.

The effects of the pandemic and the restrictions on the movement of people and on non-essential business activities had a significant impact on Hebe, which has nearly half of its stores located inside shopping centres where foot traffic decreased dramatically, even when they weren't closed. In a year in which face-to-face social interaction was virtually non-existent, Hebe's like-for-like sales fell 10.3%. 2020 was a year of transformation for Hebe, which discontinued its pharma business and saw its e-Commerce channel, launched in July 2019, become key to partially cushioning the negative impact the pandemic had on sales. This digital channel, which will soon be taking the Company to sell internationally, is expected to boost growth in the coming years.

Pingo Doce and Recheio were, without doubt, the Group Companies hardest hit by the crisis. After their outstanding performance and increased market share in 2019, the pandemic struck them with full force. The measures that Portugal implemented to fight the spread of the virus and the dramatic decline in tourism took a heavy toll on businesses that rely on the regular purchases and activity of restaurants, cafés and coffee shops, takeaway and food service.

Showing a remarkable fighting and resistance spirit, Pingo Doce never gave up trying to entice the customers that fear of infection drove to seek larger and less crowded stores. In spite of intense promotion of and innovation in its assortment, sales dropped to 3.9 billion euros and like-for-like sales (excluding fuel) fell 2.2%. EBITDA decreased 15.4%, reflecting the additional costs incurred, and that the drop in sales was unable to offset, with the need to halt progression of the pandemic and mitigate its socio-economic impacts.

For Recheio, which in 2019 broke the billion-euro sales barrier for the first time, 2020 was its *annus horribilis*. With the heavy restrictions and/or extended closure imposed on cafés, coffee shops, restaurants and hotels, the Company lost one of its major sources of income. Sales fell 15.9%, like-for-like contracted 15.8%, and EBITDA stood at 45.6% below that of the previous year.

In Colombia, where the pandemic saw poverty indicators and social suffering skyrocket, Ara further strengthened the competitiveness of its customer value proposition, ending the year with double-digit like-for-like growth (+10.2%). The Company also increased its cost discipline, which enabled it to reduce EBITDA losses by 8 million euros, continuing on its path towards profitability.

As a Group, we continue to invest in the Agribusiness area in Portugal, where we proudly implement best sustainability practices in the production areas we focus on: dairy, aquaculture and Angus beef. In 2020, we also ventured into agriculture, where we will invest more and selectively in organic production, in line with the EU's "Farm to Fork" strategy.

The results in the countries where we do business were achieved in an incredibly difficult climate, facing pressure from multiple sources, from the ethical imperative to meet the social needs that emerged and worsened, to continuing to make progress on our environmental commitments.

Environmental risks, which in 2020 were already at the top of the list in the World Economic Forum's Global Risks Report, should concern us even more, now that we know how protecting nature and ecosystems helps shield against pandemic threats.

After the hottest decade on record, we are entering the decisive decade for climate action.

The Group is committed to fighting climate change, just as we are committed to protecting biodiversity on land and at sea, to fighting pollution, namely plastic pollution, to sustainable use natural resources, to fighting food waste, and to proper waste management. This while at the same time we are proud of developing and improving food products to promote human health, taking into account the nature and the origin of their ingredients, balancing production processes and mitigating their ecological and socio-economic footprint.

In 2020, despite the pandemic and also because of it, we bolstered our role as responsible corporate citizens in the countries where we operate.

We closed the year with 33 ESG (Environment, Social and Governance) analysts directly following our activities and assessing our performance (compared to 27 at the end of 2019). We are also listed on 30 new indices, bringing the total number of indices (include specific indices) on which the Group is listed to 91. One of these new indices is the Bloomberg Gender Equality Index, with ours being the only company based in Portugal in our sector to be listed (the sector is represented by just 25 companies worldwide, out of the 380 companies across 11 industries included in the index). Another example is our inclusion in the Euronext® Eurozone ESG Large 80 Index, on which we were listed in June 2020.

We maintained or improved our performance in the various indices on which we are listed and are particularly proud of the 'A-' score (for the implementation of best practices) we achieved in the CDP Forests theme for all commodities linked to deforestation risk: palm oil, soy, beef, paper and timber. We are the only food retailer in the world to have achieved this score in both 2019 and 2020. We also achieved a score of ‘A-’ in the CDP Climate Change 2020 questionnaire, which, according to CDP’s report, is “higher than the European regional average of ‘C’ and higher than the average of ‘C’ obtained by the retail convenience sector”. We are also pleased to have climbed to the 98 percentile among all food retail companies assessed in the FTSE4Good indices.

We know that our efforts that contribute to these results are multi-dimensional.

The launch of the Biedronka Foundation in Poland, in March, with a starting budget of 50 million zlotys and a mission to support socio-economically vulnerable senior citizens, is one of the important initiatives that marked the banner’s 25th anniversary and our 2020. The Foundation immediately acted in response to the pandemic crisis by donating products and personal protective equipment to retirement homes, hospices, and organisations that help the homeless, the disabled and people suffering from chronic illness.

In Portugal, we were among the private contributors to the Coronavirus Global Response, donating 500 thousand euros, in addition to co-financing in the amount of one million euros the implementation of the first national serology panel, led by the Institute of Molecular Medicine. We also helped equip the second intensive care unit of the Évora Espírito Santo Hospital, the main hospital in Alentejo, one of the country’s most ageing regions.

Among the many social responsibility initiatives carried out in 2020 by Pingo Doce, of note is the donation of on-the-go foods for health professionals working at more than 30 Portuguese public hospitals during the most challenging weeks of fighting the pandemic.

In Colombia, Ara responded to many requests for food support in different regions, and made a particularly important contribution, together with Caritas Polska and Caritas Colombia, in the region bordering Venezuela, where it distributed more than 9 thousand food baskets with basic products to around one thousand families in an extremely vulnerable situation.

The depth and scale of needs and of the social and environmental challenges are such that there is a risk that hope will die in combat. And that is what we need to act against. Businesses play a crucial role in the challenges we all face.

After all, we closed 2020 with a net cash position of more than 500 million euros (excluding capitalized operating leases) and this soundness also gives us the confidence to know that we will continue to protect and grow our businesses and our teams, while we strive to be an increasingly stronger force for good in the societies we serve.

The robustness of our balance sheet led the Board of Directors to recommend to the Shareholders’ General Meeting the distribution of 181 million euros in dividends, in line with the policy defined.

We know that 2021 will continue to be ruled by uncertainty and that focusing simultaneously on sales and on protecting profitability will guide our actions. It is only by building ourselves up first, that we will be strong enough to help those who stand by our side and in our surrounding communities, while also caring for the planet we all call home.

I can’t thank enough the Group's over 118 thousand employees, who, in 2020, showed us the true meaning of the words dedication, commitment and resilience. I would particularly like to thank the operations teams in the three countries for their courage, loyalty and sense of mission. Thanks to them, we stood strong on the front line, ensuring that consumers lacked nothing in a year that was so difficult for us all.

I would also like to thank the Managing Committees of the Group’s Companies for supporting our businesses, by continuing to work from our offices and streamlining all processes and decision-making so that we could adapt quickly and effectively to the constant changes.

To our shareholders, and especially the family that I represent, thank you for your unconditional support and, above all, for always supporting our vision to overcome short-term challenges while building a better and lasting legacy for future generations.

Finally, I would also like to express my appreciation for my colleagues on the Board, Specialised Committees and the Managing Committee of the Group. In 2020, we operated more as a team than ever before, and that is what also gives us the strength and confidence to look at 2021 believing that, no matter what, it will be another year of overcoming.

PEDRO SOARES DOS SANTOS
Chairman and Chief Executive Officer

Jerónimo Martins

I

THE JERÓNIMO MARTINS GROUP

The Group Jerónimo Martins

This Annual Report of the Jerónimo Martins Group covers the period from 1 January to 31 December 2020 and includes the Distribution and Agribusiness areas in Portugal and the Distribution business in Poland and Colombia, detailing the results of the entities directly and indirectly held by Jerónimo Martins, SGPS, S.A..

1. Profile and Structure

1.1. Identity and Responsibilities

Asset Portfolio

Jerónimo Martins is a Group that holds assets in the Food area, mostly in Distribution, with market leadership positions in Poland and Portugal. In 2020, it recorded sales of 19.3 billion euros (70% of which in Biedronka), an EBITDA of 1,423 million euros (a contribution of 88% from Biedronka) and ended the year with 118,210 employees. On 31 December 2020, Jerónimo Martins market capitalisation on Euronext Lisbon was 8.7 billion euros.

In Poland, **Biedronka**, is a chain of food stores with a value proposition that combines the quality of its assortment, a pleasant store environment and proximity locations with the most competitive prices in the market. Biedronka is the Food Retail sales leader, operating 3,115 stores spread across the entire country. In 2020, the Company recorded 13.5 billion euros in sales, increasing its market share.

Also in Poland, the Group has 266 locations under the **Hebe** banner, a chain operating in the Health and Beauty sector. This business concept is anchored by a considerable beauty assortment at competitive prices, supplemented by an in-store consultation service. After launching its e-commerce operation in the previous year, Hebe continued its omnichannel transformation, boosting the role of digital and integrating it with its network of stores.

In Portugal, the Jerónimo Martins Group recorded a combined turnover of 4.7 billion euros in 2020, holding a leading position in Food Distribution. It operates under the banners **Pingo Doce** (453 supermarkets, including 20 Pingo Doce & Go) and **Recheio** (38 Cash & Carry and four platforms, of which three are related to Food Service), which are market leaders in the Supermarket and Cash & Carry segments, respectively.

Pingo Doce has a restaurant area in 36 of its stores and operates two central kitchens that supply not only these restaurants, but also its in-store take away operation. To complement its Food Retail business, the banner has invested in the parapharmacy concept (under its **Bem-Estar** banner), petrol stations, and in clothing (with the **Code** brand), developed in partnership with a specialised operator.

In Colombia, **Ara** currently operates in three geographical areas: the Coffee Growing Region, the Caribbean Coast and Bogota. It is a chain of proximity food stores, mostly set up in residential neighbourhoods, offering quality at the best price, and combining competitiveness with promotional opportunities in key categories for the Colombian consumer. At the end of the year, Ara was operating 663 stores, adapting its strategic model to the characteristics of each of the regions in which it operates.

Jerónimo Martins Agro-Alimentar

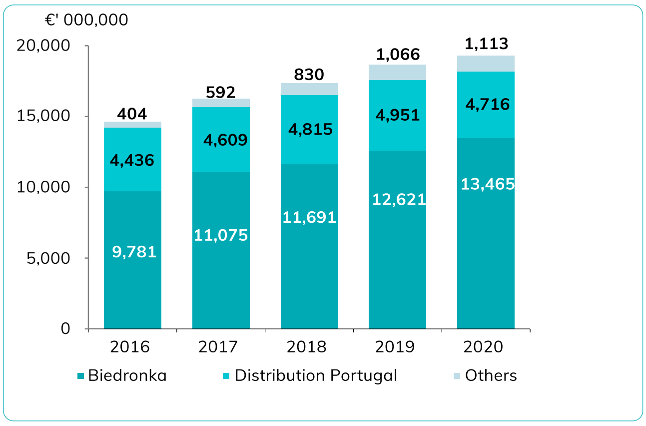
The main objective of **Jerónimo Martins Agro-Alimentar (JMA)** is to ensure the direct supply of strategic products to the Group's Companies. In 2020, the Company ventured into a new production area - Fruits and Vegetables - to complement its already existing offer: Dairy Products, Livestock farming (Angus beef) and Aquaculture (sea bass and sea bream) business areas.

Jerónimo Martins Restauração e Serviços manages the operation of kiosks and coffee shops in the Restaurants sector and, at the end of 2020, was operating the Jeronymo chain with 22 points of sale.

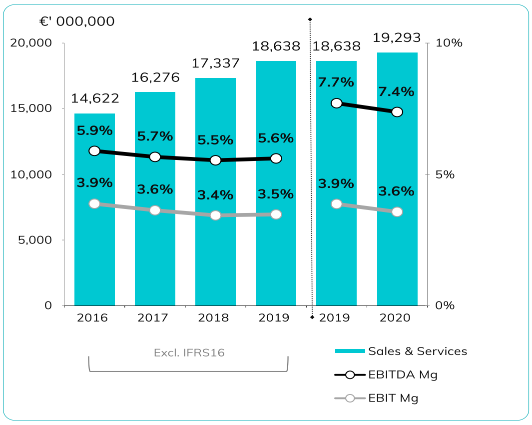
Hussel, a Specialised Retail chain selling chocolates and confectionery, had 23 stores at the end of 2020.

1.2. Operating and Financial Indicators

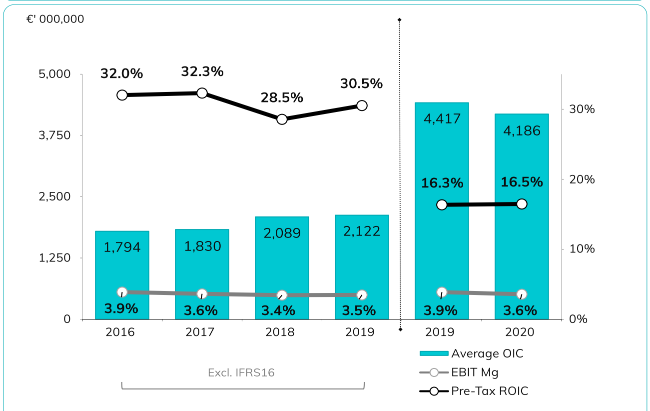
Sales & Services



Sales, EBITDA Margin & EBIT Margin

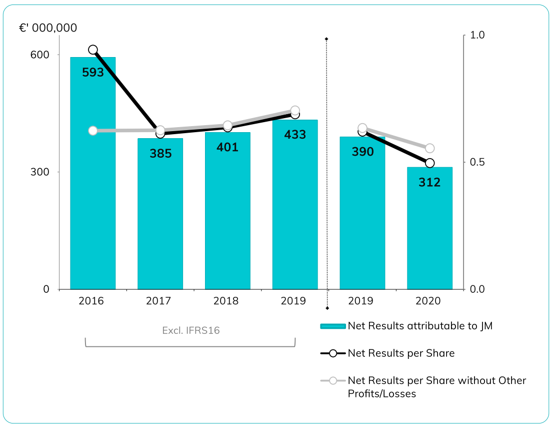


Pre-Tax ROIC *

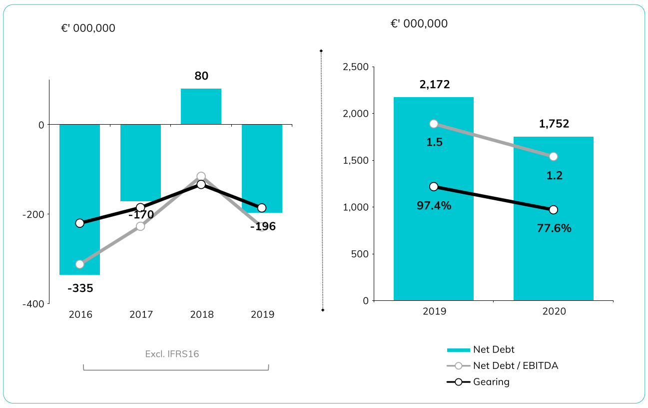


*Restated including the goodwill accumulated amortizations in the Average OIC

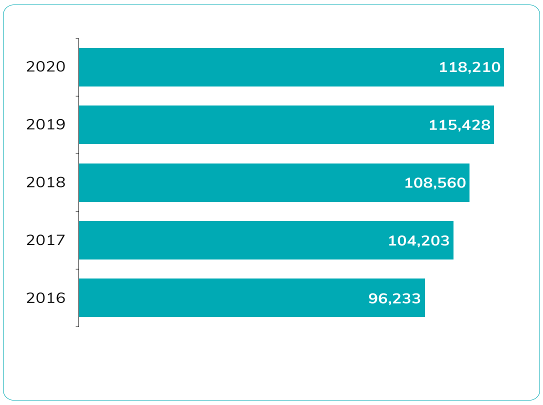
Net Results and Net Results per Share



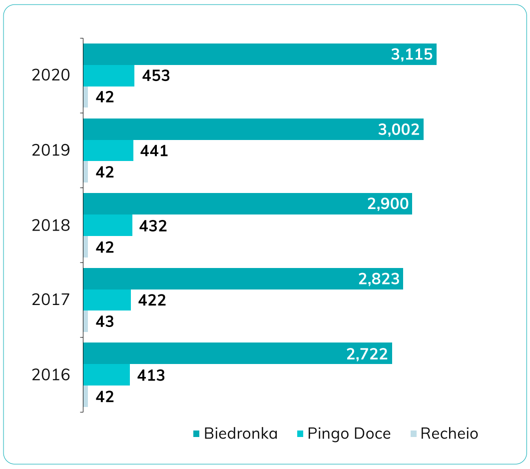
Net Debt



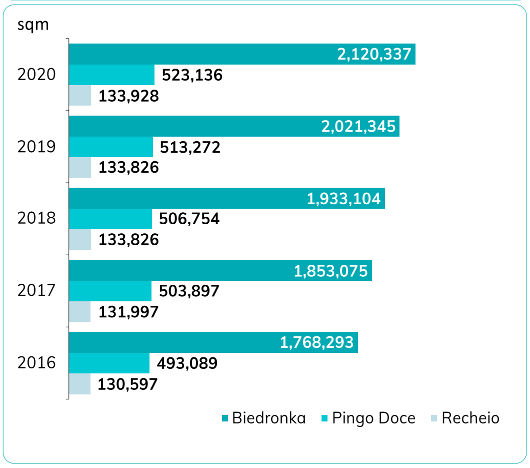
Employees



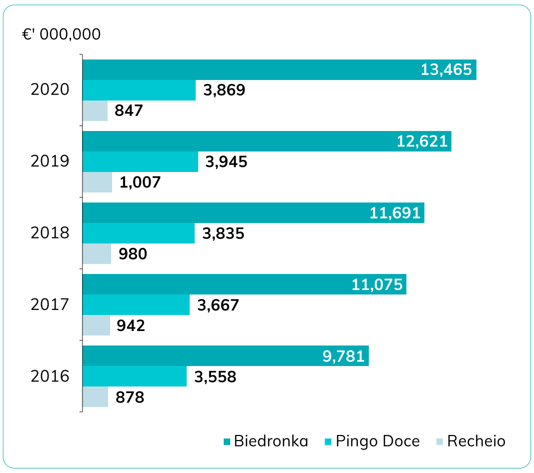
Number of Stores



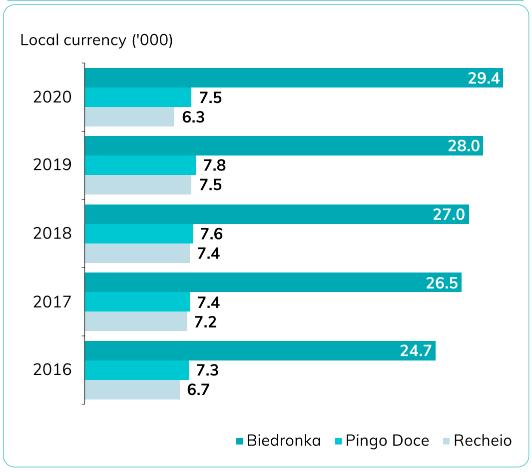
Sales Area



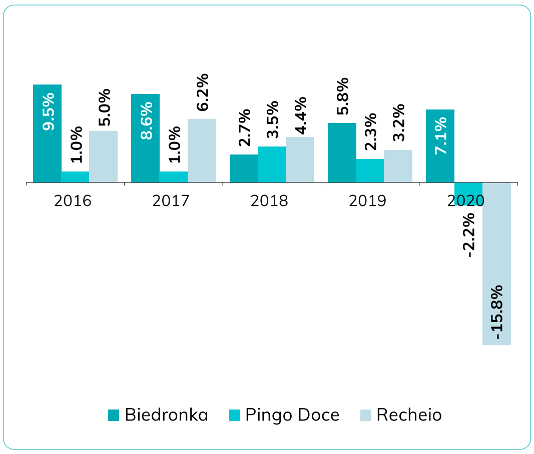
Sales



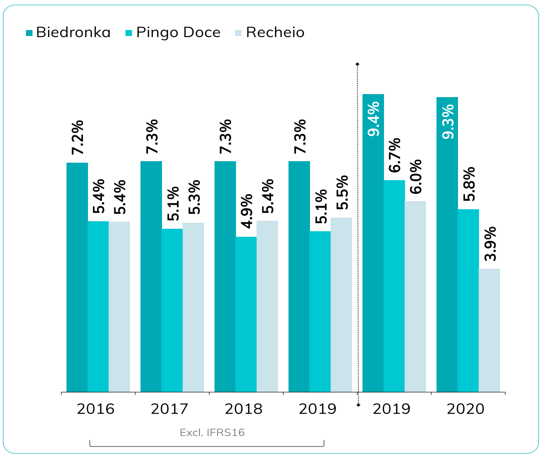
Sales / sqm



LFL Growth



EBITDA Margin



1.3. Statutory Bodies and Structure

1.3.1. Statutory Bodies

Election date: 11 April 2019

Composition of the Board of Directors elected for the 2019-2021 term

Pedro Soares dos Santos
Chairman of the Board of Directors and Chief Executive Officer
Born on 7 March 1960
Chairman of the Board of Directors since December 2013
Chief Executive Officer of the Group since April 2010
Member of the Board of Directors since March 1995

Andrzej Szlęzak
Born on 7 July 1954
Member of the Board of Directors since April 2013

António Viana-Baptista
Born on 19 December 1957
Member of the Board of Directors since April 2010

A. Stefan Kirsten
Born on 22 February 1961
Member of the Board of Directors from April 2010 to February 2011
Member of the Board of Directors since April 2015

Clara Christina Streit
Born on 18 December 1968
Member of the Board of Directors since April 2015
Member of the Audit Committee since April 2016

Elizabeth Ann Bastoni
Born on 24 July 1965
Member of the Board of Directors since April 2019
Member of the Audit Committee since April 2019

Francisco Seixas da Costa
Born on 28 January 1948
Member of the Board of Directors since April 2013

José Soares dos Santos, indicated by **Sociedade Francisco Manuel dos Santos B.V.** to hold the office in his own name, pursuant to paragraph 4 of article 390 of the Commercial Companies Code
Born on 6 April 1962
Member of the Board of Directors from 1995 to 2001 and from 2004 to 2015
Member of the Board of Directors since April 2019

María Ángela Holguín
Born on 13 November 1963
Member of the Board of Directors since April 2019

Sérgio Tavares Rebelo
Born on 29 October 1959
Member of the Board of Directors since April 2013
Chairman of the Audit Committee since April 2016

Statutory Auditor and External Auditor

Ernst & Young Audit & Associados, SROC, S.A.
Av. República 90, 6.º, 1600 - 206 Lisboa, Portugal
Represented by:
João Carlos Miguel Alves (ROC n.º 896)
Substitute:
Rui Abel Serra Martins (ROC n.º 1.119)

Company Secretary

João Nuno Magalhães
Substitute:
Carlos Miguel Martins Ferreira

Chairman of the Board of the Shareholders' Meeting

Abel Bernardino Teixeira Mesquita

Secretary of the Board of the Shareholders' Meeting

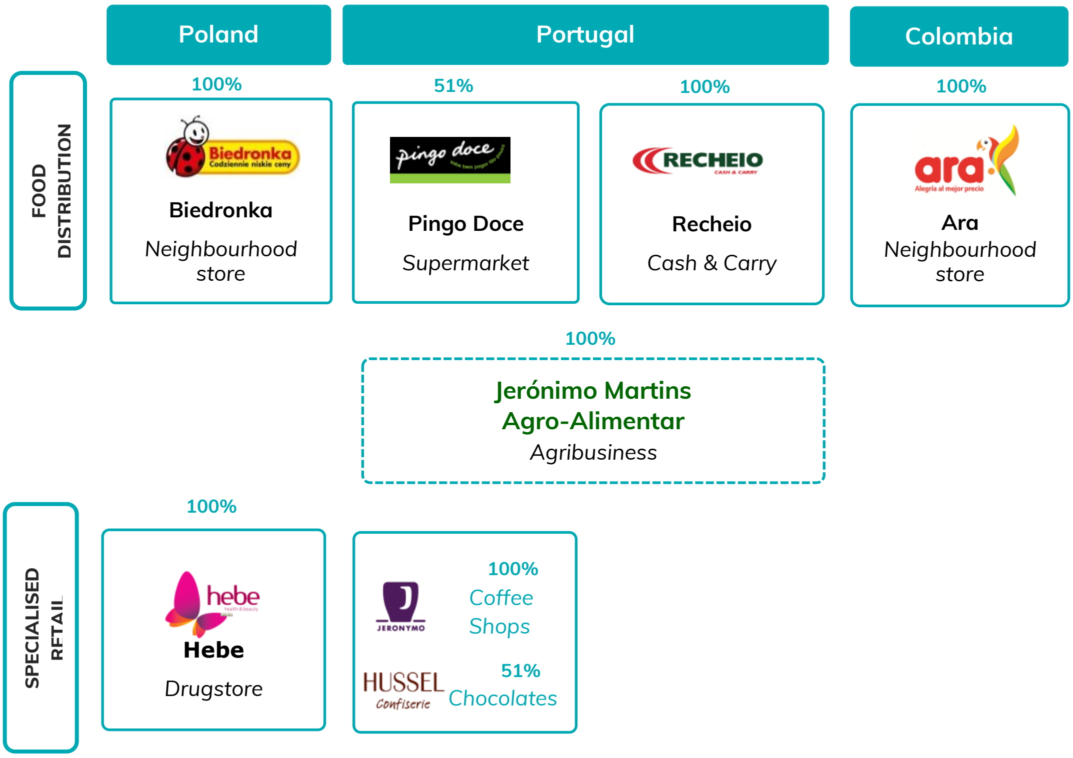
Nuno de Deus Pinheiro

1.3.2. Business Structure

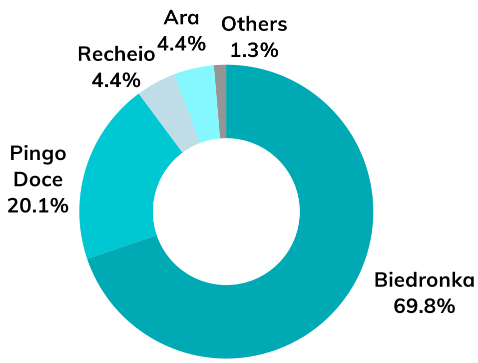
JERÓNIMO MARTINS

2020 Sales
19,293 million euros

2020 EBITDA
1,423 million euros



Sales by Business Area 2020



EBITDA by Business Area 2020

Million euros	EBITDA	% Total
Biedronka	1,252	88.0%
Pingo Doce	223	15.7%
Recheio	33	2.3%
Others	-85	-6.0%
JM	1,423	100%

2. Strategic Positioning

2.1. Mission

> Jerónimo Martins operates mainly in the food area, promoting, through its Companies and its Private Brands, the availability of food solutions and products that are safe, healthy and affordable for everyone. Respect for all stakeholders and commitment to the principles of sustainable development are an intrinsic part of its strategy for growth and value creation in the short, medium and long term, aimed at contributing to the prosperity, cohesion and well-being of the communities that its businesses serve.

As an intrinsic part of our sense of corporate citizenship, we incorporate, in a clear and committed way, environmental and social concerns in the pursuit of our business. This involves adopting policies and practices that focus on fighting climate change, deforestation and pollution, preserving the environment, biodiversity and natural resources, reducing the use of polluting materials, increasing recycling and the recovery of the waste generated by our activities, as well as promoting respect for and defending Human Rights and the principles of diversity and inclusion.

We take our responsibility towards the planet and the communities where we operate. As food specialists, we are committed to promoting good food habits and contributing to healthier societies.

As a result of our competent work, the efficiency of our operations, the strength of our brands and our market positions, our investors receive a consistent return on investment.

2.2. Strategic Vision

The Group's strategic vision is based on promoting profitable and sustainable growth, through three key guiding principles:

1. **Leadership**: strong banners and brands that enable to achieve and reinforce leadership positions in the markets where it operates;
2. **Responsibility**: continuous assessment of the impact of the business on the environment and society, an active and significant contribution towards improving the quality of life in the communities and towards sustainability as a whole;
3. **Independence**: careful management of the balance sheet and supply-chain to ensure the continuity of operations and autonomy in strategic decision-making.

Within this context, when doing business, the Group's Companies have three areas of focus, common to all the countries where we operate, and which reflect the strong sense of purpose that guides Jerónimo Martins:

- **Consumer**: democratise access to quality food products and solutions, guaranteeing maximum security and savings for those who choose our proximity stores, in which Perishables and Private Brand play a central and strategic role in promoting health through food;
- **Employee**: ensure employee development at the different levels of the organisation, providing them with a safe and stimulating work environment, based on equal opportunity and merit;
- **Business partners:** establish long-term relationships that enable shared value creation and the growth and development of the Group's strategic partners, and that ensure the sustainability of the supply chain and innovation that enhances the attractiveness and relevance of our value propositions.

2.3. Operational Profile

The operational positioning of the Group's Companies reflects an approach focused on value and quality, underpinned by a mass-market strategy designed specifically for the markets and communities in which they operate.

The Group offers proximity and convenient food solutions that are appropriate for all consumers, at very competitive prices, which requires operating with maximum efficiency and lean cost structures. All value propositions are clearly customer-centric and marked by a strong differentiation in three essential aspects: the variety and quality of Fresh food products, leading Private Brands and a pleasing store environment.

The success of the Group's formats is leveraged on market leadership, which allows it to reach a dimension that is fundamental to create economies of scale, which, in turn, enable logistical and operational efficiency. Such scale allows offering the best prices and boosts notoriety and trust, so essential for building lasting relationships with strategic business partners and with the consumers who choose our stores.

3. Awards and Recognition

Corporate

- The Group is the only global retailer to be awarded leadership level in fighting deforestation (with a score of ‘A-’ in the four commodities linked to deforestation) in the CDP Disclosure Insight Action assessment. It was also awarded an overall score of ‘A-’ in the Climate and Forests themes and ‘B’ in the water security theme;

- Inclusion in the Ethibel Pioneer Investment Register (since 2019), ESI Excellence Europe (since 2016) and the Ethibel Excellence Investment Register (since 2016), which list the companies with better performance in sustainable and ethical investments;

- Listing on the ECPI Global Developed ESG Best in Class, World ESG Equity, Euro ESG Equity and ECPI Global Livestock GD indices;

- Continued listing on the FTSE4Good Developed Index, FTSE4Good Europe Index and FTSE4Good Developed Minimum Variance Index, in which Jerónimo Martins achieved an overall score of 4.6 out of 5;

- Part of the top 10 global retailers considered as “low risk” by Sustainalytics, a global leader in environmental, social and governance (ESG) research, analysis and ratings, that rated Jerónimo Martins an “Outperformer”;

- Listing on over 200 indices, among which more than 90 are specifically related to the top leading companies in environmental, social and governance sustainability;

- Inclusion in the Euronext Eurozone ESG Large 80 index and continued listing, since 2018, on the Euronext Vigeo Eiris Eurozone 120 and Europe 120 indices;

- Continued listing on the MSCI ACWI ESG Leaders and MSCI ACWI SRI indices, achieving a score of ‘AA’ (being ‘AAA’ the maximum value);

- Rated “Prime” (‘C+’) by ISS-Oekom, one of the world’s leading rating agencies in the field of sustainable investment;

- Rated minimum risk (level 1 out of 10) by ISS ESG in over 380 indicators related to the areas of “Environment” and “Social”;

- Recognition as “Portugal's Most Attractive Employer in 2020”, in the Retail category, in a survey conducted by employer branding firm Universum that included the participation of more than 11 thousand students (aged between 18 and 30 years old) from 35 universities.

Jerónimo Martins Polska / Biedronka

- Fourth among the largest companies in Central and Eastern Europe – “TOP 500 CEE” – and second among Poland's biggest companies in the Coface Group rankings;

- Second among the “500 Biggest Companies in Poland”, according to a study by newspaper Rzeczpospolita;

- Winner of the “Investor of the Year” award from the Business Centre Club and publishing house Wydawnictwo Gospodarcze in the Retail Business Awards, which recognise best corporate practices in the sector;

- Awarded at the “Employer Branding Excellence Awards” in the “Employer Branding Strategy” and “Internal Image Campaign” categories for its “Let’s Take Care of our Health Together” and “Perishables Expert” initiatives, respectively;

- Winner of the “Solid Employer of the Year” award for the second year in a row by Pro-Media magazine;

- Winner of the "Friendly Workplace 2020" title and awarded the "Premium Employer Brand" award by MarkaPracodawcy.pl;

- Second best retailer among the "Most Responsible Companies in 2020" in Poland, an initiative led by the Koźmiński Business Hub in partnership with the Responsible Business Forum (ranked 13th among the 74 companies assessed);

- First edition of Biedronka's Sustainability Report awarded the "Social Reports Award" by the Responsible Business Forum;

- Biedronka's winning Children's Literature Prize book awarded the "Child-Friendly World Award" by the Polish Committee for the Protection of Children's Rights;

- On the occasion of its 25th anniversary celebrations, Biedronka was awarded the "Golden Receipt 2020" prize by the editorial board of Hurt & Retail magazine for its success, professionalism and impetus in the Fast-Moving Consumer Goods (FMCG) sector in Poland.

Hebe

- Awarded the "Customer Service Star 2020" and "Customer Service Star – Star of the Decade 2010-2020" awards by the Polish Service Quality Program (Polski Program Jakości Obsługi);

- Winner of the "CEE Retail Awards 2020" in the category of "Cosmetics Retailer", awarded by specialised real estate publisher EuropaProperty.com;

- The hebe.pl website was considered an outstanding online store by the Polish Institute of Quality Research (Polski Instytut Badań Jakości – PIBJA);

- The Hebe Naturals cosmetics range – Hebe's Private Brand – was awarded the "Consumer Quality Leader – Debut of the Year 2020" award by magazine Strefa Gospodarki Biznes Magazyn ("Economy Zone Business") in the "Consumer Quality Leader Programme" competition;

- Awarded the "Employer Branding Excellence 2020" award in the "Employer Branding Strategy up to PLN 100,000" category by the HRM Institute (Human Resource Management Institute).

Pingo Doce

- Awarded the prize for the "Biggest Contribution to Employment" in Portugal by Exame magazine, in partnership with Informa D&B and Deloitte, which recognises the companies that have a positive impact on the Portuguese economy;

- Pingo Doce Private Brand wines received 21 medals in six national and international competitions:
    - International Wine Challenge – seven medals;
    - Concours Mondial de Bruxelles – five medals, most notably the gold medals awarded to the Lisboa Syrah Pingo Doce Tinto 75 cl 2017 red wine and the Península de Setúbal Castelão Vinhas Velhas Pingo Doce Tinto 75 cl 2017 red wine;
    - Decanter World Wine Awards – five medals;
    - Muscats du Monde – two medals;
    - Austrian Wine Challenge – one medal;
    - The Best Dão Wines Competition – one medal.

Recheio

- Awarded, for the 6th year in a row, with the "Choice of the Professionals" seal in the "Wholesale Distribution" category by Consumer Choice – Centro de Avaliação da Satisfação do Consumidor.

Ara

- Ranks 49th in the Colombia's biggest companies list compiled by "Semana" magazine every year, increasing 15 places compared with the previous year.

2

MANAGEMENT REPORT

Management Report - Creating Value and Growth

1. Key Facts of the Year

In 2020, the operating environment in the three countries where the Jerónimo Martins operates was heavily restricted by what each of the respective governments and health authorities deemed necessary measures to manage the pandemic situation. As such, our banners, with continued support from the Group's Executive Committee, responded in accordance with the different realities. Information about the restrictions and respective impact in each of the three countries is available under the section entitled "Environment in 2020" (item 2. of this Management Report).

Biedronka

- Opening of 129 stores, 13 of which to replace closed stores, ending the year with 3,115 locations. The new openings included 46 smaller stores, increasing to 82 the number of stores operating in this format.

- Refurbishing of 267 stores.

- Development of the project for the installation of self-checkouts, enabling this type of equipment to be used in more than 1,100 stores by the end of the year.

- Partnership with Glovo, in 28 cities, for online orders with home delivery.

- On the occasion of Biedronka's 25th anniversary, a book was launched and offered to all employees to celebrate the Company's history, values and capacity to achieve.

- Loan taken out with the European Investment Bank (EIB) in the amount of 720 million zlotys (approximately 160 million euros), to finance the chain's sustainable energy projects.

Hebe

- Opening of 22 stores, ending the year with a total of 266 locations.

- Closing of the pharmacy business – 48 sites, 28 of which stand-alone.

- Development of the omnichannel model, with online sales showing expressive growth.

Pingo Doce

- Opening of 13 stores, of which four in the Pingo Doce & Go convenience format, closing the year with 453 locations.

- Full refurbishing of 14 stores and six liftings.

- Strengthening of the partnership with Mercadão in online channel, ensuring nationwide coverage.

- Launch of new convenience services: click & collect, orders for fresh products from the Meat and Fish sections, home delivery of Meal Solutions, and Easter and Christmas orders.

- Celebration of Pingo Doce's 40th anniversary, engaging employees and customers in competitions, internal events and several promotional and institutional initiatives.

Recheio

- Refurbishing of the Lagos store (southern Portugal), expanding the sales area, increasing investment in Perishables and using more environmentally sustainable systems and equipment.

- Launch of the Amanhecer website, with the chain closing the year with 384 partner stores (38 net additions).
- Start of the exclusive distribution of *premium* wines.

Ara

- Opening of 56 stores, ending the year with 663 locations operating in three regions of Colombia.
- Opening of two own Distribution Centres: Monteria and Pereira.
- Loan taken out with the International Finance Corporation (IFC), member of the World Bank Group, in the amount of around 350 billion Colombian pesos (approximately 95 million US dollars). The 7-year maturity loan was approved under the IFC's special Covid-19 response credit facility.

Jerónimo Martins Agro-Alimentar (JMA)

- Entry into the Fruit and Vegetables business: supply of regional produce (namely melons and watermelons) under the Best Farmer brand and establishment of the company Outro Chão to produce organic seedless grapes.
- Expansion of the dairy products portfolio, most notably with the lactose-free range and start of the supply of chocolate milk to Biedronka.
- Terra Alegre was the first company in the dairy market to be recognized and certified in animal welfare.

Jeronymo and Hussel

- Refurbishing of two Jeronymo stores.
- Expansion and refurbishing of one Hussel store.
- Jeronymo and Hussel established partnerships for home delivery in Lisbon, Oporto and the Algarve.
- Launch of the Hussel website to leverage online sales.
- Rebranding of the Hussel brand.

2. Environment in 2020

In 2020, the economies of the countries in which we operate were impacted by the effects of the Covid-19 pandemic and by the measures adopted by each government in managing the pandemic crisis. The environment described for each country includes a summary of the main measures and their impacts in the operational context.

2.1. Poland

Measures implemented in the management of the pandemic crisis

Poland began implementing the first measures to fight the pandemic on 10 March. Schools and universities were closed, events cancelled, and health and sanitary controls were carried out at borders. On 15 March, measures were tightened with the closure of coffee shops, restaurants and shopping centres (with the exception of stores considered essential), gatherings were limited to 50 people, including religious, and telework became mandatory.

On 20 March, the prime minister officially declared the country in a state of threat.

On 1 April, amendments were made to the government regulation restricting the movement of people, including the closure of all non-essential trade and services, and Food Retail stores saw their occupancy limited to three people per checkout.

The mandatory closure of most businesses significantly impacted traffic on major city streets and in shopping centres, which immediately affected Hebe's sales, despite its stores being among those allowed to remain open.

From the end of May onwards, restrictions on the movement of people were gradually lifted and nearly all had been lifted between June and September. Nevertheless, economic activity continued to be affected by the limited movement of people and the physical distancing rules that remained in effect.

From the end of September, and with the rising numbers of Covid-19 cases, the Polish government reintroduced measures to control the evolution of the pandemic. On 17 October, the country was divided into two zones type (yellow and red) each with specific restrictions. Just a few days later, the number of new infections painted nearly the entire country in red. As such, and among other measures, online learning was once again imposed for secondary schools and universities, restaurants were only allowed to offer take away services and the number of people allowed inside stores was again limited (five people per checkout in stores of up to 100 sqm and one person for every 15 sqm in larger stores).

On 7 November measures were tightened in the fight of the pandemic progression, with online learning being extended to all levels of education and the closure of cultural activities and shopping centres, remaining in effect until 29 November.

From 28 December onwards, Poland entered in another nationwide lockdown, with all non-essential stores closed.

Macroeconomic Environment

The Polish economy, less dependent on tourism and more settled on industry, was, in 2020, one of the European economies that showed greater resilience in the face of the negative effects of the Covid-19 pandemic. Even so, Poland's GDP fell 2.8%, against the growth of 4.5% growth in 2019. However, structural change in the foundations of economic growth did not occur, as demonstrated by the recovery of domestic consumption and the trade balance in the second half of the year.

The unemployment rate increased to 5.9% in 2020 (5.4% in 2019). Job retention schemes introduced by the government helped businesses offset the decline in economic activity, thus preventing job destruction. Another important factor in keeping the unemployment rate down was the growth in the inactive population, explained by a significant increase in the number of workers who, after losing their jobs, did not begin actively looking for employment.

In 2020, the zloty registered an average annual exchange rate[1] of 4.4443 against the euro, a depreciation of 3.4% compared to the average annual exchange rate of 4.2968 in 2019. As regards end-of-year positions, the exchange rate closed at 4.5597, a depreciation of 6.6% (4.2568 at the end of 2019).

The Consumer Price Index (CPI) was 3.4%, higher than the 2.3% recorded in 2019. The general increase in food prices explains the CPI growth, standing at 4.7%, albeit below the 4.9% of 2019. High inflation in the fruit category, which went from a deflation of 1.3% in 2019 to an inflation of 17.6% in 2020, as well as the continuous increase in the price of bread and cereals (8.1% in 2020 on top of the 8.6% in 2019), and the 6.7% increase in meat prices, mainly driven by constraints to distribution due to African swine fever, were the main factors that drove up food inflation.

The economic outlook for 2021 is intrinsically linked to the evolution of the worldwide pandemic, particularly regarding the effectiveness and speed of the vaccination plan, both in Poland and in its key business partner countries. Should public aid prove to be enough until the recovery of economic activity and to stave off mass unemployment and bankruptcies, economic growth is expected to accelerate in the second half of 2021.

During 2020, a portion of domestic consumption stifled in favour of preventive saving. Against uncertainty about how the pandemic will play out in 2021, domestic consumption will likely be the main driver of economic growth. Moreover, it is hoped that the possible increase in unemployment in early 2021 will be sustained by government incentives.

For 2021, inflation is expected to slow down to between 2.0% and 2.5%, despite opposing forces generated by a higher tax burden as a result of taxes imposed on the sales of retail and of energy taxes and taxes levied on alcohol and sugar-sweetened beverages. Recovery of the zloty against the euro will depend on global economic sentiment and, mostly, on the scale of intervention by the Polish Central Bank in the foreign exchange market.

Modern Food Retail

The pandemic had a major impact on Food Retail market development in Poland. The restrictions put in place during the year to try limit the spread of the virus had negative effects on household consumption. On the one hand, and more directly, the restrictions imposed on the movement of people and store traffic limited consumption in general. On the other, the looming economic crisis and increased uncertainty about economic developments, noticeable in the increased unemployment rate and partial drop in the average real wage, pressured disposable income and consumption behaviour.

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[1] Average annual exchange rate determined by weighting the turnover of the Group's Companies operating in this currency

Similarly, the Sunday trading ban (in effect since 2018) resulted in the closing of stores on 40 days in 2020, six more than in 2019, which was yet another negative factor that affected retail sales.

However, despite the negative factors that plagued 2020, salary progression and the economic incentives in recent years continued to support the increase in private consumption. Against this backdrop, the Food Retail market still managed to record an upward trajectory in 2020 and, according to the latest Poland Market Research report, grew 1.8% to 295 billion zlotys (4% in 2019), with growth expected to continue by 3% to 4% per year over the next few years, to represent more than 350 billion zlotys in 2025.

The lockdown imposed in the country led to a significant increase in online sales in all market sectors, including Food Retail, and a substantial growth of the click & collect service. Moreover, the closing of restaurants for another four months also saw significant changes in shopping habits, with more meals being cooked at home, thus benefiting Food Retail as their major supplier of ingredients.

Sustainability, in its many dimensions, continued to be a strong trend in 2020, both as regards consumer behaviour and the actions taken by retailers. For example, the increased popularity and sale of organic and vegetarian food, the reduction in the use of single-use-plastic, and the implementation of more sustainable solutions in stores. According to Bio Planet, the organic food market was worth 1.36 billion zlotys in 2020, growing around 10% per year in the last three years.

In a year strongly affected by the pandemic, 2020 forced and/or accelerated changes in consumer behaviour and in the Food Retail business. Traditional Retail in Poland, like in many other European countries, continued its downward trend in the number of stores. This trend has affected mainly rural areas, with stores being closed as a result of people moving to the cities. Another trend seen in 2020 was the increase in the number of Discount stores and Supermarkets, which offer an increasingly wider assortment and at very competitive prices.

In 2021, and still under the impact of the pandemic, growth should be similar to that in 2020, while the expectation is to return to pre-pandemic rates in the subsequent years.

Health and Beauty Retail

Growth of the Health and Beauty market slowed in 2020 due to the global pandemic, falling an estimated 1% compared to 2019. The restrictions and limitations imposed led to a change in consumer behaviour that affected the consumption patterns of cosmetics. The stores located inside shopping centres were the most affected, whereas those in retail parks in small and medium-sized cities and street stores were more resilient. Compulsory teleworking, the significant drop in the number of tourists and students, in addition to the mandatory closing of shopping centres put a significant damper on the momentum to shop. Convenience stores and one-stop shopping became the preferred choice to consumers. Business was also affected by the Sunday trading ban, with six fewer trading days compared to 2019.

As mentioned above, the Covid-19 pandemic boosted online sales in general, and cosmetic sales are expected also to grow significantly through this channel, bolstered by increased investment by the major players. All players adjusted their strategies to develop a multichannel approach and invested in enhancing the online shopping experience to improve performance and regain sales. These changes are significantly reshaping the Health and Beauty market and shifting consumer behaviour.

Throughout the year, the environment remained competitive, extremely challenging and promotional with all players fighting to offset the drop in foot traffic and sales.

In the cosmetics categories, skincare products and basic goods have evolved positively, boosted by safety and sanitation products, especially soaps and antibacterial hand gel. The make-up and fragrance categories, on the other hand, suffered greatly as a result of the lockdown, and the subsequent lack of socialising.

The outlook for the future of the Health and Beauty market in Poland remains very positive, although exactly when the pre-crisis growth rate and consumption might return to normal is unpredictable.

2.2. Portugal

Measures implemented in the management of the pandemic crisis

In Portugal, the state of emergency came into effect on 19 March and lasted until 2 May, after being extended twice. The measures implemented under the state of emergency included the duty to stay at home, compulsory teleworking for all functions that could be performed from home, the closing of restaurants, (allowed only to offer take away services) and of retail trade, except stores selling essential and basic goods, and several activities were also suspended, such as hairdressers and gyms. During that period, the border control of people and goods was reintroduced, religious celebrations were prohibited, and funerals were restricted as decided by each of the respective local authorities.

Limits to the movement of people

Mar Apr May Jun Jul Aug Sep Oct Nov Dec

19/3 – 2/5	3/5 - 30/6	1/7 - 14/9	15/9 - 14/10	15/10 – 8/11
State of emergency	State of calamity	State of alert (with Lisbon under the state of contingency)	State of contingency	State of calamity
4 people per 100 sqm	5 people per 100 sqm	5 people per 100 sqm	5 people per 100 sqm	In addition to the previous measures, limits to groups of people in restaurants, cafes and gatherings
			Ban on the sale of alcoholic beverages after 20:00	9/11 – (...)
				State of emergency
				Prohibited movement on the weekends outside the respective municipality
				Trading establishments forced to close at 22:00 (at 13:00 on weekends)

Between 3 May and until the end of June, the government declared a state of calamity, with the civic duty to stay at home and respecting social distancing crucial to stopping the spread of the virus. Teleworking continued to be mandatory, however most of the commerce, recreational and leisure activities and the restaurant industry were gradually reopened, albeit with heavy restrictions that imposed a set of rules, in particular, in the case of restaurants, limiting occupancy to 50% of an establishment's seating capacity and strict closing hours. On 3 May, the number of customers allowed in stores was increased from four to five for every 100 sqm of sales area and remained in effect until the end of the year.

With the number of infections seemingly under control, in early July, the government downgraded the risk level to state of alert for the entire country, with the exception of the Lisbon Metropolitan Area (LMA), which remained in a state of contingency. At LMA, all commercial spaces were closed at 20:00, except for take away service at restaurants, supermarkets and hypermarkets (until 22:00).

When the number of infections began to rise, measures to restrict movement and consumption were again tightened. On 15 September, the ban on the sale of alcoholic beverages from 20:00 onwards, imposed only on petrol stations, was extended to Food Retail stores.

On 15 October, the government declared a nationwide state of calamity, which was raised to a state of emergency on 9 November and then extended successively every 15 days until the end of 2020.

In the last quarter of the year, several measures were decreed to restrict movement which directly impacted economic activity. These included prohibiting movement between municipalities between 30 October and 3 November, between 27 November and 2 December, and between 4 and 9 December. In November, a risk map at municipal level was created and additional control measures put in place based on the number of infection cases per 100 thousand inhabitants registered in the previous 14 days. In the municipalities of higher risk, which were the majority of the Portuguese municipalities, in particular those with the highest population density in the metropolitan areas of Lisbon and Oporto, movement outside of the respective municipality was prohibited. The closure of trading establishments at 22:00 was also imposed (at 22:30 for restaurants) on weekdays and at 13:00 on weekends and public holidays, except pharmacies, medical practices, petrol stations, take away services, and standalone food distribution outlets with a sales area of 200 sqm or less.

Macroeconomic Environment

In 2020, developments in the Portuguese economy were dominated by the effects of the Covid-19 pandemic and recorded a sharp decline. GDP fell by 7.6% (it grew by 2.2% in 2019), reversing the upward trajectory of previous years and returning to levels recorded in 2016.

The decline in economic activity during the year reflects the drop in domestic demand and exports, most notably the very negative contribution of the export of services, particularly those linked to tourism.

Private consumption is estimated to have dropped about 7% as a result of the decline in household consumption, especially in the first half of 2020. The initial impact of the pandemic affected the basket, which saw an increase in the consumption of basic goods and a decrease in expenditure on durable goods and services, notably those which require social interaction. Even so, the impact of the reduction in household income was cushioned by several government measures, including credit moratoria.

With regard to the labour market, the unemployment rate climbed to 6.8% (from 6.5% in 2019), although lower than would be expected compared with previous recessions, which could be partially explained by the implementation of measures to support companies, in particular the simplified lay-off scheme, and the income support schemes for the self-employed.

Inflation was virtually zero, in line with the previous year (0.3% in 2019), influenced by negative developments in the price of energy goods, the drop in oil prices, the trend in non-energy industrial goods prices, and the slowdown in services prices. In other words, despite the dispersion in consumer price developments in 2020, the inflation rate reflects the negative effects of the decline in demand. By contrast, food prices accelerated in 2020, with food inflation set at 2.1% (0.3% in 2019).

The economic outlook continues to be clouded by high uncertainty and highly dependent on the evolution of the pandemic, and the speed and effectiveness of large-scale vaccination. The pace of economic recovery will be limited by the impact of the crisis on production capacity and the necessary reallocation of resources between sectors and between companies.

Modern Food Retail

2020 was, as presented, a very challenging year, with the pandemic causing significant changes in consumer behaviour and consumer choices, in particular as regards the place of purchase, given the restrictions imposed on market players with regard to operating hours and the maximum number of customers allowed in stores. Moreover, there was a significant decline in tourism (62% drop in overnight stays according to the Statistics Portugal office data from October), out-of-home consumption (from the middle of the year around 40% of restaurants were considering filing for bankruptcy) and in the consumption of ready meals.

The economic impact of the pandemic caused significant disruption in the food industry, compounded by increased unemployment.

Against this environment, the retail sale of food, beverages and tobacco grew only 1.8%, below the 2.9% recorded in the same period in 2019.

The modern Food Retail market remained very competitive, with high promotional levels and a still significant rate of store expansion, despite the crisis.

The online purchase of food, personal care products and beverages increased significantly as a result of the pandemic. According to data from Statistics Portugal Office, in 2020 the percentage of e-commerce users recorded the highest increase since 2002, up 7 p.p. compared to 2019.

2021 is expected to be just as challenging, with continued restrictions to fight the pandemic and, consequently, the worsening of the socioeconomic crisis. The Food Retail market is expected to remain highly competitive, with intense promotional activity, and the number of stores in some food distribution chains is also expected to continue to grow.

Wholesale Market

According to data from Nielsen TSR (from November), the Cash & Carry market was significantly affected as a result of the Covid-19 pandemic, falling 9.6% compared to the previous year, with very different impacts on the various channels: HoReCa, Traditional Retail and Exports.

Regarding to the HoReCa channel, the decline in tourism, the limitations on movement that led to a decline in local consumption, and the many restrictions imposed on the sector resulted in a sharp drop in sales. Data from Turismo de Portugal (Visit Portugal, the national touristic authority), at the end of October, indicated a decrease in revenue of approximately 56% year-on-year.

By contrast, the health crisis boosted the performance of Traditional Retail, with proximity stores gaining ground in consumer preference – for the first time in 25 years, and according to the latest projections from Nielsen, the growth of Traditional Retail at 2.5% was higher than that of total Food Retail of 1.6%.

For 2021, and despite the high uncertainty about the evolution of the pandemic, the effects of the health crisis are expected to continue to impact the economy and, as such, recovery of the HoReCa channel and the Cash & Carry market as a whole is expected to be sluggish and weak.

2.3. Colombia

Measures implemented in the management of the pandemic crisis

The more dramatic spread of the virus in Colombia occurred sometime later, compared to most European countries. Nevertheless, local authorities declared a state of emergency on 12 March. Days later, on 17 March, the President declared a national state of emergency, imposing the closure of all land and sea borders, the suspension of international flights, the closure of schools, mandatory self-isolation until 31 August for all adults over the age of 70, and a nationwide quarantine of 19 days (from 25 March to 12 April).

Given the disparities between regions, administrative autonomy was granted to local authorities to implement the measures they deemed fit to fight against the pandemic. This resulted in different regional measures as regards the restrictions on business hours. This meant that companies operating at national level had to double management efforts to adapt to the different measures imposed in each municipality.

Restrictions that impacted retail

Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec

17/3 – 31/8

State of emergency

Confinement measures progressively stricter imposing strong limitations to the circulation of people

Different measures imposed per municipality

Regional curfew hours (depending on the region) and trading ban days put into force

Modern food distribution operators forced to shorten their opening hours

Restrictions over the holidays season

A mandatory curfew, in addition to other restrictions on the movement of citizens, and the closure of trading establishments on certain days of the week were some of the measures imposed by the regions, where necessary, forcing, in the moments of higher restrictions, modern food retailers to shorten their operating hours in about one third.

In April, the President announced the first extension of the state of emergency, keeping the national lockdown in place until 11 May, although the construction and industry sectors were allowed to reopen from 27 April, provided they followed health and safety protocols. Domestic and international commercial flights remained suspended until the end of May, as did transport between municipalities, with public transportation forced to operate at a maximum capacity of 35%.

Between May and August, the state of emergency was successively renewed, with lockdown rules and measures remaining in effect, some nationwide, others local, allowing for the gradual reopening, albeit with shorter operating hours per region on weekdays and weekends, of the other sectors of the economy which, up until then, had been closed or had their business activity heavily restricted.

In September, all economic activities resumed, with a focus on the hygiene and physical distancing rules. Towards the end of the year, some measures were reintroduced to control the pandemic, in particular in the Bogotá region, as a result of the increase in infections. In December, Colombia once again implemented lockdown measures and imposed holiday restrictions over the holidays season.

Macroeconomic Environment

In 2020, the Colombian economy contracted significantly, with GDP estimated to have fallen c.7% (+3.3% in 2019), explained not only by the sharp drop in domestic demand, but also by the significant decline in global demand, which resulted in the deepest recession since the World War II.

Despite the historic drop in consumer confidence, private consumption was partially supported by low inflation and interest rates. On the other hand, public consumption was higher than in 2019, driven by government investment in infrastructures. As regards global demand, the decline in international trade had a significant impact on the Colombian economy, leading to reductions in exports and imports, which fell by more than twice the amount of private consumption.

As a result of the pandemic, the installed capacity of and investment in machinery and equipment fell, reducing production capacity. Furthermore, construction, a vital sector to the Colombian economy, also declined dramatically. This environment explained the significant deterioration of the labour market, with the unemployment rate reaching historically high levels (16.1%, compared to 10.5% in 2019).

Inflation in 2020 stood at 2.5%, in line with the Colombian Central Bank's objective (3.0%; ±1.0 p.p.), below the 3.5% in 2019. This decrease is largely explained by the significant drop in energy prices, particularly related to housing and transportation, and by the reduction of education and communications costs. The price of food products increased 5.6% (4.9% in 2019).

To control inflation and increase financial liquidity, Colombia's Central Bank lowered the reference interest rate seven times, cutting it from 4.25% to 1.75%.

In 2020, the Colombian peso registered an average annual exchange rate[2] of 4.203,9 against the euro, a depreciation of 14.2% compared to the 3.680,6 in 2019.

For 2021, the outlook is for an economic recovery, although it is not expected the return to pre-pandemic levels, which can be explained by the moderate recovery of global demand and by the evolution in oil prices. Recovery is expected to, on the supply side, be driven by the continued gradual reopening of the economy, in particular in the industries most affected by the pandemic, and, on the demand side, by the increase in consumption, particularly by the stifled demand of goods and services, and by keeping moderate inflation and interest rates.

Modern Food Retail

The Colombian Food Retail Market fell 5.4%[3] in the first nine months of the year, impacted by the economic downturn, with unemployment hitting record highs and average household income falling, worsened by restricted movement, which significantly reduced store visits.

In a study conducted by Kantar, between February and April, it was found that 73% of families saw their average income drop more than 47%[4]. The same study reveals that about 50% of consumers (39% pre-pandemic) actively sought promotions in search of greater savings on each purchase.

Another study, conducted in the second half of the year, concluded that Independent Retail recorded a sharp decline in market share, from 45.3% in the first quarter to 32.1% in the second quarter, as a result of changes in consumer habits, most notably due to the government imposing restrictions on the consumption of alcohol and snacks in stores, which is quite common in these types of establishments. This also explains the increase in at-home consumption which, among other things, helped Organised Retail increase its market share from 23.4% in the first quarter to 27.9% in the second quarter.

In the third quarter, and with the lifting of some restrictions, Independent Retail recovered market share reaching 38.7% of total sales (24.4% in Organised Retail).

The weight of online sales on total retail sales increased considerably during 2020, reaching around 9.0%[5] during the most critical period of the pandemic (3.0% pre-pandemic). This growth is also explained by the VAT-free days, a government measure to encourage consumption through e-commerce. As a reference, in the third week of November online sales had a 21% weight on total sales.

The Discount format was once again the one that grew the most, possibly because consumers are more price sensitive as a result of deteriorating economic conditions. However, this growth is based mainly on the number of openings. In 2020, more than 700 new locations were opened, corresponding to a 25% increase, to a total of 3,630 stores at the end of the year.

For 2021, the Food Retail market is expected to grow again, but by how much depends largely on the control of the pandemic. The Discount format will be the format with highest growth, and it is also expected this format to be one of the best prepared to meet the needs of Colombian consumers in a socioeconomic environment that will likely be challenging for most families.

Sources:
Eurostat; Bank of Portugal Economic Bulletins; Portuguese Ministry of Finance; Statistics Portugal office; National Bank of Poland Economic Bulletins; Central Statistical Office (GUS); Banco de la República (Colombian Central Bank); Colombia National Administrative Department of Statistics (DANE); TNS; Nielsen and PMR Research.

[2] Average annual exchange rate determined by weighting the turnover of the Group's Companies operating in this currency
[3] Source: Nielsen Total Market. Q3 data
[4] Source: Kantar Worldpanel – May 2020
[5] Source: Nielsen E-commerce – 2020 Week 50 Report

3. Group Performance

2020 was impacted by more than nine months of the effects of Covid-19 pandemic, during which the dedication and commitment shown by the teams and the flexibility of their respective operations armed the Group's banners with the agility and creativity needed to adapt their value propositions under challenging market conditions.

Besides focusing on sales through an assertive response to consumer needs, the Companies implemented cost control initiatives that, together with the careful management of capital allocation, enabled the Group to reach the end of the year in a solid financial position and with business models better prepared to face the challenges of the current context in 2021.

In general, action plans to quickly respond to the disruption caused by the pandemic were promptly and effectively implemented by the management teams and closely followed by the Board of Directors, without ever losing site of the Group's long-term prospects or its focus on the strategic priorities set.

3.1. Managing Operations in a Pandemic

All banners began 2020 offering differentiated value propositions and a strong momentum in sales allied with the positive consumer and economic climate in the three countries where we operate. This context enabled a strong start to the year, with significant sales growth.

In March, with the outbreak of Covid-19 in Europe, everything suddenly changed.

From the beginning, the Group followed the development of the spread of this epidemic, activating the contingency plans in the three countries where it operates and adopting measures to protect teams and customers, often in anticipation of the recommendations of the health authorities.

The Group's Executive Committee, chaired by the Chairman of the Board and CEO, which includes directors from the corporate centre and the Managing Directors of the business areas, provided ongoing support to the operations, streamlining decision-making processes and allowed us to rapidly adapt short-term action plans in response to the evolution of the pandemic.

Priorities remained unchanged since the beginning of the health crisis: (i) the protection and safety of our teams and of consumers who visit our stores; (ii) stability of the supply chain, with special measures implemented at the beginning of the pandemic crisis to support the most vulnerable suppliers and producers in the primary sector; and (iii) continuity to offer good quality products at low prices to our consumers.

Among the main prevention and protection measures promptly implemented, most noteworthy are:

1. Protection and safety of employees and consumers:
    - Preventive isolation of employees who, due to their age or because they have underlying health conditions, are potentially more vulnerable to infection;
    - Proactive Covid-19 testing and/or other preventive health tests;
    - Introduction of protective equipment: masks and visors, gloves, hand sanitiser, acrylic screens;
    - Increasing the cleaning and disinfection of stores, Distribution Centres and head offices;
    - Implementing signage in all stores to reinforce the need to maintain social distancing;
    - In the last two weeks of March, in Portugal and Poland, the shortening of store operating hours and scaling down of store teams to implement rotating shifts. Control of the pandemic, in both countries, coupled with the good response capacity of our teams allowed us to extended operating hours in April.

2. Guaranteeing access to food without overlooking the role price plays in a more fragile socioeconomic environment:
    - As imposed by the Government, Pingo Doce closed its 36 restaurants, suspended, until mid-May, the operation of one of its central kitchens and reduced in-store take away operations;
    - Maintaining promotional campaigns, acknowledging the role price plays for the consumer and keeping it at the heart of our value propositions;

- Partial rationalisation of the assortment to reduce performance risks. The responsiveness of the operation subsequently enabled the gradual reversal of this reduction;
- Increasing the stock of essential goods to ensure that there were no shortages in supply to consumers.

3. Working with smaller suppliers to protect the continuity of their operations:
   - Close collaboration with our suppliers for early identification of potential risks that may arise in their operations to, together, act in their mitigation;
   - Increasing purchases made from small regional producers in order to provide a platform to sell their produce and without cutting down on the purchase price, seeking to safeguard the continuity of their businesses;
   - Making credit facilities available, with risk hedged by Jerónimo Martins Group, to small and medium-sized suppliers such that they can receive early payment and avoid liquidity problems.

4. Actively support the community:
   - Financial support for multiple initiatives: the purchase of masks and hospital equipment, contributing to the advance of scientific efforts to fight the pandemic and the development of innovative tests, food donations to hospitals, among other initiatives;
   - Increasing food donations to various charities;
   - Initiatives to help our elderly customers so that they can do their shopping without having to leave home.

Combined, our Companies recorded an increase of 41 million euros in operating costs as a direct result of pandemic-related measures and contributions. Added to these costs are Other Gains and Losses, in the amount of 22 million euros, of which more than 19 million euros correspond to the distribution, at the end of the year, of a value to the teams on the front lines in recognition of their commitment and sense of mission in such a difficult year, and 3 million euros corresponding to increasing provisions for accounts receivable at much higher risk of not being paid as a result of the pandemic.

All Group Companies implemented strict cost control plans that enabled them to minimise the impact of this increase in costs on their profitability.

The complexity of the pandemic situation was compounded by the fact that each country implemented its own measures based on what their respective governments and health authorities deemed appropriate, as presented in “Environment in 2020” (section 2. of this Management Report), with all our banners responding in line with the different realities.

In Poland, following the initial restrictions on store occupancy implemented in April, Biedronka extended its operating hours thus ensuring customers could do their shopping in safety. The Company implemented this measure repeatedly throughout the year to offer convenience and safety to its teams and consumers during the most critical periods of the pandemic.

Having ensured the sustainability of the essential goods supply chain from the beginning of the health crisis, the banner quickly re-established its sales dynamic, keeping its promise to deliver quality at the lowest prices.

In Portugal, with a more severe pandemic evolution, several different measures were implemented over the last nine months of 2020, during which the restrictions on the number of customers allowed inside stores remained in effect.

Pingo Doce, which at the beginning of the pandemic shortened its operating hours to operate with smaller teams, given the high uncertainty and the nature of its operation, gradually extended its operating hours as it consolidated the safety standards implemented.

The economic effects of the Covid-19 pandemic were clear early on and Pingo Doce, despite seeing the number of customers allowed in its stores reduced, continued its strong commercial activity as a mean to safeguard its value proposition in the face of an increasingly price sensitive consumer.

In Colombia, strict lockdown measures were in effect from April and until the end of August, defined at regional and municipal level and subject to frequent changes. Ara stayed true to its promise of offering low prices and good saving opportunities, strengthening its relationship with Colombian consumers who saw their income drastically reduced in that period.

It was a year of resilience, in which our teams, through their commitment, overcame adversity, particularly those working in our stores and at our Distribution Centres who gave it their all to serve consumers under highly unpredictable and stressful circumstances.

3.2. Consolidated Activity in 2020

3.2.1. Consolidated Sales

(million euros)	2020		2019		Δ%		LFL
		% total		% total	excl. F/X	Euro	
Sales & Services							
Biedronka	13,465	69.8%	12,621	67.7%	10.4%	6.7%	7.1%
Pingo Doce*	3,869	20.1%	3,945	21.2%		(1.9)%	(3.4)%
Recheio	847	4.4%	1,007	5.4%		(15.9)%	(15.8)%
Ara	854	4.4%	784	4.2%	24.4%	8.9%	10.2%
Hebe	245	1.3%	259	1.4%	(2.2)%	(5.4)%	(10.3)%
Others & Cons. Adjustments	14	0.1%	23	0.1%		(39.7)%	n.a
Total JM	**19,293**	**100%**	**18,638**	**100%**	**6.7%**	**3.5%**	**3.5%**

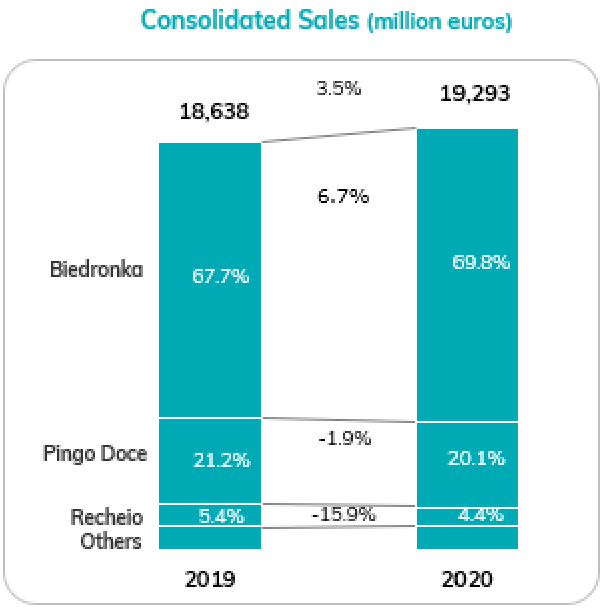
* includes stores sales and fuel

In 2020, our strong sales performance was the result of the unwavering commitment to always offering quality at the best prices, even when the restrictions imposed to control the pandemic in the countries in which the Group operates significantly impacted the high store traffic our banners were used to.

The Group's sales totaled 19.3 billion euros in 2020, up 3.5% year-on-year (+6.7% at constant exchange rates), with an LFL of 3.5%.

In Poland, consumers became more prudent when the pandemic broke out, continuing, however, to react to attractive offers that combined good prices with quality.

2020 was the final year of the progressive implementation, which began in 2018, of the Sunday trading ban regulation and which translated into six fewer trading days compared to the previous year.



Food inflation in the country slowed down in the year and stood at a 12-month average of 4.7%.

The Food Retail sector, having seen some moderation in promotional intensity at the start of the pandemic, quickly returned to a strong commercial dynamic with consumers showing a great appetite for savings opportunities.

Biedronka, which in the first months of the pandemic crisis anticipated market constraints, met consumer needs with increased availability, adapting its operating hours and strengthening its business assertiveness. The banner generated a strong sales momentum, which was maintained throughout the rest of the year, reinforcing the loyalty of consumers and, as a result, its market share.

During the year, sales increased 6.7% to 13.5 billion euros. Sales growth was 10.4% in local currency.

LFL grew 7.1%, including an average basket inflation of around 2%.

Given the more discretionary nature of its offer, Hebe's sales were heavily impacted by the effects of the restrictive measures that forced shopping centres, in which almost half of its stores operate, to close during half of March and during April and November. These Hebe stores, despite having remained open, were hard hit by the lack in traffic resulting from the restrictions on the movement of people.

Also, the significant decrease in social activities affected the sales of cosmetics products. The banner's performance quickly improved every time when lockdown measures were eased and the significant growth in its online operation, launched in July 2019, also played an important role in supporting the effects of the measures imposed.

In euros, sales amounted to 245 million euros, down 5.4% compared to the previous year. In local currency, sales dropped 2.2%, with an LFL of -10.3%.

It is important to note that the banner has been increasingly stating itself as a recognized player in the beauty market, the segment where it sees the greatest potential and, in this strategic context, the pharma business has become less relevant. As such, the Company decided to close, at the beginning of the third quarter, the 48 stores operating exclusively as pharmacies (28 of which standalone) and which total weight on sales, in 2019, was around 10%.

In Portugal, the consumer environment felt the pressure of the effects of the measures implemented to control the pandemic, with clear signs of trading down in Food Retail being seen from the very first moment.

Food inflation in the year stood at 2.1%.

Pingo Doce was particularly exposed to the reduction in the movement of people, both because of its track record of high sales density and high number of visits and due to the impact of lockdown measures that reduced store traffic and for several months imposed the closure or other restrictions to its restaurant, coffee shop and take away areas.

Having made the strategic decision to safeguard its value proposition despite the circumstances, during the year the Company invested in commercial activity and communication, gradually increasing its capacity to mitigate the impact of lockdown measures on sales.

The banner's total sales decreased by 1.9% to 3.9 billion euros, including an LFL (excl. fuel) of -2.2%. It is important to note that basket inflation was below the country's food inflation and stood at -1.0%.

Recheio saw its activity greatly affected by the dramatic drop in the HoReCa channel, which accounted for more than 35% of its sales. The impact of the lockdown measures which forced restaurants and hotels to close over specific periods was compounded by the fact that out-of-home consumption – which in Portugal is heavily supported by tourism –, also declined as a result of the shrinking demand of local consumers.

The Company fought to ensure its competitiveness in all segments, with Traditional Retail recording a positive performance.

Recheio recorded sales of 847 million euros, down 15.9% compared to 2019, with an LFL of -15.8%.

In Colombia, lockdown measures were kept in place from the beginning of April and until the end of August, resulting in a significant impact on the economy. In September the country slowly began lifting restrictions, with people once again allowed to leave home and the end of the curfew imposed in most municipalities.

Ara successfully focused on maintaining the competitiveness of its value proposition during the long period of lockdown and saw its sales react positively to the lifting of measures that restricted the movement of people.

In the year, the banner grew 8.9% (+24.4% in local currency) to 854 million euros, with an LFL of 10.2%.

Summarising, Biedronka led Food Retail growth in Poland, demonstrating the effectiveness of its readiness from the start of the pandemic crisis, its ability to adapt its operation, and the creativity that strengthened the competitiveness of its value proposition for the consumer.

Hebe operated under particularly challenging conditions for the beauty market as a result of the pandemic, recording good performance in the months with less restrictions and very good performance of its e-commerce operation.

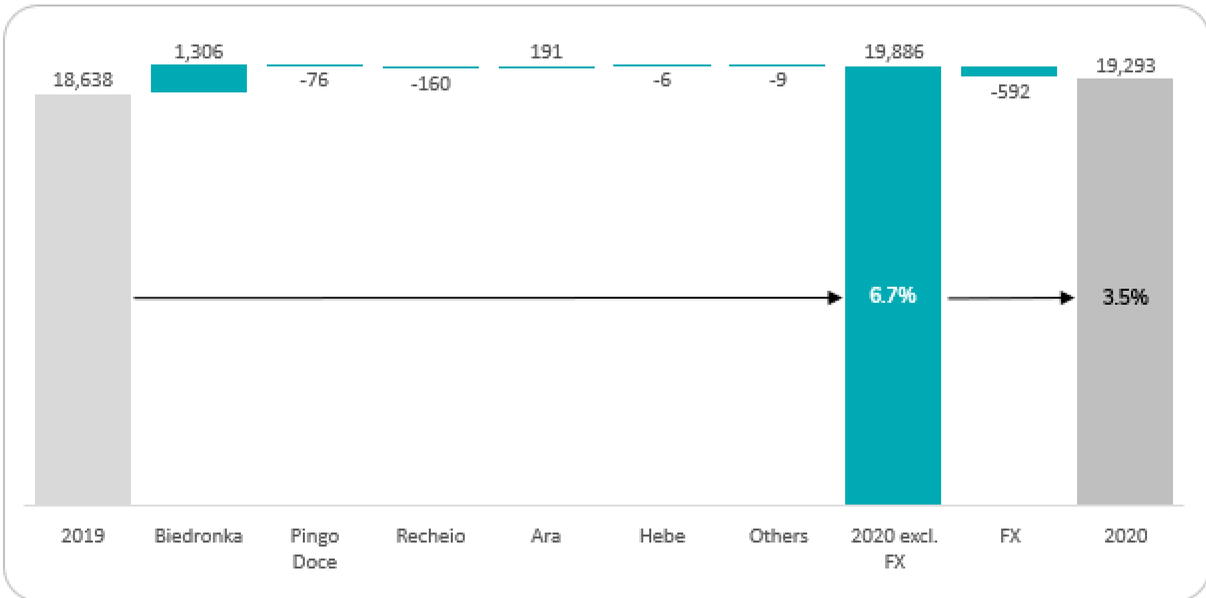
Despite the severity of the situation and the restrictive measures in Portugal, Pingo Doce and Recheio maintained a strong commercial dynamic and spirit of initiative, continuously increasing their capacity to mitigate the negative effects of the pandemic.

In Colombia, Ara affirmed the assertiveness of its value proposition by returning to sales growth as soon as lockdown measures were lifted.

All banners thus ended 2020 with their models strengthened by the intense stress test that was the pandemic and even better prepared for the challenges that lie ahead.

Jerónimo Martins

Contribution to Consolidated Sales Growth (million euros)



3.2.2. Consolidated Operating Results

(million euros)	2020	%	2019	%	Δ%
Net Sales & Services	**19,293**		**18,638**		**3.5%**
Gross Margin	4,227	21.9%	4,076	21.9%	3.7%
Operating Costs	(2,804)	(14.5)%	(2,639)	(14.2)%	6.3%
EBITDA	**1,423**	**7.4%**	**1,437**	**7.7%**	**(1.0)%**
Depreciation	(734)	(3.8)%	(715)	(3.8)%	2.6%
EBIT	689	3.6%	722	3.9%	(4.5)%

The Group's EBITDA amounted to 1,423 million euros, down 1.0% year-on-year. At constant exchange rates, EBITDA grew 1.9%, with the respective margin standing at 7.4% (7.7% in 2019).

Performance incorporates the negative impact of the operational deleveraging of the businesses that saw pressure put on sales performance and the increase in the direct costs incurred by the banners as a result of the pandemic, which are estimated at around 41 million euros. This impact was mitigated by the cost containment measures implemented in all Companies.

EBITDA breakdown

(million euros)	2020		2019		Δ%	
		% total		% total	excl. F/X	Euro
Biedronka	1,252	88.0%	1,185	82.5%	9.3%	5.7%
Pingo Doce	223	15.7%	264	18.3%		(15.4)%
Recheio	33	2.3%	60	4.2%		(45.6)%
Ara	(20)	(1.4)%	(28)	(2.0)%	18.9%	29.0%
Hebe	19	1.3%	20	1.4%	(4.4)%	(7.6)%
Others & Cons. Adjustments	(84)	(5.9)%	(63)	(4.4)%		(31.6)%
Consolidated EBITDA	**1,423**	**100%**	**1,437**	**100%**	**1.9%**	**(1.0)%**

Biedronka recorded an EBITDA of 1,252 million euros, up 5.7% year-on-year (+9.3% at a constant exchange rate).

The EBITDA margin was 9.3% as against the 9.4% in 2019. Good sales performance, effective management of the sales mix and increased cost discipline enabled the Company to preserve profitability in an environment made much more demanding by the pandemic, while maintaining a strong promotional dynamic that enabled it to strengthen its value proposition.

Pingo Doce recorded an EBITDA of 223 million euros, down 15.4% year-on-year, with a margin of 5.8% (6.7% in 2019). This decline in the EBITDA margin reflects the additional costs incurred with managing the operation in a pandemic and the negative performance of sales, which did not allow for the dilution of costs. The Company also maintained an intense commercial dynamic that enabled it to strengthen its value proposition, despite the challenging circumstances.

Recheio recorded an EBITDA of 33 million euros, down 45.6% compared to the previous year as a result of the drop in sales. The EBITDA margin was 3.9% (6.0% in 2019).

Hebe's EBITDA stood at 19 million euros, down 7.6% year-on-year, reflecting the pressure on sales.

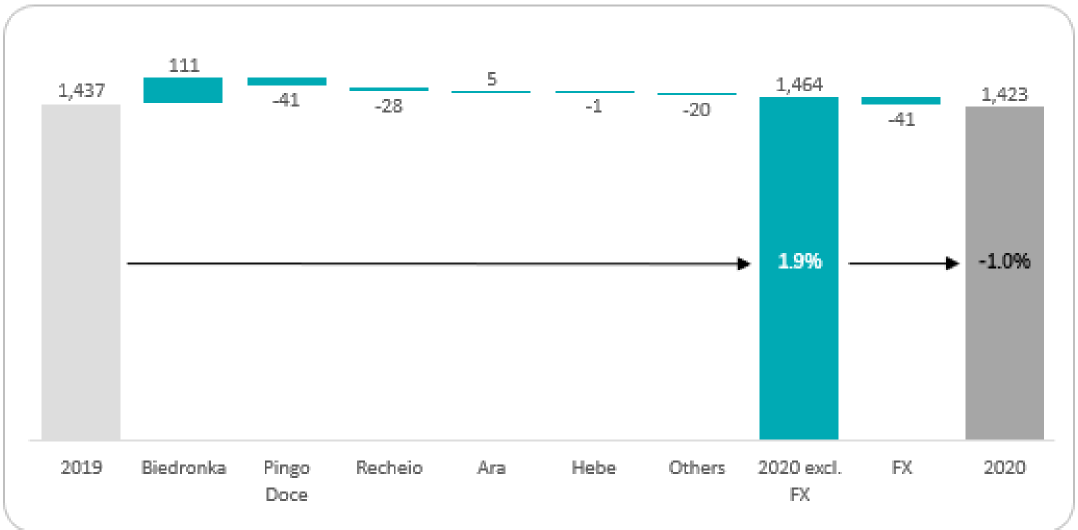
Ara recorded a reduction in EBITDA losses from -28 million euros in 2019 to -20 million euros in 2020, benefiting from the depreciation of the Colombian peso and the -18.9% reduction in losses in local currency. In the second quarter of the year the Company started adapting its operation to a very challenging environment, focusing on a strict cost revision that helped to mitigate the impact of the pandemic on the banner's profitability and to maintain the downward trend in EBITDA losses that began in 2019.

The Group continued to invest, through its Agribusiness area, in safeguarding and ensuring the sustainability of the supply chain of strategic products, thus guaranteeing the availability of quality and innovation at competitive prices, consolidating the scale of the existing operation and venturing into the Fruits and Vegetables business.

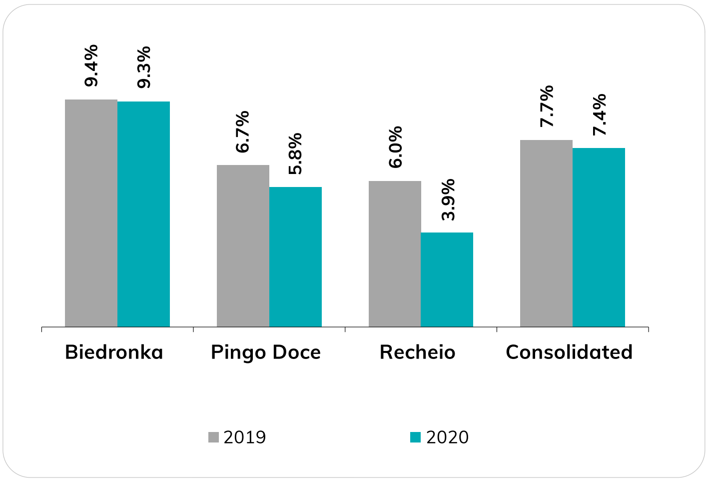
At corporate structure level, it is important to note that, as part of its vision of corporate responsibility, the Group launched the Biedronka Foundation in Poland, aimed at implementing programmes to support vulnerable senior citizens. In 2020, a contribution of 50 million zlotys was made, equivalent to approximately 11 million euros.

Operational performance reflected the robustness of the various banners, the strong commitment to the consumer and the agility and determination that our banners showed in the face of the challenges posed by the need to ensure the continuity of operations amidst extreme uncertainty and constant change.

Contribution to Consolidated EBITDA Growth (million euros)



EBITDA Margin



3.2.3. Net Consolidated Results

(million euros)	2020	%	2019	%	Δ%
EBIT	**689**	**3.6%**	**722**	**3.9%**	**(4.5)%**
Net Financial Results	(180)	(0.9)%	(159)	(0.9)%	13.7%
Profit in Associated Companies	0	0.0%	0	(0.0)%	n.a.
Other Profits/Losses	(50)	(0.3)%	(14)	(0.1)%	n.a.
EBT	**459**	**2.4%**	**549**	**2.9%**	**(16.5)%**
Taxes	(136)	(0.7)%	(128)	(0.7)%	5.8%
Net Profit	**323**	**1.7%**	**421**	**2.3%**	**(23.3)%**
Non Controlling Interest	(11)	(0.1)%	(31)	(0.2)%	(65.7)%
Net Profit attr. to JM	**312**	**1.6%**	**390**	**2.1%**	**(19.9)%**
EPS (€)	0.50		0.62		(19.9)%
EPS without Other Profits/Losses (€)	0.55		0.63		(12.6)%

Net income attributable to Jerónimo Martins was 312 million euros, down 19.9% compared to the previous year.

Net financial costs amounted to 180 million euros, having increased compared to the 159 million euros in 2019. These costs include recognition of currency conversion losses in the amount of 21 million euros relating to value adjustments in the capitalization of operating leases in Poland denominated in euros.

Other gains and losses amounted to -50 million euros, reflecting restructuring costs and write-offs relating to adjustments in the Ara chain and the closure of Hebe pharmacies and, as a result of the pandemic, to increasing the provisions for accounts receivable and for inventory depreciation. This amount also includes the amount paid to teams on the front line, equivalent to around 19 million euros, in recognition of their commitment and dedication in such exceptional circumstances.

The effective tax rate was higher than in the previous year as a result, on the one hand, of the recovery of tax recorded in 2019 and, on the other, a decrease in performance in Portugal that led to an increase in the weight of losses of new businesses that, for now, do not generate deferred taxes.

3.2.4. Cash Flow

(million euros)	2020	2019
EBITDA	1,423	1,437
Capitalised Operating Leases Payment	(270)	(259)
Interest Payment	(153)	(163)
Other Financial Items	0	0
Income Tax	(174)	(155)
Funds From Operations	**826**	**861**
Capex Payment	(510)	(577)
Δ Working Capital	246	220
Others	(46)	(10)
Cash Flow	**516**	**494**

Cash flow generated in the year amounted to 516 million euros, increasing from the 494 million euros generated in 2019. This good performance reflects the robustness of the various businesses, careful management of working capital, and also a reduction in capex payment following the slowdown in the implementation of the investment programme.

3.2.5. Consolidated Balance Sheet

(million euros)	2020	2019
Net Goodwill	620	641
Net Fixed Assets	3,967	4,140
Net Rights of Use (RoU)	2,154	2,318
Total Working Capital [1]	(2,864)	(2,793)
Others	133	94
Invested Capital	**4,010**	**4,400**
Total Borrowings	524	732
Financial Leases	11	17
Capitalised Operating Leases	2,262	2,368
Accrued Interest	(3)	3
Cash and Cash Equivalents [1]	(1,041)	(949)
Net Debt [1]	**1,752**	**2,172**
Non Controlling Interests	249	254
Share Capital	629	629
Retained Earnings	1,379	1,346
Shareholders Funds	**2,257**	**2,229**

[1] Net Debt amount was restated in 2019. Cash in hand previously considered in Total Working Capital was restated to Cash and Cash Equivalents heading.

The Group's balance sheet remained very robust, ending the year with a net cash position of 509 million euros, excluding liabilities related to capitalised operating leases.

Jerónimo Martins distributed and paid 216.8 million euros in dividends in the year, to its shareholders, in line with that envisaged in its dividend policy.

In May, the Group announced that, due to the ongoing pandemic and the significant lack of visibility of its effects, it had opted, out of precaution, to distribute the previous year's profit based on a pay-out ratio of 30%, not excluding to pay the remaining dividend by the end of the year, if circumstances allowed. This payment occurred in December, enabled by the strong cash position the Group had after closing the first nine months of the year.

In all, the Group paid a total of 232 million euros in dividends.

3.2.6. Execution of the Investment Programme

Each year the investment programme plays a central role in the Group's capital allocation priorities.

Given the extreme uncertainty and constraints that also had an impact on the construction projects, the Group reduced the initial investment programme it had designed for the year.

Biedronka, in Poland, was the Group Company that was able to most quickly resumed its initial plans, while Ara, in Colombia, faced a very restrictive lockdown that also had a significant impact on the construction sector.

In 2020, the Group's investment programme amounted to 470 million euros, of which 31% was allocated to expansion and the remainder to refurbishment projects and the maintenance of store and warehouse operations.

(million euros)	2020			2019		
Business Area	Expansion[1]	Others[2]	Total	Expansion[1]	Others[2]	Total
Biedronka	**55**	**247**	**302**	**79**	**308**	**388**
Stores	54	228	282	79	266	345
Logistics & Head Office	0	20	20	0	42	42
Pingo Doce	**31**	**60**	**91**	**27**	**115**	**143**
Stores	31	53	84	27	105	131
Logistics & Head Office	0	7	7	1	11	11
Recheio	**2**	**8**	**10**	**1**	**24**	**25**
Ara	**26**	**5**	**30**	**93**	**5**	**98**
Stores	23	3	26	46	3	49
Logistics & Head Office	3	1	5	47	3	49
Total Food Distribution	**113**	**320**	**433**	**201**	**452**	**653**
Hebe	**4**	**4**	**8**	**10**	**2**	**12**
Services & Others	26	3	29	7	5	13
Total JM	**143**	**327**	**470**	**218**	**460**	**678**
% do EBITDA	*10.1%*	*23.0%*	*33.0%*	*15.2%*	*32.0%*	*47.2%*

[1] New Stores and Distribution Centres.
[2] Revampings, Maintenance and Others.

Biedronka absorbed 64% of the Group's capex programme, investing 302 million euros in the opening of 129 new stores (46 of which part of the smaller concept store project), 267 refurbishments, and also the regular maintenance of the operation.

The banner closed the year with a chain of 3,115 locations, c.55% of which opened or remodelled in the past 5 years.

Hebe opened 22 new locations and closed 48 stores, as mentioned, operating exclusively as pharmacies (28 of which standalone) ending the year with a chain of 266 stores.

Pingo Doce invested 91 million euros and opened 13 new stores, four of which in the Pingo Doce & Go convenience format, and refurbished a total of 20 stores, 14 of which underwent major refurbishment.

Recheio invested a total of 10 million euros, allocated mostly to refurbishing the Lagos store.

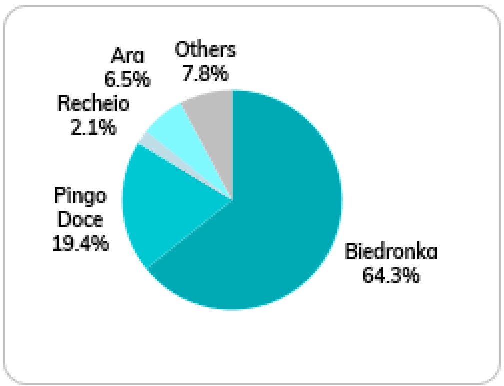
In Colombia, Ara invested 30 million euros, after opening 56 stores, despite the restrictions imposed, and closing the year with a chain of 663 locations. It should also be noted that the two Distribution Centres, the construction of which had been practically completed at the end of 2019, were fully operational in early 2020 and were incorporated into the Company's logistics structure.

	New Stores		Revampings[1]		Closed Stores	
	2020	2019	2020	2019	2020	2019
Biedronka	129	128	267	252	16	26
Pingo Doce	13	9	14	30	1	0
Recheio	0	0	1	1	0	0
Ara	56	85	0	0	9	1
Hebe	22	46	0	6	29	3
Other Businesses[2]	0	11	3	2	12	6

[1] Only includes the revampings that implied the closing of the selling area, with exception for Recheio.

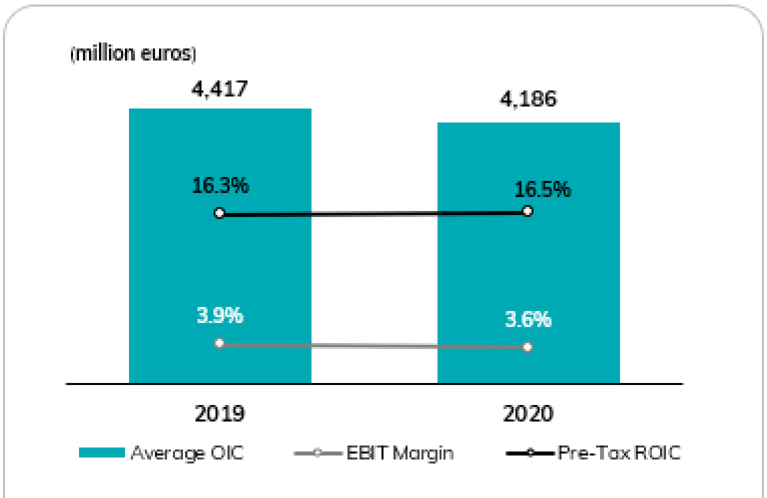
[2] Including the stores Code, Spot, Bem Estar, Pingo Doce Restaurants, Petrol Stations, Jeronymo and Hussel.

Investment by Business Area



3.2.7. Return on Invested Capital

Return on invested capital, calculated on a Pre-Tax ROIC* basis, was 16.5% (16.3% in 2019). Pressure on the EBIT margin was offset by increased capital turnover, which benefited from Biedronka and Ara's sales growth and the careful management of investments and working capital.



* Restated including the goodwill accumulated amortizations in the Average OIC

3.2.8. Total Borrowings Breakdown

(million euros)	2020	2019
Long Term Borrowings	**364**	**309**
as % of Total Borrowings	*69.5%*	*42.2%*
Average Maturity (years)	*6.7*	*3.3*
Short Term Borrowings	**160**	**424**
as % of Total Borrowings	*30.5%*	*57.8%*
Total Borrowings	**524**	**732**
Average Maturity (years)	*5.1*	*1.7*
% Total Borrowings in Euros	0.0%	6.8%
% Total Borrowings in Zlotys	41.7%	46.1%
% Total Borrowings in Colombian Pesos	58.3%	47.1%

Using debt in local currency continues to play a central role in the Group's financing strategy for natural hedging of the exchange rate risk of its investments.

In 2020, Jerónimo Martins Colombia took out a loan with the International Finance Corporation (IFC), member of the World Bank, in the amount of around 350 billion Colombian pesos (approximately 95 million dollars). The 7-year loan was approved under the IFC's Covid-19 response credit facility.

In Poland, Jerónimo Martins Polska took out a 9-year loan with the European Investment Bank (EIB) in the amount of 720 million zlotys (approximately 160 million euros). The loan will be used to finance the Biedronka chain's sustainable energy projects.

As a result of the loans taken out, which partly replace the loans that matured in 2020, the average maturity of the Group's loans increased from 1.7 years to 5.1 years.

3.2.9. Jerónimo Martins in the Capital Markets

Share Description

Listed Stock Exchange		Euronext Lisbon
IPO		November 1989
Share Capital (€)		629,293,220
Nominal Value		1.00 €
Number of Shares Issued		629,293,220
Symbol		JMT
Codes	**ISIN**	PTJMT0AE0001
	Reuters	JMT.LS
	Bloomberg	JMT PL
	Sedol	B1Y1SQ7
	WKN	878605

At the beginning of 2020, geopolitical tensions in the Middle East were said to be the main reason behind the uncertainty in capital markets, with European markets feeling the pressure of a possible no-deal Brexit. However, concerns about the spread of the coronavirus and the fear of a potential pandemic quickly gripped the markets.

In February, Covid-19 moved beyond Asia's borders causing a tremendous impact, forcing factories to close and imposing restrictions on the movement of people and goods. Global stock markets fell sharply from 24 February. It was against this background, amidst a global pandemic, that European stocks ended the month with the worst week recorded since the 2008 financial crisis.

During the course of the year, and based on unprecedented state aid plans, European stocks were able to recover most of the losses. Central banks continued to sustain the economy through stimulus packages and loans to ensure liquidity.

Despite some signs of recovery the second wave of the Covid-19 pandemic in October brought the introduction of new restrictions in several countries, particularly in Europe, affecting investors morale.

After a significant negative impact, and in a year marked by a fragile environment, markets were volatile, yet resilient and there were also some moments with optimism, showing a positive trend in the last months of the year, boosted particularly by the anticipated roll out of the vaccine in December.

Jerónimo Martins' shares are, according to Thomson Reuters data, listed on 53 indices, the most relevant being the PSI20 (the Euronext Lisbon benchmark index), Euronext100 and EuroStoxx, among others, and are traded on 45 different platforms, mostly in the main European markets.

Jerónimo Martins is listed on more than 90 international sustainability indices, recognising the Group's environmental, social and governance (ESG) commitments.

In June 2020, Jerónimo Martins' shares were listed on the Euronext Eurozone ESG Large 80 index, which includes the Euronext listed companies that better adapt their businesses to the energy transition, supporting a low-carbon economy and reducing climate impact.

Jerónimo Martins is also listed, among others, on the Euronext Vigeo Eiris Eurozone 120 and Europe 120 and in FTSE4Good Europe, FTSE4Good Developed and FTSE4Good Developed Minimum Variance indices.

Although not an index, it is also important to note the Group's overall score of "A-" in the CDP Climate and CPD Forests areas and a "B" score in the CDP Water Security area, in 2020, placing the Group among the world leaders in sustainability in the food retail sector.

More information about Jerónimo Martins' listing in these and other relevant indices is available on our website[6] and in Chapter I of this report, under "Awards and Recognition".

Capital Structure

For information on the structure of Jerónimo Martins' capital, please see point 9. Management Report Annex, in this chapter.

PSI20 Performance

The year was marked by fear of the Covid-19 pandemic, with most stock markets negatively affected by the uncertainty about the real impact on global trade, resulting in a deep economic recession.

European stock markets performed negatively, with investors focusing on the evolution of the pandemic, particularly in important countries such as Italy, Spain, France and Germany.

In Portugal, the first declaration of a state of emergency shook the capital's market. As a result, on 19 March the PSI20 fell to an all-time low.

European markets again showed signs of recovery when, in mid-May, the creation of a 750 billion euros EU Recovery fund was announced to help Europe recover from the crisis. The PSI20 followed the trend.

Despite the wave of optimism underpinned by the hope of developing a vaccine by the end of the year, a possible hard Brexit kept expectations low. These negotiations were only concluded, and the withdrawal agreement signed, at the end of the year.

[6] In the "Responsibility" section, under "Recognition" at www.jeronimomartins.com

Moreover, the Moody's rating classified Portugal as one of the countries most exposed to economic destruction, due to the pandemic, as the country's economy is mainly supported by small and medium-sized companies.

In this context, the Portuguese benchmark index – PSI20 – closed at 4,898.36 points, having went down 6.1% year-on-year, after reaching a 22% fall by the end of March, in line with its European counterparts.

At the end of the year, the PSI20 comprised 18 shares after being revised in March 2020 when Ramada Investimentos was excluded from the index and replaced by Novabase. In December, with Sonae Capital's exit after the takeover bid from Efanor, Ramada Investimentos was once again included in the index.

Among the 18 companies that comprise the index, only five recorded positive performance in the year, most notably two in the non-oil energy sector.

Jerónimo Martins Share Price Performance

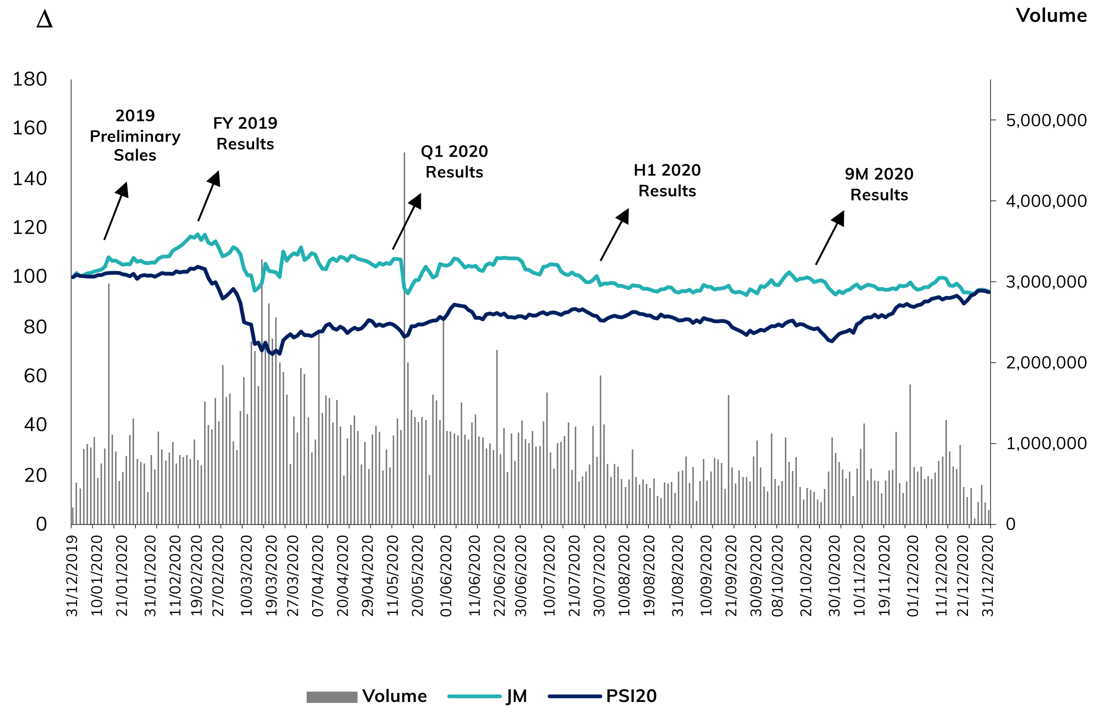
Jerónimo Martins' performance was not immune to the events of 2020. On one hand, the Covid-19 pandemic had a major impact on the Portuguese stock exchange and share prices. But, on the other hand, earnings reports released throughout the year were well received, with the share price peaking coincidently on the date in which Q1 results were released.

In 2020, the Jerónimo Martins' share price reduced by 5.8%. In an unusual year, and despite the resulting depreciation, Jerónimo Martins' performance on the PSI20 was one of the least affected.

Jerónimo Martins, with the third highest market capitalisation, is among the most representative shares on the index, maintaining its position year-on-year. The Company closed 2020 with a market capitalisation of 8.7 billion euros and a relative weight within the PSI20 of 8.3% (compared to the 13.6% recorded in 2019). The Company is also one of the three Portuguese companies listed on the Euronext100 index, slightly decreasing its weight to 0.28% (compared to the 0.29% recorded in the previous year).

During the year, Jerónimo Martins traded approximately 251 million shares on the Euronext Lisbon stock exchange. This trading volume corresponds to a daily average transaction of 977 thousand shares (15.4% above 2019), at an average price of 14.89 euros (up 5.6% compared to 2019). In terms of turnover, these shares represented the equivalent of 13.2% (3.8 billion euros) of the total number of shares traded on the PSI20 index in 2020.

In share price terms, Jerónimo Martins shares had a low of 13.61 euros on 25 September and reached a high of 17.22 euros on 19 February, ending the year at a share price of 13.82 euros.



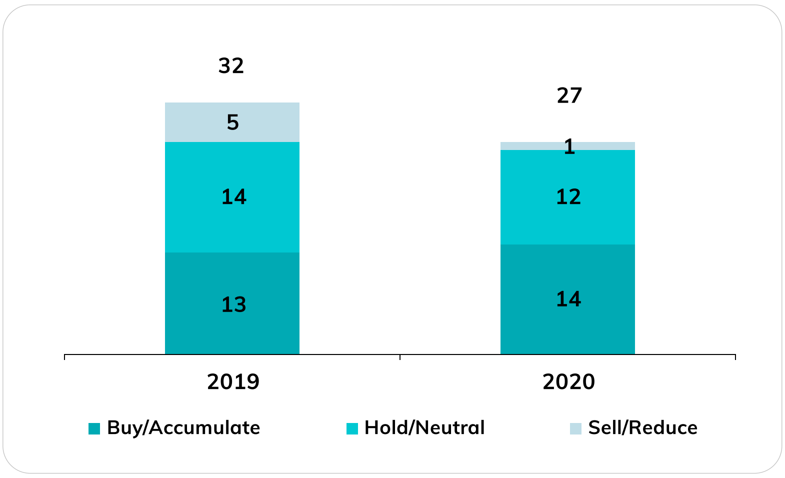
Analysts

At present, 27 analysts actively cover the Jerónimo Martins share. During 2020, one investment house began covering Jerónimo Martins, while six others ended their share coverage due to changes made to their research teams.

In 2020, the weight of Buy recommendations was 52%, Hold 44%, while the weight of Sell recommendations was 4%.

The average price target of analysts as at 31 December 2020 was 15.94 euros, corresponding to an upside potential of 15.3% compared with the closing price (13.82 euros).

The evolution of recommendations and target prices issued by the various institutions is available on our website (www.jeronimomartins.com).



Jerónimo Martins Financial Performance 2016-2020

(million euros)

	2020	2019	2019	2018	2017	2016
				Excl. IFRS16		
Balance Sheet						
Net Goodwill	620	641	641	637	647	630
Net Fixed Assets	3,967	4,140	4,140	3,842	3,639	3,180
Net Rights of Use (RoU)	2,154	2,318	-	-	-	-
Total Working Capital [1]	(2,864)	(2,793)	(2,788)	(2,454)	(2,496)	(2,201)
Others	133	94	86	70	54	46
Invested Capital	**4,010**	**4,400**	**2,079**	**2,096**	**1,843**	**1,656**
Net Debt [1]	1,752	2,172	(196)	80	(170)	(335)
Total Borrowings	524	732	732	624	529	335
Financial Leases	11	17	17	15	8	4
Capitalised Operating Leases	2,262	2,368	-	-	-	-
Accrued Interest	(3)	3	3	2	4	0
Cash and Cash Equivalents [1]	(1,041)	(949)	(949)	(562)	(712)	(674)
Non Controlling Interests	249	254	257	238	225	253
Equity	2,008	1,975	2,018	1,778	1,788	1,738

[1] Net Debt amount was restated in 2019. Cash in hand previously considered in Total Working Capital was restated to Cash and Cash Equivalents heading.

(million euros)

	2020	2019	2019	2018	2017	2016
				Excl. IFRS16		
Income Statement						
Net Sales & Services	**19,293**	**18,638**	**18,638**	**17,337**	**16,276**	**14,622**
EBITDA	**1,423**	**1,437**	**1,045**	**960**	**922**	**862**
EBITDA margin	7.4%	7.7%	5.6%	5.5%	5.7%	5.9%
Depreciation	(734)	(715)	(397)	(364)	(331)	(294)
EBIT	**689**	**722**	**648**	**596**	**591**	**568**
EBIT margin	3.6%	3.9%	3.5%	3.4%	3.6%	3.9%
Financial Results	(180)	(159)	(29)	(25)	(12)	(17)
Profit in Associated Companies	0	(0)	(0)	0	(0)	10
Other Profits/Losses [1]	(50)	(14)	(15)	(9)	(14)	184
EBT	**459**	**549**	**604**	**562**	**565**	**744**
Taxes	(136)	(128)	(137)	(132)	(152)	(130)
Net Income	**323**	**421**	**467**	**430**	**413**	**614**
Non Controlling Interests	(11)	(31)	(34)	(29)	(27)	(21)
Net Income attributable to JM	**312**	**390**	**433**	**401**	**385**	**593**

[1] Other Profits/Losses include the Other Operating Profits/Losses and Gains in Others Investments as presented in the Income Statement by Functions and detailed in the notes to Consolidated Accounts.

	2020	2019	2018	2017	2016
Market Ratios					
Share Capital (€)	629,293,220	629,293,220	629,293,220	629,293,220	629,293,220
Total Number of Shares	629,293,220	629,293,220	629,293,220	629,293,220	629,293,220
Own Shares	859,000	859,000	859,000	859,000	859,000
Free Float	32.4%	29.7%	28.7%	28.4%	29.7%
EPS (€)	0.50	0.62	0.64	0.61	0.94
Dividend per share (€) [1]	0.35	0.33	0.61	0.61	0.27
Stock Market Performance					
High (€)	17.22	16.12	17.65	18.07	16.35
Low (€)	13.61	10.30	10.11	14.88	10.92
Average (€)	14.89	14.09	13.46	16.46	14.24
Closing (End of year) (€)	13.82	14.67	10.34	16.20	14.74
Market Capitalisation (31 Dec) (€ 000,000)	8,697	9,229	6,507	10,191	9,276
Transactions (volume) (1,000 shares)	251,103	215,938	234,824	182,115	251,292
Annual Growth	-5.8%	41.8%	-36.2%	9.9%	22.9%
Annual Growth - PSI20	-6.1%	10.2%	-12.2%	15.2%	-11.9%

[1] In the initial phase of the Covid-19 pandemic, when uncertainty was extreme, the Board of Directors decided to follow a prudent approach and to reduce the 2019 payout ratio from 50% to 30%. The Board of Directors reserved, at the time of this decision, the possibility of proposing the distribution of the remaining part of the 50% payout if conditions allowed it. Therefore, taking into account the Group's performance, the Board decided to distribute free reserves. The value includes the payment of a gross dividend of 0.207 euros per share, approved by the General Meeting held on June 25, 2020 and paid on July 15, 2020, regarding the distribution of 2019 results and the distribution of free reserves corresponding to a gross dividend of 0.138 euros per share, approved by the Extraordinary General Meeting held on November 26, 2020 and with payment at December 16, 2020.

4. Performance of the Business Areas

4.1. Food Distribution

4.1.1. Biedronka

Message from the Managing Director

2020 marks the commitment Biedronka made 25 years ago to Poland and the Polish market. The Company grew with the consumer and its story is forever connected with the development and growth of the country itself.

Over these past 25 years, our Company has always remained deeply committed to its employees, consumers and suppliers, and to the community it is a part of.

In the face of the pandemic that dominated nearly the whole of 2020, Biedronka stayed true to its commitment at all levels and lived up to its responsibility as market leader.

Thanks to the extraordinary effort and energy of our teams, we delivered on our promise of quality at low prices, creating even more saving opportunities for families who, in many cases, saw their income reduced by the crisis that plagued Poland and the world.

Because we know that a crisis can threaten good businesses, we supported our smaller suppliers and opened our stores to regional smaller farmers to give them an outlet for their products.

We launched the Biedronka Foundation which clearly deepens our presence in the community, bringing us closer to the most vulnerable population groups, particularly senior citizens, helping to alleviate the fragilities which affect them, while implementing innovative collaboration programmes that are important in fighting the effects of the health crisis.

Our performance indicators, with strong sales growth, increased market share and results are a reflection of the attitude, courage and determination showed by our teams, who assumed in this time of crisis a fundamental role in leading and driving the business and constantly pushed themselves to do better and more. Only that way, it was possible to successfully mitigate the impact of all restrictions and to continue providing outstanding service to the Polish consumers.

We ended 2020 stronger as a team, as a business and as a responsible, present, and active member of society, and also better prepared for the challenges that 2021, still under the effect of the pandemic, will continue to bring.

2020 Performance

In Poland, despite the effects of the pandemic and the safety measures imposed on Food Retail which caused a slowdown in consumption, the ability to anticipate consumer needs, its unfaltering commitment to be present in the proximity market, offering the best prices and quality, and its operational flexibility helped Biedronka record a 10.4% growth in sales (in local currency), with an LFL of 7.1%. Extended opening hours and business assertiveness enabled the Company to increase its market share by 1.6 percentage points, in the year.

The competitive environment remained fierce and highly promotional, with consumers continuing to show a preference for proximity formats and adapting to the imposed restrictions by reducing the frequency to stores visits. In Biedronka's case, this consumer behavior was more than offset by the growth of the average basket.

Mindful of the situation and of consumer needs, Jerónimo Martins Polska (JMP or Biedronka) also demonstrated its ability to adapt by establishing a partnership with Glovo (a company that delivers all types of purchases to people's homes). This service became available in Poland's 28 biggest cities, bringing a wide range of Biedronka products to consumers' homes. The initiative also enabled the Company to monitor the trend in the needs and preferences of Polish consumers in this segment.

Amidst the uncertainty, price became an increasingly important factor. As such, Biedronka pursued its promotional strategy, developing around 35 attractive and differentiating campaigns. In the year, adding to the television ads that were produced, c.200 commercial leaflets were launched, mostly aimed at boosting in-store traffic and encouraging customer visits.

Biedronka launched several campaigns, most notably the strengthening and deepening of the relationship with Polish farmers and other suppliers through the "Buy Local" initiative, enabling customers to quantify their contribution, in each buy, to the national economy. A note reading "thank you for supporting the Polish economy" was printed on tickets below the list of products purchased along with the amount spent on buying local products.

Biedronka has supported Polish farmers for 25 years, as many as it has been operating in Poland. In 2020, and given the added challenges that come with a pandemic, Biedronka created the "Czas na Wspieranie Małych Producentów" (It's Time to Support Small Producers) programme through which it invites small-scale farmers to contact the Company if they need help finding an outlet for their products. At the end of the year, the Company had already collaborated with more than 140 new small-scale farmers through the programme.

Also as regards the incentives to support national production, the Company voluntarily brought forward the payment deadline of a group of Polish fruit and vegetable suppliers whose annual turnover was below 100 million zlotys (around 25 million euros).

In the year, and also of note, the "Gang Fajniaków" loyalty and awareness campaign focused on protecting the environment, introducing 10 new mascots: four representing Earth's natural elements, five guardians of the environment, and the villain Smog (pollution). It was an integrated communication initiative that included television ads and in-store and online activities.

Priority continued to be given to reinforcing the quality of the assortment and of the brand image and, during the year, the banner continued to invest in innovation and the development of its Private Brand, launching 196 new products that were included in its regular assortment, in addition to the products developed for in&out campaigns.

The loyalty card remains a critical tool to increase the notoriety of commercial activities, with more than nine million active users.

As regards implementation of the year's investment plan, besides the opening of 129 new locations (including 13 replacements), 46 of which were in the smaller format, also of note is the store refurbishing plan, which included 267 locations refurbished in 2020, reinforcing Biedronka's market competitiveness by improving the shopping experience, the safeguarding of efficiency and the contribution to LFL growth.

Biedronka now has 82 proximity stores that offer an assortment adapted to the locations and will allow the Company to enter surrounding areas with lower population density.

Since the beginning of the year, JMP continued to implement the self-checkouts project in its stores, ending 2020 with more than 1,100 stores (around 3,750 machines) offering this alternative. This project focuses on improving operational efficiency, helping to increase the number of transactions and offer a better shopping experience for consumers.

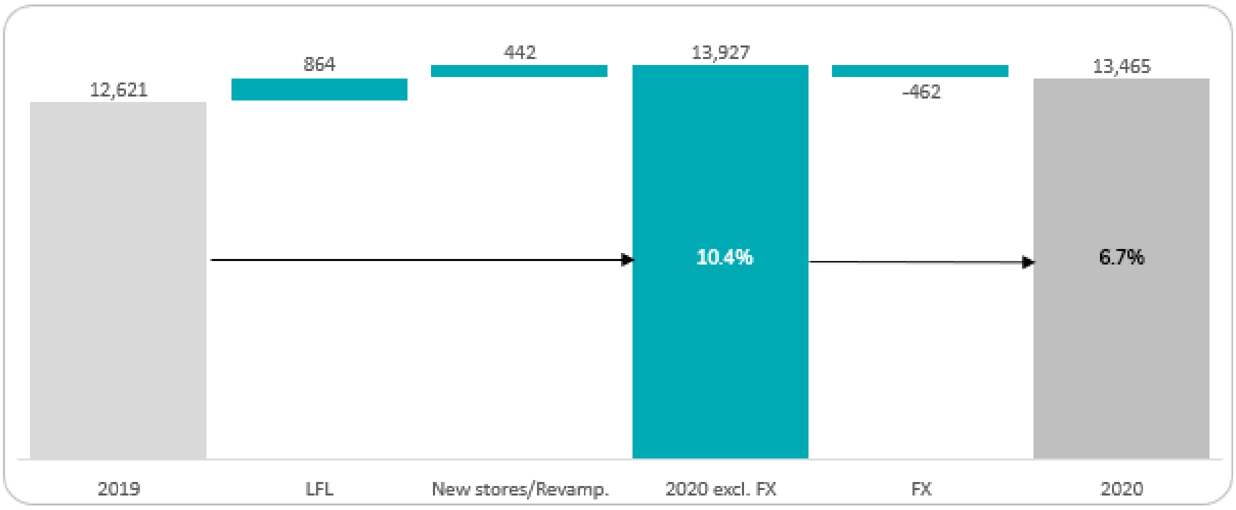
During the year, Biedronka implemented several sustainability initiatives, a striking example of which is the launch of the 4th book about the Fajniaków Gang's adventures. All proceeds from the sale of the book were donated to the Humanitarian Action named Pajacyk, a feeding programme for children who need it. Thanks to this programme, children receive a hot meal at school or the community centre. By the end of the year, and in just two weeks, more than 183 thousand books had been sold and over 1,830 thousand zlotys were raised.

In 2020, to support the more deprived communities, and given the pandemic crisis, the Company increased the number of stores working with food banks and other institutions by around 300 (to more than 1,900 stores).

Biedronka also launched the Customer Ombudsman, a ground-breaking initiative in the Polish Food Retail sector, offering yet another channel to listen to consumers and meet their expectations.

Sales growth together with a virtuous combination of a more favourable sales mix, the management of promotions and in&out, operational discipline and safeguarding efficiency, helped cushion the increased costs associated with managing the pandemic, with the EBITDA margin standing at 9.3%. EBITDA generated by the Company increased 5.7% (+9.3% in local currency) to 1,252 million euros.

Biedronka - Net Sales (million euros)



Also, in 2020, and to celebrate a milestone with its employees, Biedronka launched a commemorative book showing, from the beginning, the Company's 25 years of history in becoming the largest retail chain in Poland. In addition to the memories and sentiment of the employees who saw the banner grow, the story also contains elements from Poland's own growth and culture over the years. At the end of the year, the book was offered to all employees to share the Company's history, values and journey.

Strengthening the ties and commitment to Polish society, 2020 was also the year in which an important initiative was launched. On 11 March, the Biedronka Foundation opened its doors to pursue its primary mission of contributing to improving the quality of life of the more vulnerable senior citizens in a country with a large ageing population. As a founder, JMP has committed to proposing an annual allocation of part of its profits to the Biedronka Foundation, with its shareholders agreeing to contribute 50 million zlotys in its first year.

4.1.2. Pingo Doce

Message from the Managing Director

2020 was an atypical year. The pandemic caught us off guard and changed our way of life and of working. It was, therefore, a year unlike any other, one in which we were all called upon to go the extra mile. It was a year of perseverance and resilience in the face of a marathon with endless challenges.

In 2020, Pingo Doce, to a large extent, fell victim, on the one hand, to its own success, and, on the other, to its sense of responsibility. The success of Pingo Doce's restaurants, take away and coffee shops, a mandatory stop on the daily route of those who work or study in the areas where our stores are located, was jeopardized when teleworking became mandatory, schools closed and the streets were left deserted. Moreover, the success of being the banner in Portugal with the higher sales per square metre, the most customer traffic, the most purchasing transactions and with more people circulating, especially at weekends, turned into long queues waiting to enter Pingo Doce stores when the pandemic imposed limited access and restriction to the number of customers allowed inside the stores, measures that have remained in place to date in the midst of an extended state of emergency. Furthermore, in 2020 Pingo Doce unequivocally reaffirmed its sense of responsibility towards its teams. Looking back, now that we know how the pandemic progressed in Portugal to increasingly more severe waves over the year, made worse by the spread – in early 2021 - of the so-called "UK variant" of the virus, the decision taken on 13 March may seem somewhat excessive. On that day, right after the Portuguese Minister for Home Affairs announced that the country would immediately enter a state of alert, we publicly announced that we would place around half our store and logistics teams in preventive isolation, staying at home for more than seven weeks while receiving full pay. The truth is, on the day we decided to put the safety of our people and the continuity of business first, no one knew how the virus would progress and uncertainty was very high, not to mention that the desperate situation in Italy and neighbour Spain left Portugal chocked every day. Made conscientiously and resolutely as a result of this reality, the decision involved shortening store operating hours, cutting back shifts at our Distribution Centres and closing for two hours in the middle of a day's work to thoroughly clean and disinfect store areas and equipment. Fewer sales hours across the entire chain and less logistical capacity, on top of the losses resulting from the restrictions imposed, inevitably impacted the business.

For Pingo Doce, it was a point of honour to make sure we continued to supply the usual wide variety of Perishables to the Portuguese people in such an atypical year. Our logistics teams and supply chain ensured that products were always available for our customers, just as we also increased our support to national suppliers, ensuring that they had an outlet for their products and ensuring early payment of their invoices.

We continued investing in the innovation of our Private Brand, launching new products and working on continuous improvement and reformulations.

We adapted the Meal Solutions business to the new reality, expanding the delivery of ready-to-eat meals and offering a greater variety of packaged meals sold over the counter in stores. We reinforced our online channel, ensuring national coverage, and rolled out new convenience services, such as click & collect and orders for perishable goods. Finally, and of particular importance, in a year that also brought with it a serious economic crisis in our country, we did not forget how important our promotions are to our customers and carried out assertive promotional dynamic campaigns throughout the year.

In the year in which Pingo Doce celebrated its 40th anniversary, we were on the front line showing the strength and determination we are known for in a truth mission spirit. We were able to manage within uncertainty and to mitigate the impact, especially significant for Pingo Doce, of the restrictions imposed on people movement, store traffic and operating hours.

Proximity, flexibility and resilience are the watchwords we carry from 2020 into the new year.

2020 Performance

In 2020, Pingo Doce celebrated its 40th anniversary and, to commemorate the occasion, a weekly mega savings campaign entitled “Poupar é a Nossa Festa” (Celebrate Savings with us) was launched in January, heavily advertised on television, radio and on social media. The plan was to celebrate our anniversary with our people and customers the whole year. However, two months later, in March, the first cases of Covid-19 were identified in Portugal. Besides the urgency in immediately managing the resulting crisis, which led the government to decree a state of emergency and a nationwide lockdown, the consumer environment was put immediately under pressure, with clear signs of trading down in the Food Retail sector.

Pingo Doce was particularly exposed to the reduction in people movement, both because of its track record of high sales density and high number of visits and due to the impact of the lack of traffic at the banner’s restaurants, coffee shops and in its take-away category. Moreover, the halt in tourism also significantly impacted the Company, particularly in urban areas and tourism hotspots such as the Algarve and Madeira.

Pingo Doce’s response to the pandemic crisis centered around three areas of action: (1) ensuring the safety and wellbeing of our employees, customers and society at large, (2) support to Portuguese families, and (3) helping the country.

The safety and wellbeing of people in the stores and warehouses was the operational team’s top priority. It was necessary to reorganised not only the stores and warehouses themselves, by establishing flow routes, widening spaces and corridors to enable physical distancing, and implementing strict rules for the sanitisation of equipment and surfaces (in particular shopping carts, check-out conveyor belts and service counters), but it also had to manage teams and work schedules. This to ensure at maximum level, the protection and safety of our people and the continuity of operations, even in situations of contamination or during extended isolation periods. Customers were informed about these measures under the “Compra Segura Pingo Doce” (Safe Shopping at Pingo Doce) campaign, and our people and customers were also encouraged to act responsibly through in-house and external communication actions.

Aware of the fragile economic context, which immediately impacted household income, Pingo Doce continued its usual and intense promotional dynamic, with the launch of more than 180 promotional campaigns out of which several initiatives offering on-the-spot discounts with the Poupa Mais card, including a VAT-back campaign and offering a 10 euro card discount and an innovative and novel initiative in which it promptly offered thousands of free private label gift baskets to customers on certain weekends for purchases over a particular amount. In the last quarter of the year, the Company launched a campaign under the new slogan “Quem faz contas vem ao Pingo Doce” (People who save shop at Pingo Doce), enhancing Pingo Doce’s value proposition: the quality of its Perishables and Private Brand allied with the best promotions and lower prices. This campaign promoted mostly Perishable goods through weekly promotional ads on television.

With the pandemic environment accelerating the search for online channels, the Company strengthened its partnership with Mercadão, ensuring nationwide coverage through this sales channel and implementing a new click & collect convenience service – which allows customers to do their shopping online and collect it in-store when it suited them. Pingo Doce also launched a delivery service for perishables – Meat and Fish – enabling customers to call the store and place their orders for fresh fish and meat, just as they did over the counter, and to pick their order up four hours later. In 2020, Pingo Doce expanded its partnership with Takeaway.com further, to deliver ready-to-eat meals to its customers’ homes in more cities besides Lisbon, where deliveries started in 2019.

The sudden change in consumer habits just before one of the most important seasons of the year, Easter, put some sectors of activity in Portugal at risk. In response, Pingo Doce immediately took the lead in supporting national production, increasing the sourcing of products that saw purchases decrease significantly as a result of declining demand (lamb, veal, regional cheeses, wines, fruit, fish and stuffed sausages) and encouraging customers to buy these products. The Company made a resounding and unmistakable appeal to consumers through a message from its Managing Director, encouraging them to buy national products and ensuring the sale of those products, without affecting the margins of the farmers. This campaign to support national production, entitled “A nossa força vem de dentro” (Our strength comes from within), was the one that stood out the most in the year in food retail (source: Publivaga – Recordação Comprovada).

As early as March, Pingo Doce also started providing support to the healthcare professionals of public hospitals throughout the country who were on the front lines ensuring the wellbeing of all citizens with the distribution of light meals and, against a rapidly evolving disease, Pingo Doce financed an innovative project for "smart screening" at the Portuguese Red Cross Hospital.

Despite the crisis environment, Pingo Doce continued working on its differentiation pillars. It launched the "Bando do Bosque 2" (Forest Gang 2) campaign which, in line with two of Pingo Doce's corporate responsibility pillars – wildlife conservation and promoting early and youth literacy – starred ten collectable soft toy animals and a children's book. This campaign contributed to an environmental education and awareness-raising project will encompass nearly 1,800 students from 36 schools in the country.

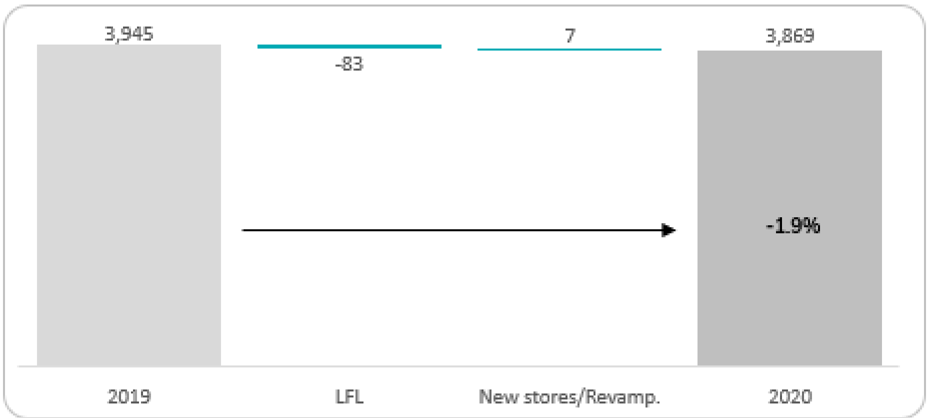
2020 was also marked by Pingo Doce's investment in promoting healthy eating and fighting food waste. In the year of its 40th anniversary, Pingo Doce celebrated Mediterranean flavours by launching "Juliana", a tribute to the heritage and benefits that the Mediterranean Diet has brought to the Portuguese people. Pingo Doce also launched the "Nada se Perde, Tudo se Poupa" (Nothing Lost, Everything Gained) campaign featuring the book entitled 'Zero Desperdício à Mesa com o Pingo Doce' (Zero Food Waste with Pingo Doce) to raise the awareness of Portuguese citizens for fighting food waste and help families throw away less food at home, thus saving natural resources and reducing the burden on the environment.

As for its Private Brand, Pingo Doce continued to focus on the (1) innovation of its assortment, by launching 259 new products, including stir-fried vegetables with quinoa, chunky peanut butter, 100% fruit ice-cream (mango), and edam-style flamengo cheese cubes for snacks and salads; (2) continuous improvement of its products, reformulating 20 products by reducing salt content, sugars and fats; and (3) the sustainability of its offering, with around 300 products included in its ecodesign programme (removing the plastic straws from its 200ml milk cartons and relaunching the entire range of cleaning products packaged in recycled plastic in 2020) which makes the target of using fully recyclable materials in its packaging, closer.

In the year, the Company inaugurated 13 stores (four of which in the Pingo Doce & Go convenience format) and continued to improve the quality of its retail chain, fully refurbishing 14 stores and partially refurbishing another six.

Sales, excluding fuel, decreased 0.7%, with the respective LFL of -2.2%. Including fuel, sales dropped 1.9% in the year. The pandemic situation also impacted Pingo Doce's performance in terms of operating costs, which increased as a result of the additional safety measures put in place and the support provided to employees, partners and the surrounding communities.

Pingo Doce - Net Sales (million euros)



The commitment and dedication of the teams, from the start, to productivity and in the implementation of strict programmes for cost control and of investments, cross all areas of the Company, proved insufficient to offset the impact on EBITDA, which amounted to 223 million euros, down 15.4% year-on-year.

4.1.3. Recheio

Message from the Managing Director

2020 was marked by the Covid-19 pandemic across the globe. In Portugal, where tourism has a major weight in economy, the HoReCa sector was one of the hardest hit. The lockdown and the subsequent restrictions, alongside the fear of customers in attending hotels and restaurants, drove a sharp decline in sales in the sector. This had a significant and immediate impact on Recheio.

Our response and ability to adapt was just as prompt. We reallocated resources to where they were needed, adjusted our operations to ensure the safety of our employees and customers, redefined priorities and invested in a multichannel approach to be available where and when we were needed.

In a year filled with uncertainty, it was also important to ensure that some things didn't change: the quality of our products, the search for the best solutions for our customers, and the support provided to the surrounding communities. These pillars, hand-in-hand with our commitment to sustainability are, and always will be, a Recheio guarantee.

As quitting is not in our DNA, we did not give up and we fought for our customers' businesses, since ours is truly designed for them and by them.

This is the mindset we will continue to have in 2021 and always. We remain resolute in the belief that we will come out stronger and that Portugal will once again be a leading destination and a country where being an entrepreneur will always be worthwhile.

2020 Performance

For the operators exposed to the HoReCa channel, the year was marked by the Covid-19 pandemic, with Portugal being one of the countries most affected because of its tourism-dependent economy.

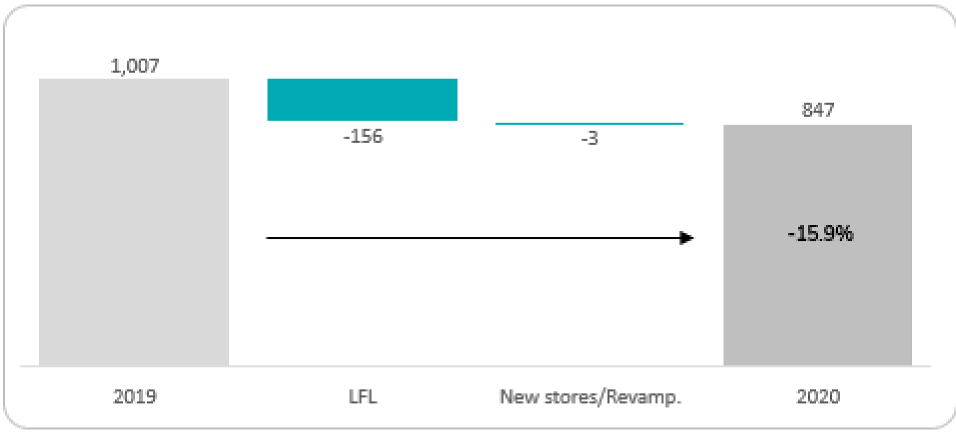
The HoReCa channel, which has been the main driver of Recheio's sales in recent years, saw a turnover decrease of around 30% in 2020, due to the decline in tourism, the restrictions imposed as a result of the pandemic and the loss of the purchasing power of Portuguese consumers.

Food Service was also hit hard and the Company began reviewing its business model, given its customers' high dependency on tourism activity.

Despite consumers showing preference for larger stores, which made distancing inside easier, convenience and proximity stores gained momentum and, for the first time in 25 years, Traditional Retail grew more than modern retail.

Recheio's total sales decreased 15.9% in 2020, as a result of the negative impact on the HoReCa segment and the decline in Export sales.

Recheio - Net Sales (million euros)



This performance reflects the significant impact that the closing of hotels, restaurants and coffee shops - from 18 March to 17 May - had on the segment. Although the downward trend slowed soften from June, the reopening of these establishments has been slow and tourism activity is practically non-existent.

Exports decreased, mainly as a result of the current pandemic situation and a drop-in global economic activity.

The disruption caused by the pandemic led Recheio to redefine its strategy and review its business plan, focusing particularly on optimising operations and reducing costs.

With regard to supporting the Traditional Retail channel, the Amanhecer project increased the number of partner units by 38 compared to the previous year, ending 2020 with a network of 384 stores.

The Company's online strategy was strengthened to address new customer needs (in the HoReCa and Traditional Retail sectors) and meet market demand. At the end of October, Recheio launched its Facebook page and the banner's new online presence reinforced its investment in digital marketing, innovation and proximity.

In light of increased price sensitivity, the Company continued to invest in the competitiveness of its offer with several promotional campaigns. Of note are the campaigns that led to the distribution of over 5,500 shopping vouchers to its customers.

Recheio also continued its promotional activities throughout the year, with leaflets and campaigns focused on low prices, to increase the average basket price and mitigate the drop in store traffic.

In order to reduce the impact on its domestic suppliers, Recheio also launched a campaign to support Portuguese products - “Pelo nosso bem compre o que Portugal tem” (“Help Portugal by buying local”).

The Company also joined forces with the Braga City Council and Braga Trade Association to host the 8th edition of the “Sugestões do Chef” (“Chef's Suggestions”) gastronomy tour that took place in the region in October. By promoting the gastronomic offer Recheio tried to mitigate the impact of the pandemic on the HoReCa channel.

Recheio continued to differentiate its assortment, kicking off the exclusive distribution of Premium wines and, despite the adverse environment, launched more than 100 Private Brand products which, alongside the diversity and quality of its perishables, continues to be one of the Company's differentiating factors.

Focused on continuously improving the shopping experience in its chain, Recheio refurbished its Lagos store. Besides modernising the store, a number of systems and equipments to make it environmentally more sustainable were also installed to help reduce water and energy consumption.

The Company's profitability was significantly affected by the decrease in sales and the increased costs associated with safety measures against Covid-19. EBITDA dropped 45.6% to 33 million euros, with the respective margin falling from 6.0% to 3.9%.

4.1.4. Ara

Message from the Managing Director

2020 was a year unlike anything we have experienced before. We began the year with a motivational message: "Hagamos posible lo extraordinário" (Let's make the extraordinary possible), not knowing just how appropriate it would be in the months that followed.

With all the uncertainties, adversities and challenges we had to face, the Ara team stood united, highly motivated and resilient, all the ingredients needed to strengthen our value proposition and to win the preference and growing loyalty of our "neighbours" (the consumers).

Our teams, customers and suppliers have always been our priority. We took care to ensure that our people stayed safe and with the proper protection conditions so that we could continue to provide the quality service we aim for. We also extended a helping hand to our suppliers by offering them more flexible payment terms, where necessary.

We remained firmly committed to being a price leader with an offering adapted to regional preferences, ensuring the innovation and quality of our brands. We also sought to bring our business closer to our customers by opening 56 new stores.

The goal of achieving business profitability in the near future compels us to continually search for efficiencies both in store and logistics processes. Logistical efficiency, in particular, was improved with the opening of two new Distribution Centres in January, one in the Caribbean Coast Region (Montería) and the other in the Coffee Growing Region (Pereira).

With our leadership capacity and the confidence we have in our people, I believe that in 2021 we will remain steady in our journey to increase profitability, nurturing the growing loyalty of our customers.

2020 Performance

Ara began 2020 with a strong sales dynamic, driven by a strategy focused on competitive pricing and the quality of the assortment implemented in the second quarter of the previous year.

The strengthening of our price leadership positioning and perception together with the development of the offer, which kicked off in 2019, were key to the relevance of Ara's value proposition to our customers.

With the beginning of the Covid-19 pandemic, a new socio-economic reality plagued the country, with economic recovery uncertain and a sharp decline in consumer's confidence in the last nine months of the year.

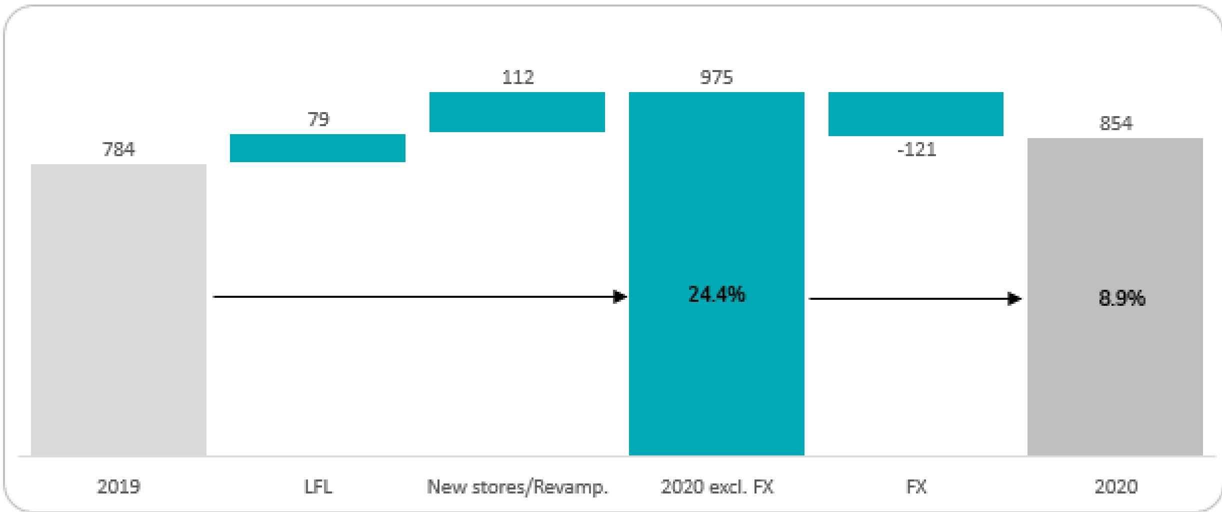
Most notably, between April and August, tough measures were imposed in the country, with the mandatory closing of business activities on many Saturdays and Sundays. For Ara, this represented, in the moments with major restrictions, a reduction of c.30% of the Company trading hours.

At the beginning of the pandemic, Ara focused on ensuring the continuity of the supply chain of basic goods, maintaining its usual low prices, despite food inflation pressure and the added costs that came with operating under such demanding circumstances. At the same time, the Company implemented internal measures to prevent an increase in infection and to protect its employees and customers, adjusting opening hours, temporarily closing stores during shift changes, and ensuring regular cleaning and disinfection at all stores and Distribution Centres.

Having quickly adapted its operational structure to a different and more demanding environment, the banner focused on delivering on its promise of quality at low prices, maintaining its proximity and convenience for the neighbourhoods in which it operates.

In 2020, Ara sales amounted to 854 million euros, a growth of 8.9% (+24.4% in local currency) compared to the previous year, with a 10.2% increase in the same-stores-sales.

Ara - Net Sales (million euros)



Despite the constraints in the construction sector during a big part of the year, the banner continued implementing its expansion plan and opened 56 stores, while closing nine, and ended the year with a total of 663 locations. Currently, Ara has 152 stores in the Coffee Growing Region, 251 stores on the Caribbean Coast, and 260 stores in the Bogota Region.

Ara continued its promotional activity throughout the year, offering weekly discounts through the already traditional “El Rebajon” (“Promotions”) leaflet, with products at unbeatable prices and holding multiple regional activities. Of note is the “Mundo Aventura” (“Adventure World”) initiative, held in partnership with a popular adventure park in southern Bogota, which helped strengthen emotional ties with its “neighbours”.

After joining the Barranquilla Carnival, the second most important in Latin America, Ara promoted several initiatives, such as the “desafio arajoo” (“Ara challenge”) in which participants won tickets for the Ara stage. Its participation in this important celebration in the country, in partnership with its local suppliers, boosted the presence and notoriety of the brand among consumers and on social media.

On the same note, Ara took part in the Manizales Fair and the Villavicencio Festival, two of the most important events in these regions.

From the second quarter of the year, the Company was forced to adjust its strategy to the new reality shaped by the pandemic, strengthening its value proposition in the perishables categories, particularly meat and Fruits and Vegetables, to reinforce the “one stop shop” concept.

As regards its operational structure, costs were reviewed, business processes optimised, and the investment plan redesigned, delaying the opening of c.50 stores due to the constraints in the construction sector.

The work carried out with a view to cost efficiency also helped mitigate the significant increase in costs incurred by the Company to ensure the implementation of safety measures against Covid-19.

The Company continued to invest in the development of its Private Brand, with differentiated and innovative products. Of the more than 600 exclusive products that are part of its assortment, the Be Beauty range and the new Nazu cosmetic brand are particularly of note as they democratise access to personal care and cosmetic products. The Private Brand ranges, which in 2020 accounted for c.44% of sales, are the result of a joint collaboration with nearly two hundred local suppliers.

In a challenging context, in which most households have seen their income greatly reduced as a result of the effects of the pandemic, Ara's value proposition, particularly focused on low prices, more than ever confirmed the importance of the brand to the Colombian consumer, who continues to find the best prices and promotions that really offer savings in Ara stores.

Increased sales, allied with efficiency and cost control measures, helped reduce EBITDA losses by 18.9% in local currency (-29.0% in euros), year-on-year.

4.2. Agro-Alimentar

4.2.1. Jerónimo Martins Agro-Alimentar (JMA)

Jerónimo Martins Agro-Alimentar

Message from the Managing Director

2020 was a challenging year, but JMA was able to successfully consolidate and strengthen the operations of its established business units and to also create new business areas. However, the biggest challenge in 2020 was maintaining uninterrupted production continuity, thereby ensuring supply to the Group's banners. We overcame this challenge thanks to everyone's effort to comply with the safety and protection measures adopted.

Despite heavy restrictions to fight the pandemic, we were able to continue pursuing our strategic plan and to venture into a new business area: the production of Fruits and Vegetables. This new area, on the one hand, led to the creation of a new company – Outro Chão –, dedicated to producing organic seedless grapes and, on the other, through Best Farmer, the production and supply of regional produce (namely melons and watermelons) under the same brand for the banners in Portugal (Pingo Doce and Recheio) and also for Biedronka.

In Aquaculture, and aware of the added value it brings to national production, we committed ourselves to securing an increase in the capacity of our marine coast by obtaining a permit for offshore fish production in the Algarve.

At Terra Alegre we began supplying chocolate milk to Biedronka, the first sign that JMA is an international business area and will not be limited to the domestic market.

We believe that the foundations in place, namely our team, are ready to face the challenges that lie ahead in 2021 and are the cornerstone for success.

2020 Performance

During the year, JMA continued to pursue its mission to protect and ensure the sustainability of the strategic products supply chain, while ensuring food security, quality, product availability and differentiation, at competitive prices by consolidating the production and installed capacity of its current operation areas: Dairy business (Terra Alegre), Livestock Farming (Best Farmer) and Aquaculture (Seaculture).

Terra Alegre

Introduced into the market in October 2019, Pingo Doce's fresh milk was the first 100% national Private Brand pasteurized milk products, reflecting the development of innovative, high-quality products at affordable prices.

With regard to dairy production and products, and operating all production lines, in 2020 Terra Alegre conquered the recognition and animal welfare certification as result of the process that kicked off with the production of Pingo Doce fresh milk. It is the first company in the dairy market to be awarded this distinction. Milk production takes place at dairy farms that also hold animal welfare certification (namely Best Farmer) and is then processed and sold by Terra Alegre.

In 2020, Terra Alegre added new products to its portfolio, most notably the range of lactose-free products (UHT milk, fresh milk, cream and butter), and began selling chocolate milk to Biedronka.

BEST FARMER

Regarding its livestock farming business, focused on the fattening of Angus cattle and milk production at Best Farmer, we were able to consolidate the installed capacity of the two cattle fattening farms in Cartaxo and Manhente. The plan to modernise and increase capacity of the Monte do Trigo dairy farm was also finalised, presented and officially approved.

During 2020, the animal welfare certification of the livestock production farms was renewed (including that of the dairy farm that supplies its entire milk production to the dairy factory), thereby continuing its commitment to ensuring sustainable animal production and the quality of the products supplied.

2020 was marked by our venture into a new production area: Fruits and Vegetables. To this end, JMA established a partnership and opened Outro Chão, a company dedicated to producing reliable organic products, in particular organic seedless grapes, at prices all customers can afford. By the end of the year, site preparation works, and the infrastructures had been completed and installed. Best Farmer also conducted a successful soft launch of melons, cantaloupe melons, watermelons and butternut in partnership with a local grower to launch the brand.

Seaculture

As regards Aquaculture, the production of sea bass and sea bream ensured weekly supply to Pingo Doce and Recheio stores, which continue to be very popular among customers. The Jerónimo Martins Group continued to invest in the production of sea bass and sea bream along the Portuguese coast, obtaining a permit to build a new offshore aquaculture unit in the Algarve.

During the year, Seaculture also continued its research into the offshore aquaculture production of salmon along the Portuguese coast (in partnership with the University of Aveiro, and Nord and Ceiia companies).

4.3. Specialised Retail

4.3.1. Hebe

Message from the Managing Director

In 2020, the Covid-19 pandemic had a significant negative impact on the Health and Beauty market. Nonetheless, and in a highly demanding environment, Hebe's team continued to work hard to meet our customers' needs and reinforced its market position.

The sales shortfall due to the pandemic forced us to rethink our priorities in order to ensure the safety of our people and customers, the Company's continuity and Hebe's financial integrity.

We accelerated the development of our unique omnichannel value proposition to adapt to the changes in customer behaviour and seize the opportunity of the online sales boom, which resulted in Hebe's e-commerce reaching a new level. The revised store expansion plan resulted in 22 new openings, with the chain ending the year with 266 locations.

We kept reinforcing Hebe's differentiation with regular enhancements of our assortment and several in-store optimisations to further improve the shopping experience.

2020 was a year unlike any other. Our focus was to protect the Company without jeopardizing long-term growth. I believe Hebe has all it takes to be among the market winners after the pandemic. Its vision and strategy remain unchanged, and we are ready to adjust tactics to any further disruption.

2020 Performance

Despite unfavourable conditions triggered by the impact of Covid-19 pandemic on Hebe's top line, the performance of the Company registered positive outcomes in many dimensions.

Hebe started the year growing much faster than the market, outperforming industry competitors in almost all categories. The Company was set up for a rapid growth scenario when Covid-19 hit unexpectedly in March. Restrictions imposed by the government throughout the year heavily impacted the traffic in shopping galleries and city centres. The overall decline in sales was unprecedented. This was also fueled by differences in consumer behaviour, under the pandemic scenario, such as one-stop-shopping and the preference for convenience retail, which favoured proximity stores with both food and non-food assortment, namely the discount format.

To counterbalance the drop in sales, Hebe quickly implemented the necessary measures to readjust costs and investments to the new reality, thus protecting its profitability.

The banner also took the opportunity to accelerate its omnichannel transformation, with e-commerce becoming a material sales channel for the Company. New elements were put in place to significantly enhance the online experience for customers with new ultra-convenient delivery options. Hebe was the first Beauty retailer in Poland to offer 2-hour delivery and in-store pickup, creating an important source of differentiation. The Company launched a new app, already with over 500 thousand downloads, to improve the mobile shopping process while reinforcing its online offer, particularly with more premium products. Finally, Hebe improved its customer service, introducing new tools and processes to increase capacity to effectively handle the most relevant customer issues.

As part of its omnichannel strategy, Hebe also relaunched its loyalty programme to boost customer engagement, improve retention, frequency and basket. In 2020, the My Hebe programme had 4.4 million members, 94% of whom are women. Close to 60% of the Company's total sales were the result of purchases made by loyalty card holders.

The Company continued to nurture its digital channels as a source of customer engagement, with around 550 thousand fans on Facebook and 150 thousand Instagram followers. Its YouTube channel recorded over 65 thousand subscribers and more than 11.5 million views at the end of the year.

Hebe continued to expand its network by opening 22 new locations, ending the year with 266 stores.

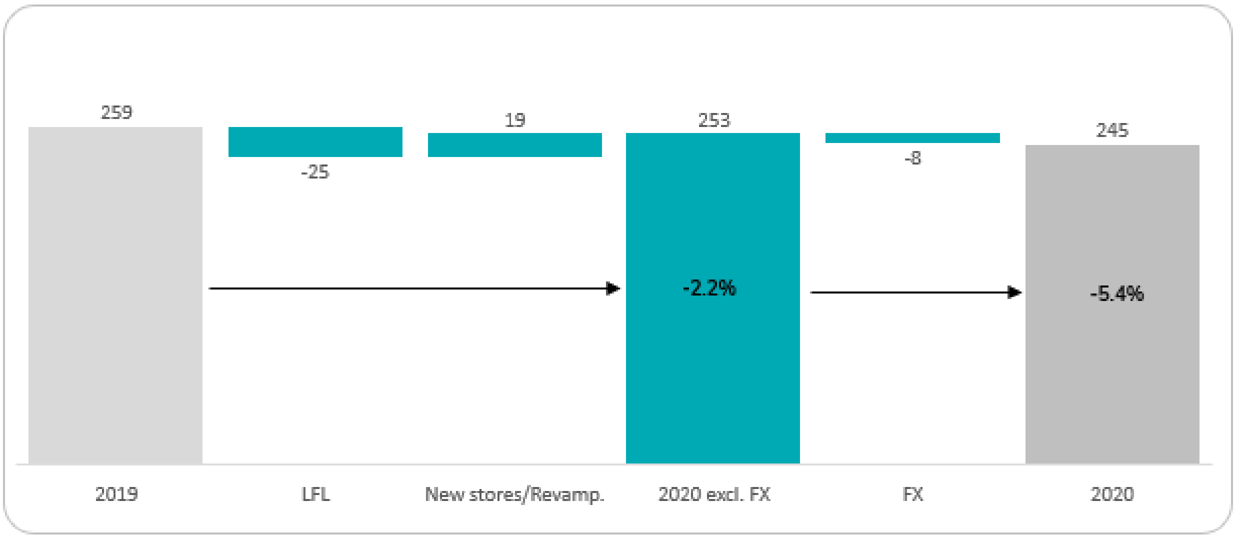
To reinforce customer experience while improving productivity, the company continued to revise the in-store organization and processes and started the implementation of self-checkouts that should be completed by mid-2021.

To further reinforce differentiation, Hebe started to put in place a new layout reflecting its growing focus on both exclusive and Hebe Private Brands that represented more than 25% of total sales in 2020.

After several years of operating and developing both the pharmacy and drugstore businesses, Hebe decided to divest from the pharma business to focus exclusively on drugstores as the channel and format with the highest potential to develop the Beauty business. As a result, 48 pharmacies (28 stand-alone) were closed in the third quarter.

In 2020, Hebe's total sales decreased by 2.2% in local currency (-5.4% in euros). This result was recorded in a very challenging and competitive environment, with the Sunday trading ban (six fewer trading days) having an additional impact on sales. As a result, the Company reduced its EBITDA to 19 million euros, down 7.6% year-on-year.

Hebe - Net Sales (million euros)



4.3.2. Jeronymo and Hussel

Message from the Managing Director

2020 was an unprecedented year that will go down in history. Family, business and social relationships were disrupted. What we took for granted was challenged by something unexpected and we were forced to adapt ourselves, learn and, above all, join forces to continue working and serving all those who place their trust in us every day.

These past few months, in which the pandemic has put us to the test, have been very hard, but they have also shown our ability, as a team, to rise to the occasion. Jeronymo and Hussel have and always will support its people, partners and customers.

It is with great pride and satisfaction that I can say that our teams never gave up, seeking to adapt to all the demands and giving their all to the business.

2021 will continue to pose a great challenge that our teams will once again overcome, reinventing themselves to help the business grow once more.

2020 Performance

Because of the pandemic, in 2020 the Jeronymo and Hussel stores closed in mid-March and reopened on 15 June, with reduced traffic due to restrictions that remained in place and tightened from the second weekend of November.

Against this background, Jeronymo's sales dropped 45.1% compared to the previous year.

Despite the limitations to its operations, the Companies challenged themselves to adjust to the constraints, adapting to the new reality and anticipating their customers' needs.

To this end, Jeronymo established a partnership with Glovo (in Lisbon and Oporto). This partnership, which builds on those that were already established with Uber Eats and Takeaway.com, has made it increasingly easier for our customers to receive our coffee shop products in the comfort of their own homes.

To increase the proximity to its customers, the web app launched in 2019 now allows customers to place orders and pick them up at their favourite store.

Despite the restrictions, Jeronymo continued to invest in innovating its offer through partnerships, such as the collaboration with Gleba (a well-known bakery), and campaigns focused on special occasions, such as Christmas, accepting orders from the beginning of December.

During 2020, the Company continued to invest in innovation and removed all plastic stirrers and straws from its stores. This is a further step towards reducing single-use plastic and replacing it with sustainable materials to implement a circular economy.

During the year the Company refurbished two stores. Moreover, the entire Jeronymo chain was awarded the "Clean and Safe" label by Turismo de Portugal, ensuring the safety of our customers and employees by strictly complying with all hygiene requirements.

Hussel, also heavily impacted by the closing of shopping centres and the restrictions imposed during the year, recorded a 46.3% drop in sales compared to 2019. However, like Jeronymo, it leveraged its partnerships with Uber Eats and Glovo in Lisbon, Oporto and Algarve to deliver its products to its customers.

The partnership established with an online platform, to boost momentum over Easter, marked Hussel's venture into this sales channel. Following the success of this operation, the Company relaunched its website, publishing a much more attractive and innovative version that includes delivery services, personalised solutions and corporate baskets, delivered within 48 to 72 hours. Like Jeronymo, Hussel launched a web app for customers to place orders for in-store pickup.

Continuing with its repackaging project, Hussel began using fully recyclable materials and Forest Stewardship Council (FSC®) certified cardboard, and, to reduce waste, it also established a partnership with Too Good to Go.

Following the launch of its Private Brand artisanal ice-cream, the Company totally repositioned its brand image in 2020.

The banner operated 23 stores in the year and fully refurbished its Oeiras store, doubling its sales area.

5. Outlook for the Jerónimo Martins Businesses

Biedronka

In 2021, sales growth will continue to be Biedronka's top priority. The largest Company in Jerónimo Martins Group aims to continue to meet the needs and expectations of Polish consumers by continuously improving the assortment and category structure and growing its chain by implementing the store opening and refurbishing plan. Balancing the need to adapt to consumer demand and preferences with ensuring the efficiency and profitability of the operation is the Company's permanent goal.

To this end, focusing on efficiency will remain strategic, with technology playing an important role in planning for a year which will bring added operational challenges and in which a tax will be levied on large retailers.

The Company, therefore, intends to continue implementing the self-checkouts project in its stores and invest in tools to increase the productivity of its operations and to improve service quality provided.

Hebe

Despite the uncertainty that lies ahead, Hebe will continue pursuing its omnichannel transformation to enhance the shopping experience by adapting to the rapidly evolving expectations of its customers, so as to further reinforce its differentiation. The development of online sales will accelerate very significantly also considering the possibility of entering new markets.

Focused on growth, the Company will reinforce its value proposition leveraging on its core, which includes a winning assortment strategy, competitive prices, unparalleled omnichannel experience and a unique quality of service as recognized by its customers. All of this, coupled with margin mix optimisation and continuous increase of operational efficiency, is going to allow Hebe to further improve its profitability.

Pingo Doce

In 2021, Pingo Doce will continue to ensure the day-to-day management of the business, mitigating the impacts of the pandemic that continues to plague the country, without compromising its vision for the future, by focusing on sales and profitability alongside ensuring the safety of its people and customers.

Perishables, Private Brand, Meal Solutions, Price and Sustainability will continue to be the key pillars of the banner's value proposition and the Company's major investment areas.

Pingo Doce will continue expanding its store network, strengthening its presence and position in the market, focused on refurbishing its stores to improve the shopping experience.

Recheio

In the coming year, the Company will continue to challenge itself to operate in a context that is still expected to be highly exposed to the Covid-19 pandemic, adapting its business model, expanding the chain of stores included in the project of its partnership with Amanhecer, and investing in the online channel.

Recheio will continue to invest in its digital strategy and expects to launch the banner on LinkedIn and start a blog on its corporate website.

In 2021, Recheio also plans to refurbish one more store aiming to continuously improving the shopping experience.

At the same time, the Company will continue adjusting operations, making them more efficient and more responsive to its customers' needs in order to reduce the pressure on sales and protect its profitability.

Ara

For 2021, Ara's top priority will be to continue to ensure customer preference, supported by price leadership, the relevance of the offering and its proximity to consumers, with a view to driving sales growth and securing the path to profitability.

Increasing proximity to consumers will be achieved by reinforcing the expansion of stores and the logistics infrastructure.

In an unprecedented and uncertain environment, brought on by the pandemic, with subsequent economic impacts, Ara will continue to invest in sales growth and operational efficiency to maintain the downward trend in EBITDA losses.

Jerónimo Martins Agro-Alimentar (JMA)

Besides continuing to pursue our mission, in 2021 our priority will be to find new sales channels for all business areas.

As such, and after consolidating production at the dairy factory in 2020, we hope to set production at cruising speed in 2021 and continue to introduce value added products into the market.

Best Farmer will advance implementation of the plan to modernise and increase capacity of the Monte do Trigo dairy farm and break ground on construction of the new fattening unit.

We also hope to ensure that we analyse the development of new businesses in livestock farming and fruit and vegetable production.

Seaculture will continue to invest in reinforcing the supply chain and aims to set up new aquaculture farms in the Mediterranean to produce sea bass and sea bream. As part of its partnership with the University of Aveiro, it will also continue to conduct research into the offshore aquaculture production of salmon along the Portuguese coast.

Finally, Outro Chão hopes to plant its first organic seedless grape vines in 2021.

Jeronymo e Hussel

For 2021, both banners hope to deliver the best service to their customers, resuming normal business operations as soon as possible.

Jeronymo, with continued focus on improving its assortment, will invest in a new coffee shop model. By the same token, Hussel will focus on improving and revamping stores, implementing its new image.

6. Events after the Balance Sheet Date

At the conclusion of this report there were no relevant events to highlight that are not disclosed in the Financial Statements.

7. Dividend Distribution Policy

The Company's Board of Directors has maintained a policy of dividend distribution based on the following rules:

- A total dividend between 40% and 50% of the ordinary consolidated net earnings adjusted for the accounting effects of the adoption of IFRS16 as it does not represent cash disbursements;
- if, by applying the above mentioned criteria, there is a drop in the dividend of a certain year compared to that of the previous year, and the Board of Directors considers that this decrease results from abnormal and merely circumstantial situations, it may propose that the value from the previous year should be maintained. It may even resort to the existing free reserves, providing that the use of these reserves does not jeopardise the principles adopted for balance sheet management.

Considering the above-mentioned policy, the Board of Directors proposed in the 2019 Annual Report, approved in 19 February 2020, the distribution of 216.8 million euros in dividends, corresponding to a gross dividend of 0.345 euros per share.

Considering the extreme uncertainty in the initial phase of the Covid-19 pandemic and the total lack of visibility on its impacts on the Group's activity, at its meeting of 12 May 2020, the Board of Directors decided to adopt a prudent approach and changed the previous proposal for dividends distribution, reducing the payout from 50% to 30% of the 2019 consolidated net earnings (excluding the accounting effects of the adoption of IFRS16). At that same time, it did not exclude the possibility of proposing the distribution, until the end of the year 2020, and based on the free reserves of the Company, of the remaining value to the 50% payout, if the epidemiological evolution and its impacts would allow it.

Accordingly, at the 25 June 2020 Annual General Meeting, following the Board of Directors' proposal, it was resolved to distribute dividends in the amount of 130.1 million euros, corresponding to a gross dividend of 0.207 euros per share, paid in July 2020.

Considering the consolidated accounts for the third quarter of 2020, in which the Group registered a robust performance and presented a solid financial situation and a strong cash position, on 28 October 2020, the Board of Directors decided to propose the distribution of free reserves to shareholders, in order to reach a payout ratio of 50% of the 2019 consolidated net earnings (excluding the accounting effects of the adoption of IFRS16), in line with the dividend policy of Jerónimo Martins.

As such, at the 26 November 2020 Extraordinary General Meeting, following the Board of Directors' proposal, it was resolved to distribute free reserves in the amount of 86.7 million euros, corresponding to a gross dividend of 0.138 euros per share, paid in December 2020.

The Group ended 2020 well prepared, with an unquestionably solid financial position and with strengthened competitive positions that will allow it to deal with the challenges of an environment that, in 2021, will still be impacted by the Covid-19 pandemic.

Therefore, and despite the prevailing uncertainty of the current context, the Board of Directors will propose to the Annual General Shareholder's Meeting, the distribution of 181 million euros in dividends, in line with the defined policy.

This proposal corresponds to a gross dividend of 0.288 euros per share, excluding the 859 thousand own shares in the portfolio, representing a payout of c.50% of consolidated net earnings (or 46% of the ordinary consolidated net earnings) excluded from the effects of the IFRS16.

The proposed dividend distribution preserves the Group's full flexibility to accelerate its expansion plans and to take advantage of any potential non-organic growth opportunities while maintaining a strong balance sheet.

8. Results Appropriation Proposal

In the financial year 2020, Jerónimo Martins, SGPS, S.A. declared consolidated net earnings of 312,130,456.03 euros and net earnings at its individual accounts of 436,502,478.15 euros.

The Board of Directors proposes to the Company' Shareholders the following appropriation of the net earnings for the year:

- Free Reserves .... 255,513,422.79 euros;
- Dividends .... 180,989,055.36 euros.

The proposed distribution of profits for the year represents a **gross dividend payment of 0.288 euros** per share, excluding own shares in the portfolio.

Lisbon, 2 March 2021

The Board of Directors

9. Management Report Annex

Information Concerning Stakes Held in the Company by Members of the Board of Directors and Statutory Auditor

(Under the terms of paragraph 5 of Article 447 of the Portuguese Commercial Companies Code)

The Board of Directors

Members of the Board of Directors	Held on 31.12.19		Increases during the period		Decreases during the period		Held on 31.12.20	
	Shares	Bonds	Shares	Bonds	Shares	Bonds	Shares	Bonds
Pedro Manuel de Castro Soares dos Santos	274,805	-	-	-	-	-	274,805	-
Andrzej Szlęzak	-	-	-	-	-	-	-	-
António Pedro de Carvalho Viana-Baptista	-	-	-	-	-	-	-	-
Artur Stefan Kirsten	-	-	-	-	-	-	-	-
Belonging to company in which is a Director (sec. d), § 2 of Article 447 Commercial Companies Code) [1]	353,260,814	-	-	-	-	-	353,260,814	-
Clara Christina Streit	800	-	-	-	-	-	800	-
Elizabeth Ann Bastoni	-	-	-	-	-	-	-	-
Francisco Manuel Seixas da Costa	-	-	-	-	-	-	-	-
José Manuel da Silveira e Castro Soares dos Santos	20,509	-	-	-	-	-	20,509	-
Belonging to company in which is a Director (sec. d), § 2 of Article 447 Commercial Companies Code) [1]	353,260,814	-	-	-	-	-	353,260,814	-
María Ángela Holguín Cuéllar	-	-	-	-	-	-	-	-
Sérgio Tavares Rebelo	-	-	-	-	-	-	-	-

[1] Sociedade Francisco Manuel dos Santos, B.V.

Statutory Auditor

As at 31 December 2020, the Statutory Auditor Ernst & Young Audit & Associados, SROC, S.A., did not hold any shares or bonds of Jerónimo Martins, SGPS, S.A. and had not made any transactions, this year, with Jerónimo Martins, SGPS, S.A. securities.

List of Qualifying Holdings as at 31 December 2020*

(Pursuant to sub-paragraph b) of paragraph 1 of Article 8 of the Portuguese Securities Code Regulations no. 5/2008.)

Shareholder	No. of Shares Held	% Capital	No. of Voting Rights	% of Voting Rights
Sociedade Francisco Manuel dos Santos, SGPS, S.E. Through Sociedade Francisco Manuel dos Santos, B.V.	353,260,814	56.14%	353,260,814	56.14%
Heerema Holding Company Inc. Through Asteck, S.A.	31,464,750	5.00%	31,464,750	5.00%
JP Morgan Asset Management Holdings Through Investment Funds Managed by JP Morgan	14,815,917	2.35%	14,815,917	2.35%
Through JP Morgan Investment Management	n.a. **	n.a. **	n.a. **	2.04%
Comgest Global Investors, S.A.S.	12,983,594	2.06%	12,983,594	2.06%
T. Rowe Price Group, Inc. Through T. Rowe Price International Ltd	12,821,174	2.04%	12,694,305	2.02%

* Source: Last communications made by the shareholders with qualifying holdings to Jerónimo Martins, SGPS, S.A. up to the said date.

** Information not disclosed to the issuer.

10. Reconciliation Notes

(Following ESMA guidelines on Alternative Performance Measures from October 2015)

Income Statement

Income Statement (in Management Report)	Consolidated Income Statement by Functions (in Consolidated Financial Statements)
Net Sales and Services	Net sales and services
Gross Profit	Gross profit
Operating Costs	Includes headings of Distribution costs and Administrative costs, excluding the amount of Depreciations and amortisations (in the note 3.2. Segments Reporting)
EBITDA	
Depreciation	Value reflected in the note 3.2. Segments Reporting
EBIT	
Net Financial Costs	Net financial costs
Gains in Joint Ventures and Associates	Gains (losses) in joint ventures and associates
Other Profits/Losses	Includes headings of Other operating profits/losses; Gains in disposal of business (when applicable) and Gains/Losses in other investments (when applicable)
EBT	Profit before taxes
Income Tax	Income tax
Net Profit	Profit before non-controlling interests
Non-Controlling Interests	Non-Controlling interests
Net Profit Attributable to JM	Jerónimo Martins Shareholders

Jerónimo Martins

Balance Sheet

Balance Sheet (in Management Report)	Consolidated Balance Sheet (in Consolidated Financial Statements)
Net Goodwill	Amount reflected in the note 9. Intangible assets
Net Fixed Assets	Includes the headings Tangible and Intangible assets excluding the Net goodwill (above note) and Financial leases (below note)
Net Rights of Use (RoU)	Includes the heading of Net rights of use excluding the Financial leases (2020: €12.4 mn; 2019: €17.1 mn) according with IAS 17 in place before IFRS16 adoption
Total Working Capital	Includes the headings Current trade debtors, Accrued income and Deferred costs; Inventories; Biological assets; Trade creditors, Accrued costs and Deferred income; Employee benefits; and also, the value of €-14.9 mn related to 'Others' due to its operational nature. Excludes the heading Interest accruals and deferrals (note 18.3 Net financial debt).
Others	Includes the headings Investment property; Investments in joint ventures and associates; Other financial investments; Non-Current trade debtors, Accrued income and Deferred costs; Deferred tax assets and liabilities; Income tax receivable and payable; Provisions for risks and contingencies. Excludes the value of €-14.9 mn related to 'Others' due to its operational nature, as well as, when applicable, Collateral deposits associated with financial debt (note 14. Debtors, accruals and deferrals)
Invested Capital	
Total Borrowings	Includes the heading Borrowings current and non-current
Financial Leases	Value reflected in the headings of Lease liabilities current and non-current, excluding the liabilities with financial leases (note below)
Capitalised Operating Leases	Including the headings of Financial leases (2020: €11.5 mn; 2019: €16.5 mn) according with IAS 17 in place before IFRS16 adoption
Accrued Interest	Includes the heading Derivative financial instruments as well as the heading related to Interest accruals and deferrals (in note 18.3 Net financial debt)
Cash and Cash Equivalents	Includes the heading Cash and cash equivalents, as well as, when applicable, Collateral deposits associated with financial debt (note 14. Debtors, accruals and deferrals)
Net Debt	
Non-Controlling Interests	Non-Controlling interests
Share Capital	Share capital
Reserves and Retained Earnings	Includes the heading Share premium, Own shares, Other reserves and Retained earnings
Shareholders' Funds	

Cash Flow

Cash Flow (in Management Report)	Consolidated Cash Flow Statement (in Consolidated Financial Statements)
EBITDA	Includes the headings Cash generated from operations before changes in working capital, including headings which did not generate cash flow, and excluding profit and losses that do not have operational nature (€10.9 mn)
Capitalised Operating Leases Payment	Included in the heading Leases paid, excluding the amount of €4.1 mn related with the payment of financial leases according with previous accounting standards
Interest Payment	Includes the headings of Loans interest paid, Leases interest paid and Interest received
Income Tax	Income tax paid
Funds from Operations	
Capex Payment	Includes the headings Disposal of tangible and intangible assets; Disposal of financial and investment property; Acquisition of tangible and intangible assets; Acquisition of financial investments and investment property. It also includes acquisitions of tangible assets classified as finance leases under previous accounting standards (€0.0 mn)
Change in Working Capital	Includes Changes in working capital added from headings which did not generated cash flow in the amount (€-56.5 mn)
Others	Includes the headings disposal of business (when applicable), profit and losses which generated cash flow, although not having operational nature, in the amount of €45.6 mn
Cash Flow	Corresponds to the Net changes in cash and cash equivalents, deducted from Dividends paid and received, Net change in loans and change in Collateral deposits associated to financial debt. It also includes acquisitions of tangible assets classified as finance leases (€0.0 mn) and deducted from the payment of financial leases (€4.1 mn), both according with previous accounting standards

Jerónimo Martins

3

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements

1. Consolidated Financial Statements

Index to the Notes to the Consolidated Financial Statements **Page**

CONSOLIDATED INCOME STATEMENT BY FUNCTIONS

For the years ended 31 December 2020 e 2019

Euro thousand

	Notes	2020	2019	4th Quarter 2020	4th Quarter 2019
Sales and services rendered	3	19,293,497	18,638,220	5,095,555	4,975,978
Cost of sales	4	(15,066,790)	(14,562,712)	(3,985,063)	(3,891,437)
Gross profit		**4,226,707**	**4,075,508**	**1,110,492**	**1,084,541**
Distribution costs	4	(3,203,063)	(3,031,343)	(822,241)	(792,193)
Administrative costs	4	(334,477)	(322,294)	(83,648)	(91,568)
Other operating profits/losses	4.1	(50,280)	(15,840)	(29,382)	(7,847)
Operating profit		**638,887**	**706,031**	**175,221**	**192,933**
Net financial costs	6	(180,489)	(158,704)	(40,221)	(31,630)
Gains (losses) in joint ventures and associates		114	(2)	40	(169)
Gains (losses) in other investments		144	1,901	94	(421)
Profit before taxes		**458,656**	**549,226**	**135,134**	**160,713**
Income tax	7	(135,936)	(128,459)	(40,924)	(29,416)
Profit before non-controlling interests		**322,720**	**420,767**	**94,210**	**131,297**
Attributable to:					
Non-controlling interests		10,590	30,901	1,259	7,993
Jerónimo Martins Shareholders		**312,130**	**389,866**	**92,951**	**123,304**
Basic and diluted earnings per share - Euros	17	0.4967	0.6204	0.1479	0.1962

To be read with the attached notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December 2020 and 2019

Euro thousand

	Notes	2020	2019	4th Quarter 2020	4th Quarter 2019
Net profit		**322,720**	420,767	**94,210**	131,297
Other comprehensive income:					
Remeasurements of post-employment benefit obligations	5.2	(670)	1,746	(670)	1,746
Related tax	7.3	150	(393)	150	(393)
Items that will not be reclassified to profit or loss		**(520)**	1,353	**(520)**	1,353
Currency translation differences		(85,489)	14,274	(6,016)	29,205
Change in fair value of cash flow hedges	12	48	35	55	(371)
Change in fair value of hedging instruments on foreign operations	12	25,986	(4,444)	220	(4,021)
Related tax		(2,188)	170	(1)	533
Items that may be reclassified to profit or loss		**(61,643)**	10,035	**(5,742)**	25,346
Other comprehensive income, net of income tax		**(62,163)**	11,388	**(6,262)**	26,699
Total comprehensive income		**260,557**	432,155	**87,948**	157,996
Attributable to:					
Non-controlling interests		10,586	30,845	1,255	7,937
Jerónimo Martins Shareholders		249,971	401,310	86,693	150,059
Total comprehensive income		**260,557**	432,155	**87,948**	157,996

To be read with the attached notes to the consolidated financial statements.

Jerónimo Martins

CONSOLIDATED BALANCE SHEET

As at 31 December 2020 and 2019

Euro thousand

	Notes	2020	2019
Assets			
Tangible assets	8	3,817,255	3,969,937
Intangible assets	9	757,368	794,010
Investment property	10	8,523	8,563
Right-of-use assets	11	2,166,551	2,334,949
Biological assets		3,338	3,336
Investments in joint ventures and associates		5,594	5,193
Other financial investments		1,327	1,327
Trade debtors, accrued income and deferred costs	14	70,338	86,767
Deferred tax assets	7	163,420	138,130
Total non-current assets		**6,993,714**	**7,342,212**
Inventories	13	973,919	1,038,627
Biological assets		4,786	5,563
Income tax receivable		17,467	11,469
Trade debtors, accrued income and deferred costs	14	393,023	424,689
Derivative financial instruments	12	3,611	-
Cash and cash equivalents	15	1,041,390	929,311
Total current assets		**2,434,196**	**2,409,659**
Total assets		**9,427,910**	**9,751,871**
Shareholders' equity and liabilities			
Share capital		629,293	629,293
Share premium		22,452	22,452
Own shares		(6,060)	(6,060)
Other reserves		(128,654)	(67,011)
Retained earnings	16	1,491,097	1,396,293
		2,008,128	**1,974,967**
Non-controlling interests		**249,063**	**253,941**
Total shareholders' equity		**2,257,191**	**2,228,908**
Borrowings	18	363,798	308,764
Lease liabilities	11	1,896,547	1,999,293
Trade creditors, accrued costs and deferred income	20	779	764
Employee benefits	5	70,079	69,669
Provisions for risks and contingencies	19	32,831	27,780
Deferred tax liabilities	7	65,808	70,678
Total non-current liabilities		**2,429,842**	**2,476,948**
Borrowings	18	159,730	423,685
Lease liabilities	11	376,694	384,980
Trade creditors, accrued costs and deferred income	20	4,153,837	4,182,149
Derivative financial instruments	12	404	3,056
Income tax payable		50,212	52,145
Total current liabilities		**4,740,877**	**5,046,015**
Total shareholders' equity and liabilities		**9,427,910**	**9,751,871**

To be read with the attached notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended 31 December 2020 and 2019

Euro thousand

	Shareholders' equity attributable to Shareholders of Jerónimo Martins, SGPS, S.A.							Non-controlling interests	Shareholders' equity
				Other reserves					
	Share capital	Share premium	Own shares	Cash flow hedge	Currency translation reserves	Retained earnings	Total		
Balance Sheet as at 1 January 2019	629,293	22,452	(6,060)	(50)	(76,996)	1,209,259	1,777,898	238,356	2,016,254
Equity changes in 2019									
Currency translation differences					14,451		14,451		14,451
Change in fair value of cash flow hedging				28			28		28
Change in fair value of hedging instruments on foreign operations					(4,444)		(4,444)		(4,444)
Remeasurements of post-employment benefit obligations						1,409	1,409	(56)	1,353
Other comprehensive income	-	-	-	28	10,007	1,409	11,444	(56)	11,388
Net profit						389,866	389,866	30,901	420,767
Total comprehensive income	-	-	-	28	10,007	391,275	401,310	30,845	432,155
Dividends						(204,241)	(204,241)	(15,260)	(219,501)
Balance Sheet as at 31 de Dezembro de 2019	629,293	22,452	(6,060)	(22)	(66,989)	1,396,293	1,974,967	253,941	2,228,908
Balance Sheet as at 1 January 2020	**629,293**	**22,452**	**(6,060)**	**(22)**	**(66,989)**	**1,396,293**	**1,974,967**	**253,941**	**2,228,908**
Equity changes in 2020									
Currency translation differences				1	(87,669)		(87,668)		(87,668)
Change in fair value of cash flow hedging				39			39		39
Change in fair value of hedging instruments on foreign operations					25,986		25,986		25,986
Remeasurements of post-employment benefit obligations						(516)	(516)	(4)	(520)
Other comprehensive income	-	-	-	40	(61,683)	(516)	(62,159)	(4)	(62,163)
Net profit						312,130	312,130	10,590	322,720
Total comprehensive income	-	-	-	40	(61,683)	311,614	249,971	10,586	260,557
Dividends (note 16.3)						(216,810)	(216,810)	(15,464)	(232,274)
Balance Sheet as at 31 December 2020	**629,293**	**22,452**	**(6,060)**	**18**	**(128,672)**	**1,491,097**	**2,008,128**	**249,063**	**2,257,191**

To be read with the attached notes to the consolidated financial statements

Jerónimo Martins

CONSOLIDATED CASH FLOW STATEMENT

For the years ended 31 December 2020 and 2019

Euro thousand

	Notes	2020	2019*
Net results		312,130	389,866
Adjustments for:			
Non-controlling interests		10,590	30,901
Income tax		135,936	128,459
Depreciations and amortisations		733,789	715,370
Provisions and other operational gains and losses		56,246	33,288
Net financial costs		180,489	158,704
Gains/Losses in associated companies		(114)	2
Gains/Losses in other investments		(144)	(1,901)
Profit/ Losses in tangible, intangible and right-of-use assets		4,919	6,074
Operating cashflow before changes in working capital		**1,433,841**	**1,460,763**
Changes in working capital:			
Inventories		(30,955)	(84,777)
Trade debtors, accrued income and deferred costs		22,005	(5,770)
Trade creditors, accrued costs and deferred income		197,996	276,380
Cash generated from operations		**1,622,887**	**1,646,596**
Income taxes paid		(174,012)	(154,503)
Cash flow from operating activities		**1,448,875**	**1,492,093**
Investment activities			
Disposals of tangible and intangible assets		3,822	1,831
Disposals of other financial investments and investment property		-	5,000
Interest received		2,370	3,611
Dividends received		206	96
Acquisition of tangible and intangible assets		(513,702)	(575,529)
Acquisition of other financial investments and investment property		-	(6)
Acquisition and investments in joint ventures and associates		(350)	(2,000)
Collateral deposits associated to financial debt		19,367	-
Cash flow from investment activities		**(488,287)**	**(566,997)**
Financing activities			
Loans interest paid		(28,317)	(33,057)
Leases interest paid	6	(126,830)	(132,642)
Net change in loans	18	(145,906)	99,937
Leases paid	11.2	(274,065)	(264,197)
Dividends paid	16.3	(232,274)	(219,501)
Cash flow from financing activities		**(807,392)**	**(549,460)**
Net changes in cash and cash equivalents		**153,196**	**375,636**
Cash and cash equivalents changes			
Cash and cash equivalents at the beginning of the year		929,311	545,988
Net changes in cash and cash equivalents		153,196	375,636
Effect of currency translation differences		(41,117)	7,687
Cash and cash equivalents at the end of December	15	**1,041,390**	**929,311**

To be read with the attached notes to the consolidated financial statements

* As allowed by IAS 7, par. 18, cash flows from operating activities are now presented using the indirect method. 2019 information was restated accordingly.

CONSOLIDATED CASH FLOW STATEMENT For the interim period

Euro thousand

	2020	2019	4th Quarter 2020	4th Quarter 2019
Cash flow from operating activities	1,448,875	1,492,093	560,522	424,010
Cash flow from investment activities	(488,287)	(566,997)	(142,879)	(177,323)
Cash flow from financing activities	(807,392)	(549,460)	(242,933)	(47,062)
Cash and cash equivalents changes	153,196	375,636	174,710	199,625

The amounts presented for quarters are not audited.

1. Activity

Jerónimo Martins, SGPS, S.A. (JMH), is the parent Company of Jerónimo Martins (Group), which includes the Companies detailed in notes 26 and 28. The activities of the Group and its performance during the year 2020 are detailed in Chapter II – Management Report.

The Group operates in the food area, particularly in the distribution and retail sale, with operations in Portugal, Poland, and Colombia.

Head Office: Rua Actor António Silva, n.º 7, 1649-033 Lisboa.

Share Capital: 629,293,220 euros.

Registered at the Commercial Registry Office and Tax Number: 500 100 144.

JMH has been listed on the Euronext Lisbon since 1989.

The Board of Directors approved these Consolidated Financial Statements on 2 March 2021.

Covid-19

2020 is marked by the impact caused directly and indirectly by Covid-19 pandemic, which, along with the economic and financial impacts caused on families and companies, also brought behavioral changes that will continue over the next few months.

Since the first cases started to appear, namely in the regions where it operates, the Group has been closely monitoring all developments related with the disease, implementing judiciously the measures deemed adequate sometimes in anticipation of the recommendations issued by the Health Authorities.

The Group's Executive Management Team, in direct coordination with the Companies' General Directors and Executive Teams, acted as a Group Crisis Committee and assumed the management of the business continuity plan, ensuring the preparation of the action and prevention plans deemed necessary and appropriate to anticipate and mitigate the adverse effects and the economic and financial impacts of the pandemic on the Group's activities. These plans have been constantly updated and revised considering the evolution of the pandemic and its effects in each of the geographies in which the Group is present.

Under this coordination, the Group Companies implemented the operational measures needed to better protect their employees, customers and other stakeholders, introducing the necessary adjustments in their supply chains, during confinement and de-confinement phases.

Combined, our Companies recorded an increase of 41 million euros in operating costs as a direct result of pandemic-related measures and contributions. Added to these costs are Other Gains and Losses, in the amount of 22 million euros, of which more than 19 million euros correspond to the distribution, at the end of the year, of a value to the teams on the front lines in recognition of their commitment and sense of mission in such a difficult year, and 3 million euros corresponding to increasing provisions for accounts receivable at much higher risk of not being paid as a result of the pandemic.

All Group Companies implemented strict cost control plans that enabled them to minimize the impact of this increase in costs on their profitability.

Taking into account the events that have taken place so far, although the next few months are likely to continue surrounded by uncertainty regarding the epidemiological situation, the impact of vaccination plans started in late 2020 and, the measures implemented in the various countries, it is not expected that effects of the pandemic could jeopardize the going concern of the Group's operations.

The Group expects to continue to mitigate the impacts of this adverse context, proceeding, strengthening its business models, preparing the return to a more normalized operating context and maintaining its strategic vision of profitable growth, as expected by Shareholders and remaining stakeholders.

The pandemic also had an impact on the assessment of the financial risks to which the Group is exposed, in the analysis of the recovery of tangible fixed assets, intangible assets and operational accounts receivable, whose impacts are being reflected in the respective Notes to the Consolidated Financial Statements.

2. Accounting policies

The most significant accounting policies are described in the notes to these Consolidated Financial Statements. The accounting policies identified in this note are applied across the preparation of the Financial Statements and were consistently applied in comparative periods, except where otherwise stated.

2.1. Basis for preparation

All amounts are shown in thousand euros (EUR thousand) unless otherwise stated.

The amounts presented for quarters, and the corresponding changes are not audited.

The Consolidated Financial Statements of JMH were prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU), as at 31 December 2020.

The JMH Consolidated Financial Statements were prepared in accordance with the historical cost principle, except for investment property, derivative financial instruments, biological assets and financial assets at fair value through profit or loss, which were measured at fair value (market value).

The preparation of Financial Statements in accordance with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. It is, however, firmly believed by The Management that the estimates and assumptions adopted do not involve significant risks that may, over the course of the coming financial year, cause material adjustments in the value of the assets and liabilities (note 2.6).

Change in accounting policies and basis for presentation:

2.1.1. New and amended standards adopted by the Group

Between November 2019 and October 2020, the EU issued the following Regulations, which were adopted by the Group since 1 January 2020:

EU Regulation	IASB Standard or IFRIC Interpretation endorsed by EU	Issued in	Mandatory for financial years beginning on or after
Regulation no. 2075/2019	References to the Conceptual Framework in IFRS Standards (amendments)	March 2018	1 January 2020
Regulation no. 2104/2019	IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material (amendments)	October 2018	1 January 2020
Regulation no. 34/2020	Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	September 2019	1 January 2020
Regulation no. 551/2020	IFRS 3 Business Combinations: Business Definition (amendments)	October 2018	1 January 2020
Regulation no. 1434/2020	IFRS 16 Leases Covid-19 Related Rent Concessions (amendments)	May 2020	1 January 2020

The Group adopted the amendments, with no significant impact on its Consolidated Financial Statements.

2.1.2. New standards, amendments and interpretations endorsed by EU but not effective for the financial year beginning 1 January 2020 and not early adopted

The EU endorsed between December 2020 and January 2021, several amendments, issued by the International Accounting Standards Board (IASB), to be applied in subsequent periods:

EU Regulation	IASB Standard or IFRIC Interpretation endorsed by EU	Issued in	Mandatory for financial years beginning on or after
Regulation no. 2097/2020	IFRS 4 Insurance Contracts (will be superseded by IFRS 17): Extension of the Temporary Exemption from Applying IFRS 9 (amendments)	June 2020	1 January 2021
Regulation no. 25/2021	IFRS 9 Financial Instruments; IAS 39 Financial Instruments: Recognition and Measurement; IFRS 7 Financial Instruments: Disclosures; IFRS 4 Insurance contract; and IFRS 16 Leases – Interest Rate Benchmark Reform – Phase 2 (amendments)	August 2020	1 January 2021

These amendments are effective for annual periods beginning on or after 1 January 2021 and have not been applied in preparing these Consolidated Financial Statements. None of these changes are expected to have a significant impact on the Group's Consolidated Financial Statements.

2.1.3. New standards, amendments and interpretations issued by IASB and IFRIC, but not yet endorsed by EU

IASB issued between May 2017 and May 2020 the following standard and amendments that are still pending endorsement by the EU:

IASB Standard or IFRIC Interpretation	Issued in	Expected application for financial years beginning on or after
IFRS 17 Insurance Contracts (new)	May 2017 and June 2020	1 January 2023
IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (amendments)	January and July 2020	1 January 2023
IFRS 3 Business Combinations: References to the Conceptual Framework (amendments)	May 2020	1 January 2022
IAS 16 Property, Plant and Equipment: Income prior to expected use (amendments)	May 2020	1 January 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Costs of fulfilling onerous contracts (amendments)	May 2020	1 January 2022
2018-2020 cycle of improvements to the IFRS standards: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases and IAS 41 Agriculture (amendments)	May 2020	1 January 2022

The Management is currently evaluating the impact of adopting these new standard and amendments to standards already in place, and so far does not expect a significant impact on the Group's Consolidated Financial Statements.

2.1.4. Change of accounting policies

Except as disclosed above, the Group has not changed its accounting policies during 2020, nor were identified errors regarding previous years, which compel the restatement of Financial Statements.

2.2. Basis for consolidation

Reference dates
The Consolidated Financial Statements include, as at 31 December 2020, assets, liabilities and profit or loss of Group Companies, i.e. the ensemble consisting of JMH and its subsidiaries, joint ventures and associates, which are presented in notes 25 and 27, respectively.

Business combinations
For business combinations involving entities under common control, assets and liabilities are valued at book value and there are no impacts recognised in profit and loss.

Investments in subsidiaries
Subsidiaries are all entities over which JMH has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners and the equity instruments issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

In cases where the share capital of subsidiaries is not held at 100%, a non-controlling interest is recognised relative to the portion of results and net value of assets attributable to third parties.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the entity is measured at fair value when control is lost.

The accounting policies used by the subsidiaries to comply with legal requirements, whenever necessary have been changed to ensure consistency with the policies adopted by the Group.

Investments in associates
Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss of the associate after the date of acquisition. The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. The Group's investment in associates includes Goodwill identified on acquisition.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in joint arrangements
Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements (see note 2.6) and, for those determined as joint ventures, they are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint ventures.

Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Goodwill
Goodwill represents the surplus of acquisition cost over the fair value of identifiable assets and liabilities attributable to the Group at the date of acquisition or first consolidation. If the cost of acquisition is lower than the fair value of the net assets of the acquired subsidiary, the difference is recognised directly in the income statement.

Goodwill impairment reviews are undertaken by the Group, annually or more frequently, if events or changes in circumstances indicate a potential impairment. The carrying value of Goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Whenever the carrying value of Goodwill exceeds its recoverable amount, an impairment is recognised immediately as an expense and is not subsequently reversed (note 2.5.1).

The gain or loss on the disposal of an entity includes the carrying amount of Goodwill related to the entity sold, unless the business to which that Goodwill is related is maintained and generates benefits to the Group.

Non-controlling interests
Non-controlling interests are the proportion of the fair value of assets, liabilities and contingent liabilities of acquired subsidiaries that are not directly or indirectly attributable to JMH.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Loss of control or significant influence
When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the measurement of the retained interest as a financial asset.

Foreign currency translation
The Financial Statements of foreign entities are translated into euros based on the closing exchange rate for assets and liabilities and historical exchange rates for equity. Income and expenses are translated at the average monthly exchange rate, which is approximately the exchange rate on the date of the respective transactions.

Exchange differences arising in the translation are recognised directly in equity net of the effect generated by the respective hedging instrument (see accounting policy described in note 12).

Whenever a foreign entity is sold, accumulated exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Balances and transactions between Group Companies
Inter-company transactions, balances and unrealised gains between subsidiaries and between these and the Parent Company are eliminated in the consolidation process. Unrealised losses are also eliminated unless the cost cannot be recovered.

Unrealised gains arising from transactions with associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses are also eliminated except when providing proof of impairment of the asset transferred.

2.3. Transactions in foreign currencies

Transactions in foreign currencies are translated into the functional currency (euro) at the exchange rate prevailing on the transaction date.

At the balance sheet date, monetary assets and liabilities expressed in foreign currencies are translated at the exchange rate prevailing on that date and exchange differences arising from this conversion are recognised in the income statement. When qualifying as cash flow hedges or hedges on investments in foreign subsidiaries or when classified as other financial investments, which are equity instruments, the exchange differences are deferred in equity.

The main exchange rates applied on the balance sheet date are those listed below:

Euro foreign exchange reference rates (x foreign exchange units per 1 euro)	Polish Zloty (PLN)	Colombian Peso (COP)
Rate at 31 December 2020	4.5597	4,212.0200
Average rate for the year	4.4443	4,203.8800
Rate at 31 December 2019	4.2568	3,685.7100
Average rate for the year	4.2968	3,680.6200

2.4. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments are offset and the net amount is reported in the Consolidated Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.4.1. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), fair value through profit or loss (FVTPL), or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's model adopted for managing them. With the exception of trade receivables, the Group initially measures a financial asset at its fair value plus transaction costs, in the case of a financial asset not measured at fair value through profit or loss. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Trade receivables are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The model adopted by the Group for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The model adopted determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification, as described below:

i. Financial assets at amortised cost

The Group measures financial assets at amortised cost if held within the adopted model, with the objective to hold financial assets in order to collect contractual cash flow, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment tests. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes mostly trade receivables.

ii. Financial assets at fair value through OCI

The Group measures financial assets at fair value through OCI if held within the adopted model, with the objective of both holding to collect contractual cash flows and selling, and the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the income statement and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group does not have any financial assets under this category.

iii. Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity and are not held for trading. The classification is determined on an instrument by instrument basis.

Gains and losses on these financial assets previously recognised in OCI are never recycled to profit or loss. Dividends are recognised as financial income in the income statement when the right of payment has been established. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category. Equity investments are accounted at cost when the fair value cannot be reliably determined.

iv. Financial assets at fair value through profit or loss

This category corresponds to the financial assets that do not meet the criteria for amortised cost or fair value through OCI and include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the short term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the adopted model. Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the income statement.

This category includes the derivative instruments not considered for hedge accounting.

Derecognition

Financial assets are derecognised when: i. the Group's contractual rights to receive their cash flows expire; ii. the Group has substantially transferred all the risks and rewards of ownership; or iii. although it retains a portion but not substantially all the risks and rewards of ownership, the Group has transferred control over the assets.

2.4.2. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

i. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the short term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Gains or losses on liabilities held for trading are recognised in the income statement.

ii. Financial liabilities at amortised cost

After initial recognition, trade and other creditors, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method (EIR). Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as financial costs in the income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new one. The difference in the respective carrying amounts is recognised in the income statement.

2.5. Impairment

2.5.1. Impairment of non-financial assets

Except for investment property (note 10), inventories (note 13) and deferred tax assets (note 7.3), all Group assets are analysed at each balance sheet date in order to assess for indicators of possible impairment losses. If such indicators exist, the asset's recoverable amount is estimated.

Irrespective of whether there is any indication of impairment, for Goodwill, intangible assets not yet available for use and other intangible assets with indefinite useful life, the recoverable amount is determined annually at the balance sheet date.

The recoverable amount of the Group's assets with indicators of potential impairment loss is determined annually. Whenever the carrying value of an asset, or the cash-generating unit to which the same belongs, exceeds its recoverable amount, its value is reduced to the recoverable amount and the impairment loss recognised in the income statement of the year.

Determining the recoverable amount of assets

The recoverable amount of non-financial assets corresponds to the higher amount of fair value less costs of disposal and value in use.

The value in use of an asset is calculated as the present value of estimated future cash flows. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the specific risks of the asset in question.

The recoverable amount of assets that do not generate independent cash flow is determined together with the cash-generating unit to which these assets belong.

Reversal of impairment losses

An impairment loss recognised as related to Goodwill is not reversed.

Impairment losses for other assets are reversed whenever there are changes in the estimates used to determine the respective recoverable amount. Impairment losses are reversed to the extent of the amount, net of amortisation or depreciation, that would have been determined for the asset if no impairment loss were recognised.

2.5.2. Impairment of financial assets

Customers, debtors and other financial assets

The Group recognises an impairment for expected credit losses (ECLs) for financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted base on estimation of the original effective interest rate. The estimated cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs, not tracking changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. When performing the loss allowance assessment, the Group takes into consideration the historical credit loss experience, adjusted to forward looking factors specific to the debtors or the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.6. Critical accounting estimates and judgments on the preparation of the Financial Statements

Tangible assets, Intangible assets, and Investment property

Determining the fair value of investment property, as well as the useful life of assets, is based on Management estimates. Determining impairment losses of these tangible and intangible assets also involves the use of estimates. The value in use or the fair value of these assets (including Goodwill) are normally determined using the discounted cash flow method, which incorporates market assumptions. Identifying indicators of impairment, as well as estimating future cash flows and determining the fair value of assets, requires significant judgment by Management in validating indicators of impairment, expected cash flows, applicable discount rates, estimated useful life and residual values.

In a context of great uncertainty regarding the evolution of the Covid-19 pandemic, its impacts in terms of economic slowdown and changes in consumption patterns, the Group reviewed and adjusted the business plans of the Companies.

Being difficult to estimate the medium-term impacts on the Group's businesses, it was found that at the end of 2020 the impact of the pandemic crisis had different degrees of intensity on the different activities. In line with the existing recommendation, the Group carried out a sensitivity analysis to the assumptions used in the impairment tests on Goodwill conducted in 2020, concluding that there are no clear impairment indicators on this date. The risk of a potential impairment loss related to the Cash & Carry business unit in Portugal could be placed in a very conservative scenario, in which there are permanent cash flows reductions above 10% and without corrective measures being taken (note 9.4).

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options and applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., leasehold improvements or significant customization to the lease asset). These options are used to maximize operational flexibility in terms of managing contracts. A significant part of extension and termination options held are exercisable only by the Group companies and not by the respective lessor.

Variable lease payments

Some property leases contain variable payment terms that are linked to sales generated from a store. For individual stores, up to 59% (62% on 31 December 2019) of lease payments are on the basis of variable payment terms and there is a wide range of sales percentage applied. Variable payment terms are used for a variety of reasons, including minimizing the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

A 5% increase in sales across all stores in the group with such variable lease contracts would increase total variable lease payments by approximately EUR 194 thousand (EUR 165 thousand on 31 December 2019).

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in most leases, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates), when available, and is required to make certain entity-specific estimates. The average IBR used by the Group to discount the lease liabilities was 5.77% (5.67% as of 31 December 2019).

Fair value of financial instruments

The fair value of financial instruments not quoted on an active market is determined based on valuation methods. The use of valuation methodologies requires the use of assumptions, with some assumptions resulting from estimates. Therefore, changes in those assumptions could result in a change in the fair value reported (see note 12).

Deferred taxes

Recognising deferred taxes assumes the existence of results and future taxable income. Deferred tax assets and liabilities were determined based on tax legislation currently effective for the Group Companies, or on legislation already published for future application. Changes in the tax legislation may influence the value of deferred taxes.

If the rates used to recognise deferred taxes increase by 1p.p., the impact in Group accounts would be the following:

	Impact on Group accounts	
	Income statement	Other comprehensive income
Portugal	1,964	55
Poland	2,833	(72)

A positive amount means a gain in Group accounts.

Impairment losses of clients and debtors

The Management maintains impairment losses for clients and debtors, in order to reflect the estimated losses resulting from clients' inability to make payments on the required dates and for the contracted amounts. When evaluating the reasonableness of the adjustment for the impairment losses, Management bases its estimates on an analysis of the ageing of the accounts receivable from its clients, its historical experience of write-offs, the client's credit history, changes in the client's payment terms and forward-looking factors specific to the debtors and the economic environment. If the client or debtor's financial conditions deteriorate, impairment losses and actual write-offs may be higher than expected.

Pensions and other long-term benefits granted to employees

Determining obligations for pension and other long-term benefits requires the use of assumptions and estimates, including actuarial projections and other factors that may impact the costs and obligations for the benefit plans.

In determining the appropriate discount rate, Management considers the interest rates of corporate bonds with an 'AA' rating or above, as set by an internationally acknowledged rating agency. These rates are extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The definition of the criteria to select the corporate bonds to include in the population from which the yield curve is derived, requires judgement, the most significant being the selection of the size of the population, the bond issue size, the quality of the bonds, and identification of outliers data to exclude.

Considering the information available from Bloomberg and some necessary estimation to derive the yield curve, the Group defined the following ranges:

<u>Portugal</u>
- Narrow range [0.15% - 0.55%]
- Extended range [-0.05% - 0.75%]

Based on these results and following the recommendation of the external actuaries, the Group has decided to reduce its discount rate from 0.55% to 0.35%.

<u>Poland</u>
- Narrow range [0.70% - 1.10%]
- Extended range [0.50% - 1.30%]

Based on these results and following the recommendation of the external actuaries, the Group has decided to reduce its discount rate from 2.00% to 0.90%.

The table below shows the impacts on the obligations with defined benefit plans of the Group, resulting from changes in the following assumptions

			Impact on defined benefit obligations		
	Assumption used		Change in assumption	Increase in assumption	Decrease in assumption
	PT	PL			
Discount rate	0.35%	0.90%	0.50%	(2,468)	2,567
Salary growth rate	3.00%	4% / 3%	0.50%	1,965	(1,862)
Pension growth rate	3.00%		0.50%	555	(535)
Life expectancy	TV 88/90	GUS 2018	1 year	1,130	(1,087)

A positive amount means an increase in liabilities. A negative amount means a decrease in liabilities.

Provisions

The Group exercises considerable judgment in measuring and recognising provisions and its exposure to contingent liabilities related to legal proceedings. This judgment is necessary to determine the probability that a lawsuit may be successful, or to record a liability. Provisions are recognised when the Group expects that proceedings under way will result in cash outflows, the loss is considered probable and may be reasonably estimated. Due to the uncertainties inherent in the evaluation process, actual losses may be different from those originally estimated. These estimates are subject to changes as new information becomes available, mainly with the support of internal specialists, if available, or through the support of external consultants, such as actuaries or legal advisers. Changes to estimates of potential losses on proceedings under way, may significantly affect future results.

Investment in associates

The Management assessed the level of influence that the Group has on Novo Verde – Sociedade Gestora de Resíduos de Embalagens, S.A., with a percentage of control of 30% and a percentage of interest of 15.3%. Given the legal regime applicable to waste management companies, which prevent this type of company from distributing reserves and retained earnings to its shareholders, this investment cannot be classified in the Group's accounts as an associate and has therefore been classified as other financial investments.

Investment in joint arrangements

The Group holds 51% of the voting rights of its joint arrangement in JMR – Gestão de Empresas de Retalho, SGPS, S.A. (JMR). Based on the contractual arrangements with the other Investor, the Group has the power to appoint and remove the majority of members of the Board of Directors. In addition, all key management personnel with the powers to conduct the relevant activities of JMR are employees of another company 100% owned by Jerónimo Martins. For these reasons, the Management concluded that the Group has the practical ability to direct the relevant activities of JMR and hence has the control over the Company. Therefore JMR is classified as a subsidiary, as well as all entities directly controlled by JMR.

2.7. Fair value of financial instruments

To determine the fair value of a financial asset or liability, the market price is applied, if such a market exists. A market is regarded as active if quoted prices are readily and regularly available from an exchange, broker or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis (level 1). Otherwise, which is the case of some financial assets and liabilities, valuation techniques that are generally accepted in the market are used based on market assumptions.

The Group applies valuation techniques for unlisted financial instruments, such as derivatives, fair value financial instruments held for sale and biological assets through profit and loss. The evaluation models most frequently used are discounted cash flow and options models which incorporate, for example, interest rate curves and market volatility (level 2). For derivatives valuation, the Group also uses the valuations provided by the counterparties.

Cash and cash equivalents, debtors and accruals

These financial instruments include mainly short-term financial assets and for that reason their accounting value at the reporting date is considered approximately their fair value.

Other financial investments

Listed financial instruments are recognised in the balance sheet at their fair value. The equity investments are stated at cost, reduced by any impairment loss, since its fair value cannot be reliably measured.

Borrowings

The fair value of borrowings is obtained from the discount cash flow of all expected payments. The expected cash flows are discounted using actual market interest rates. At the reporting date the carrying value is approximately its fair value.

Creditors and accruals

These financial instruments include mainly short-term financial liabilities, and for that reason their accounting value at the reporting date is considered approximately their fair value.

2.8. Fair value hierarchy

The following table shows the Group's assets and liabilities that are measured at fair value at 31 December according to the following fair value hierarchy levels:

- Level 1: The fair value of financial instruments is based on quoted prices obtained in active and liquid markets at balance sheet date;

- Level 2: The fair value is determined using valuation models, which may involve other comparable quoted prices obtained in active markets or adjusted quotes. Thus, main inputs used on these valuation models are based on observable market data. This level includes biological assets and the over-the-counter derivatives entered into by the Group, whose valuations are provided by the respective counterparties;

- Level 3: The fair value is determined using valuation models whose main inputs are not based on observable market data. This level includes investment property, which are evaluated by external independent experts.

2020	Total	Level 1	Level 2	Level 3
Assets measured at fair value				
Investment property	8,523	-	-	8,523
Biological assets				
Consumable biological assets	6,089	-	6,089	-
Bearer biological assets	2,035	-	2,035	-
Derivative financial instruments				
Derivatives held for trading	1,609	-	1,609	-
Derivatives used for hedging	2,002	-	2,002	-
Total assets	**20,258**	**-**	**11,735**	**8,523**
Liabilities measured at fair value				
Derivative financial instruments				
Derivatives held for trading	120	-	120	-
Derivatives used for hedging	284	-	284	-
Total liabilities	**404**	**-**	**404**	**-**

2019	Total	Level 1	Level 2	Level 3
Assets measured at fair value				
Investment property	8,563	-	-	8,563
Biological assets				
Consumable biological assets	6,908	-	6,908	-
Bearer biological assets	1,991	-	1,991	-
Total assets	**17,462**	**-**	**8,899**	**8,563**
Liabilities measured at fair value				
Derivative financial instruments				
Derivatives held for trading	415	-	415	-
Derivatives used for hedging	2,641	-	2,641	-
Total liabilities	**3,056**	**-**	**3,056**	**-**

2.9. Financial instruments by category

	Financial assets or liabilities at fair-value through results	Derivatives defined as hedging instruments	Financial assets or liabilities at amortised cost	Other financial assets	Total financial assets and liabilities	Non-financial assets and liabilities	Total assets and liabilities
2020							
Assets							
Cash and cash equivalents			1,041,390		**1,041,390**		**1,041,390**
Other financial investments				1,327	**1,327**		**1,327**
Debtors, accruals and deferrals			370,805		**370,805**	92,556	**463,361**
Derivative financial instruments	2,002	1,609			**3,611**		**3,611**
Other non-financial assets					**-**	7,918,221	**7,918,221**
Total assets	**2,002**	**1,609**	**1,412,195**	**1,327**	**1,417,133**	**8,010,777**	**9,427,910**
Liabilities							
Borrowings			523,528		**523,528**		**523,528**
Lease liabilities			2,273,241		**2,273,241**		**2,273,241**
Derivative financial instruments	284	120			**404**		**404**
Creditors, accruals and deferrals			3,824,393		**3,824,393**	330,223	**4,154,616**
Other non-financial liabilities					**-**	218,930	**218,930**
Total liabilities	**284**	**120**	**6,621,162**	**-**	**6,621,566**	**549,153**	**7,170,719**
2019							
Assets							
Cash and cash equivalents			929,311		929,311		929,311
Other financial investments				1,327	1,327		1,327
Debtors, accruals and deferrals			426,324		426,324	85,132	511,456
Other non-financial assets					-	8,309,777	8,309,777
Total assets	-	-	1,355,635	1,327	1,356,962	8,394,909	9,751,871
Liabilities							
Borrowings			732,449		732,449		732,449
Lease liabilities			2,384,273		2,384,273		2,384,273
Derivative financial instruments	415	2,641			3,056		3,056
Creditors, accruals and deferrals			3,879,714		3,879,714	303,199	4,182,913
Other non-financial liabilities					-	220,272	220,272
Total liabilities	415	2,641	6,996,436	-	6,999,492	523,471	7,522,963

3. Revenue from contracts with customers and segments reporting

3.1. Revenue from contracts with customers

The Group operates mainly in the Food Distribution area, with stores in Portugal, Poland and Colombia. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Sale of goods

In most of Groups' sales of goods, there is only one performance obligation, resulting in the immediate recognition of revenue with the delivery of the goods to the customer. A performance obligation is a promise to transfer to the customer goods or services that are distinct.

When there are promotional campaigns that offer, to the customers, performance obligations to be satisfied in future moments, the Group defers the portion of revenue related to the future obligation, and recognize it in profit or loss only when that future obligation is satisfied or expires.

The Group also implemented loyalty programs using customer cards. For sales made using the customer card, the Group estimates the fair value of the benefits attributed to customers, and the revenue is deferred until the moment the benefit is satisfied or expires.

Some sales to customers include commercial discounts based on quantity purchased. The Group recognizes the revenue from the sale of goods net of the estimated commercial discount expected to be achieved by the customer for the entire year.

Right of return assets and refund liabilities
In the sales to customers, the Group estimates the goods that could be returned by customers, being recognized: i. a responsibility of return, represented by the obligation to deliver to the customer the amount related to the goods returned; and ii. a return asset - with adjustment of cost of sales - for the right to receive the goods returned by the customer.

Warranty obligations
In the sale of goods, the Group provides the warranties arising from the Law, together with the suppliers, and does not sell extensions of warranties that should be recognized as a separate performance obligation.

The Group as principal or agent
The Group has generally concluded that it is the principal in its revenue arrangements, except for some agency services, because it typically controls the goods or services before transferring them to the customer.

The Group operates in some stores through Commercial Mandate contracts celebrated with third parties, with the Group acting as principal, recognizing to that extent the full revenue from sales of these stores.

Trade receivables
Trade receivables represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets and liabilities
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Services provided and other income
Revenues from services rendered are recognised as income in accordance with their stage of completion as at the balance sheet date. Gains related to commercial discounts obtained in the purchase of goods for resale are recognised when these are sold, as a deduction to the cost of goods sold.

3.1.1. Trade Contracts balances

	2020	2019
Trade receivables (note 14)	42,827	64,188
Contract liabilities with customers (note 20)	6,885	3,628
Refund liabilities to customers (note 20)	629	788

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

There are no amounts recognised as Contract assets.

Contract liabilities with customers include the deferred revenue related with future performance obligations and the consideration received regarding the sale of gift cards to customers, which will be only considered as revenue when the gift cards are redeemed or expires.

Refund liabilities to customers arises from retrospective volume rebates, related with sales to customers that included commercial discounts based on yearly quantity purchased.

There are no amounts recognised regarding right of return assets and refund liabilities from right of return considering that the returns of assets whose responsibility is assumed directly by the Group, are not material in the context of the Consolidated Financial Statements of the Group.

3.2. Segments reporting

Operating segments are reported consistently with the internal reporting that is provided to the Governing Bodies, including the Managing Committee and the Board of Directors. Based on this report, the Governing Bodies evaluate the performance of each segment and allocate the available resources.

Management monitors the performance of the business based on a geographical and business perspective. In accordance with this, the segments are defined as Portugal Retail, Portugal Cash & Carry, Poland Retail and Colombia Retail. Apart from these there are also other businesses but due to their low materiality they are not reported separately.

Management evaluates the performance of segments based on Earnings Before Interest and Taxes (EBIT). This indicator excludes the effects of other operating profits/losses (see note 4.1).

Transactions between segments are performed under normal market conditions, as described in note 24.1, following the same accounting policies adopted by the Group when dealing with transactions with unrelated parties.

The identified operating segments are:

- Portugal Retail: comprises the business unit of JMR (Pingo Doce supermarkets);
- Portugal Cash & Carry: includes the wholesale business unit Recheio;
- Poland Retail: the business unit which operates under Biedronka banner;
- Colombia Retail: the business unit which operates under Ara banner;
- Others, eliminations and adjustments: includes i. business units with reduced materiality (Coffee Shops Chocolate Stores and Agribusiness in Portugal, and Health and Beauty Retail in Poland); ii. the Holding Companies; and iii. Group's consolidation adjustments.

Detailed information by operating segments as at December 2020 and 2019

	Portugal Retail		Portugal Cash & Carry		Poland Retail		Colombia Retail		Others, eliminations and adjustments		Total JM Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Net sales and services	4,271,138	4,407,917	847,459	1,007,100	13,464,769	12,620,507	853,963	783,935	(143,832)	(181,239)	19,293,497	18,638,220
Inter-segments	393,330	454,256	4,564	5,392	1,580	1,609	-	-	(399,474)	(461,257)	-	-
External customers	3,877,808	3,953,661	842,895	1,001,708	13,463,189	12,618,898	853,963	783,935	255,642	280,018	19,293,497	18,638,220
Operational cash flow (EBITDA)	222,892	263,532	32,929	60,492	1,252,357	1,184,732	(20,164)	(28,392)	(65,058)	(43,466)	1,422,956	1,436,898
Depreciations and amortisations	(151,442)	(150,597)	(20,495)	(19,769)	(470,206)	(457,614)	(48,279)	(47,180)	(43,367)	(39,867)	(733,789)	(715,027)
Earnings before interest and taxes (EBIT)	71,450	112,935	12,434	40,723	782,151	727,118	(68,443)	(75,572)	(108,425)	(83,333)	689,167	721,871
Other operating profits/losses											(50,280)	(15,840)
Financial results and gains in investments											(180,231)	(156,805)
Income tax											(135,936)	(128,459)
Net result attributable to JM											312,130	389,866
Total assets	2,231,469	2,237,044	426,246	480,098	5,639,797	5,868,688	760,113	862,144	370,285	303,897	9,427,910	9,751,871
Total liabilities	1,725,169	1,722,147	424,294	457,056	4,531,354	4,710,273	752,972	845,056	(263,070)	(211,569)	7,170,719	7,522,963
Investments in tangible and intangible assets	91,231	142,685	9,678	24,548	301,999	380,848	30,410	98,185	36,366	22,974	469,684	669,240

Reconciliation between EBIT and operating profit

	2020	2019
EBIT	689,167	721,871
Other operating profits/losses	(50,280)	(15,840)
Operational result	638,887	706,031

Financial assets with credit risk per segment

The table below shows the Group's exposure according to the accounting value of the financial assets, set out by operating segments.

	Portugal Retail		Portugal Cash & Carry		Poland Retail		Colombia Retail		Others, eliminations and adjustments		Total JM Consolidated	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Cash and cash equivalents	39,480	40,121	12,209	21,998	767,420	716,654	40,181	48,880	182,100	101,658	1,041,390	929,311
Other financial investments	183	183	1,139	1,139	-	-	-	-	5	5	1,327	1,327
Debtors, accruals and deferrals	99,149	104,783	40,489	69,487	277,892	284,905	15,384	18,943	(62,109)	(51,794)	370,805	426,324
Derivative financial instruments	1	-	-	-	1,630	-	1	-	1,979	-	3,611	-
Total	**138,813**	145,087	**53,837**	92,624	**1,046,942**	1,001,559	**55,566**	67,823	**121,975**	49,869	**1,417,133**	1,356,962

Information by geography

In the table below are presented sales and services rendered and non-current assets by geography:

	Sales and services		Non-current assets[1]	
	2020	2019	**2020**	2019
Portugal	4,729,846	4,974,833	2,135,361	2,148,334
Poland	13,709,688	12,879,452	4,000,361	4,248,875
Colombia	853,963	783,935	617,313	713,586
Total	**19,293,497**	18,638,220	**6,753,035**	7,110,795

[1] Includes Tangible assets, Intangible assets, Right-of-use assets, Investment property and Biological assets.

4. Operating costs by nature

Operating costs by nature
Operating costs by nature include:

- costs of goods sold less vendor allowances based on volume purchased and promotional allowances obtained for commercial activity and in store advertisement. Includes also materials consumed in the production of goods by the companies;
- distribution costs, related with retail main activity in store, logistics and warehousing;
- administrative costs, corresponding to supporting central offices activities;
- other operating losses and gains.

Other operating profits/losses
Other operating profits/losses, that due to their nature or materiality might distort the financial performance of the Group, as well as their comparability, are presented in a separate line of the consolidated income statement by function. These losses and gains are excluded from the operational performance indicators adopted by Management.

	2020	2019
Cost of goods sold and materials consumed	(15,024,745)	(14,540,197)
Changes in inventories of finished goods and work in progress	3,373	2,587
Net cash discount and interest paid to suppliers	23,074	36,590
Electronic payment commissions	(41,870)	(35,463)
Other supplementary costs	(5,847)	(5,951)
Supplies and services	(751,169)	(688,601)
Advertising costs	(96,527)	(110,422)
Rents	(15,635)	(17,922)
Staff costs	(1,750,891)	(1,629,433)
Transportation costs	(200,568)	(204,325)
Depreciation and amortisation of tangibles and intangibles assets	(418,109)	(393,612)
Depreciation of right-of-use assets	(315,680)	(321,758)
Profit/loss with tangible and intangible assets	(6,109)	(7,441)
Profit/loss with right-of-use assets	1,190	1,367
Other natures of profit/loss	(55,097)	(17,608)
Total	**(18,654,610)**	(17,932,189)

4.1. Other operating profits/losses

Operating costs by nature include the following other operating losses and gains considered material, which are excluded from the Group's performance indicators, to assure a better comparability between financial periods:

	2020	2019
Legal contingencies	(1,939)	(1,238)
Losses from organizational restructuring programmes	(16,126)	(6,833)
Costs related with activities closure and projects cancelled	(6,664)	-
Assets write-offs and gains/losses in sale of tangible assets	(827)	(4,830)
Impairment losses on current assets	(5,853)	-
Changes to benefit plans and actuarial assumptions	1,969	(2,939)
Employees exceptional recognition	(19,141)	-
Other	(1,699)	-
Total	**(50,280)**	**(15,840)**

5. Employees

5.1. Staff costs

	2020	2019
Wages and salaries	(1,316,551)	(1,217,524)
Social security	(268,794)	(252,009)
Employee benefits (note 5.2)	(34,524)	(37,456)
Other staff costs	(131,022)	(122,444)
Total	**(1,750,891)**	**(1,629,433)**

Other staff costs include, among others, labour accident insurance, social responsibility costs, training costs, occasional hires and indemnities.

The average number of Group employees during the year was 114,674 (2019: 110,224).

The number of employees at the end of the year was 118,210 (2019: 115,428).

5.2. Employees benefits

Post-employment benefits (retirement)
Defined contribution plans

Defined contribution plans are pension plans for which the Group makes defined contributions to independent entities (funds), and for which it has no legal or constructive obligation to pay any additional contribution at the time when the employees come into use of those benefits.

The contributions are based on a percentage of remuneration of the employees included in the plans.

The funds are open to employee private contributions, with no guaranties given by the Group over those contributions.

Group contributions to defined contribution plans are recognised as expenses at the time they are due.

Defined benefit plans

Defined benefit plans are pension plans where the Group guarantees a certain benefit to the employees included in the plan at the time such employees retire, with the respective responsibilities assured directly by the Group.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using life annuity method, taking into account that the plans only include retired employees. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have maturities close to those related liability.

No service costs are recognised since the current defined benefit plans only include retired employees. The net interest is recognised in the income statement on a yearly basis.

Remeasurements (actuarial gains and losses) arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

At the time of amendments to the defined benefit plans, past-service costs are immediately considered due and are recognised immediately in the income statement.

Other benefits

Post-employment benefits (Compensation plan to Group employees)

The Group implemented in 2019 a post-employment compensation plan for employees of the Group, which consists of an annual contribution to a foundation that guarantees its independent management by third parties. These contributions have the characteristics of a defined contribution plan, given that the Group has no responsibility for making contributions, in addition to the annual amount defined by the Board of Directors. Additionally, the Group does not assume any risk, namely on the value of the assets in which its contributions are invested, nor on the final value of the benefits to be attributed, with this risk falling entirely on the plan participants.

Award due to at retirement date

In accordance with the Polish legislation in force, when an employee reaches retirement age (regardless of whether he retires at that time or not), he can request the payment of a premium corresponding to one month's salary, which he can only receive once during its professional life.

Accordingly, the responsibilities for this award, which exist in some Group companies, which constitutes a defined benefit plan, are determined annualy based on an actuarial calculation carried out by a specialised independent entity.

The cost of past and current services, net interest as well remeasurements (actuarial gains or losses) are recognised as costs of the year.

Seniority awards

The programme of seniority awards which exists in some of the Group's Companies includes a component of defined contribution and a defined benefit.

The defined contribution component consists in a life insurance granted to the employees covered by this programme, starting from a specific number of years of service. This benefit is awarded only when employees reach the age defined in the programme and the costs related to this component are recognised in the year to which they relate.

The component of defined benefit consists of an award in the year that employees complete a number of years of service. Accordingly, the liabilities for this component are determined annually based on actuarial valuations, carried out by a specialised independent entity.

The cost of current services, net interest as well as remeasurements (actuarial gains or losses) are recognised as costs of the year.

Amounts recognised in the balance sheet as employee benefits and trade creditors, accrued costs and deferred income:

	Employee benefits		Trade creditors, accrued costs and deferred income	
	2020	2019	**2020**	2019
Retirement benefits - defined benefit plan paid for by the Group	14,503	15,154	-	-
Seniority awards - defined benefit plan	53,255	54,515	-	-
Award due to at retirement date - defined benefit plan	2,321	-	-	2,076
Post-employment compensation - defined contribution plan	-	-	-	-
Total	**70,079**	69,669	**-**	2,076

Amounts recognised in the income statement in staff costs and remeasurements reflected in equity in other comprehensive income:

	Income statement		Other comprehensive income	
	2020	2019	**2020**	2019
Retirement benefits - defined contribution plan	4,025	1,339	-	-
Retirement benefits - defined benefit plan paid for by the Group	88	243	670	(1,746)
Seniority awards - defined benefit plan	4,956	10,929	-	-
Award due to at retirement date - defined benefit plan	512	-	-	-
Post-employment compensation - defined contribution plan	24,943	24,945	-	-
Total	**34,524**	**37,456**	**670**	**(1,746)**

The changes in each plan are detailed below:

	Defined contribution plans for active employees		Defined benefit plans for former employees		Other long-term benefits granted to employees	
	2020	2019	**2020**	2019	**2020**	2019
Balance as at 1 January	-	15,000	15,154	18,146	54,515	46,923
Interest costs	-	-	88	243	722	1,093
Past service cost	-	-	-	-	(36)	-
Current service cost	28,968	26,284	-	-	6,715	7,036
Actuarial (gains) / losses						
Changes in demographic assumptions	-	-	-	-	-	(1,353)
Changes in financial assumptions	-	-	215	950	1,482	3,285
Changes in experience	-	-	455	(2,696)	(3,415)	868
Contributions or retirement pensions paid	(28,968)	(41,284)	(1,409)	(1,489)	(4,718)	(3,604)
Reclassification of past services (note 20)	-	-	-	-	2,076	-
Currency translation differences	-	-	-	-	(1,765)	267
Balance as at 31 December	**-**	**-**	**14,503**	**15,154**	**55,576**	**54,515**

Actuarial assumptions used in the calculation of the responsibilities for defined benefit plans and other long-term benefits:

	Portugal		Poland	
	2020	2019	**2020**	2019
Mortality table	TV88/90	TV88/90	GUS 2018	GUS 2018
Discount rate	0.35%	0.55%	0.90%	2.00%
Pension and salaries growth rate	3.00%	3.00%	3% - 4%	3% - 4%

The mortality assumptions used are those most commonly adopted in Portugal and Poland, and are based on actuarial advice in accordance with published statistics and experience in each country. The assumption's sensitivity analysis is described in note 2.6.

Expected future payments

The expected maturity for the next 10 years for the liabilities associated with defined benefit plans is as follows:

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years
Retirement benefits - defined benefit plan paid for by the Group	1,321	4,386	3,449
Award due to at retirement date - defined benefit plan	235	1,000	1,449
Seniority awards - defined benefit plan	4,481	21,651	29,697
Total	**6,037**	**27,037**	**34,595**

6. Net financial costs

Net financial costs represent interest on borrowings, interest on investments made, dividends, foreign exchange gains and losses in financial operations, gains and losses resulting from changes of financial assets measured at fair value through profit and loss, and costs and income with financing operations.

Net financial costs are accrued in the income statement in the period in which they are incurred.

	2020	2019
Loans interest expense	(21,466)	(26,484)
Leases interest expense	(126,830)	(132,642)
Interest received	2,210	3,595
Net foreign exchange	(8,256)	(475)
Net foreign exchange on leases	(21,439)	2,955
Other financial gains and losses	(6,636)	(5,239)
Fair value of financial investments held for trade:		
Derivative instruments (note 12)	1,928	(414)
Total	**(180,489)**	**(158,704)**

Interest expense includes the interest on loans measured at amortised cost and interest on derivatives of fair-value hedge and cash flow hedge (note 12).

Exchange differences on Net foreign exchange on leases refer to the exchange rate update, reported on 31 December 2020, on the euro-denominated lease contracts of the subsidiaries JMP (Biedronka) and JMDiF (Hebe), compared to the amount recognised at the end of the previous year (31 December 2019).

Other financial gains and losses include costs with debt issued by the Group, recognised in results through effective interest method.

7. Income tax recognised in the income statement

Income tax includes current and deferred taxes. Income tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in the same heading.

Tax on current income is calculated in accordance with tax criteria prevailing as of the balance sheet date.

Deferred tax is calculated in accordance with the balance sheet liability method on temporary differences between the carrying amount of assets and liabilities and the respective tax base. No deferred tax is calculated on Goodwill and initial recognition differences of an asset and liability if it does not affect profit and loss or tax results.

The measurement of deferred tax assets and liabilities should reflect the tax consequences from the way the Group estimates, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

The rate used to determine deferred tax is that in force during the period when temporary differences are reversed.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be used. Deferred tax assets are revised on an annual basis and derecognised when it is no longer probable that they may be used.

For transactions with uncertainty regarding their tax treatment, the Group considers the effects of that uncertainty in the income tax estimations, whenever the tax authorities are not likely to accept the tax treatment given by the Group. Assets and liabilities related to uncertain tax positions are presented as deferred tax assets or liabilities.

For tax litigation and for all situations in which the position of the tax authorities is already known, an assessment is made on the probability of outcome, setting up provisions for the amounts estimated to represent future disbursements (when the probability of outcome is above 50%), or, proceeding with the payment (although maintaining the tax litigation), whenever it is considered to be the best way to protect the Group's interest.

7.1. Income tax

	2020	2019
Current income tax		
Current tax of the year	(170,732)	(171,695)
Adjustment to prior year estimation	2,497	13,622
Total	**(168,235)**	**(158,073)**
Deferred tax		
Temporary differences created and reversed	31,712	28,795
Change to the recoverable amount of tax losses and temporary differences from previous years	486	(333)
Total	**32,198**	**28,462**
Other gains/losses related to tax		
Impact of changes in estimates for tax litigations	101	1,152
Total	**101**	**1,152**
Total income tax	**(135,936)**	**(128,459)**

The other gains recorded include interest on late payments and compensations received for litigation decided in favor of the Group.

7.2. Reconciliation of effective tax rate

	2020		2019	
Profit before tax		**458,656**		**549,226**
Income tax using the Portuguese corporation tax rate	**22.5%**	**(103,198)**	**22.5%**	**(123,576)**
Fiscal effect due to:				
Different tax rates in foreign jurisdictions	(7.1)%	32,427	(6.3)%	34,674
Non-taxable or non-recoverable results	10.5%	(48,120)	8.2%	(45,045)
Changes in estimates for tax litigations	(0.0)%	101	(0.2)%	1,151
Non-deductible expenses and fiscal benefits	3.3%	(15,091)	0.4%	(2,383)
Adjustment to prior years estimation	(0.5)%	2,497	(2.5)%	13,622
Equity method	(0.0)%	12	0.0%	-
Change to the recoverable amount of tax losses and temporary differences of prior years	0.0%	-	(0.0)%	28
Results subject to autonomous taxation and other forms of taxation	1.0%	(4,564)	1.3%	(6,930)
Income tax	**29.6%**	**(135,936)**	**23.4%**	**(128,459)**

In 2020 and 2019, the Corporate Income Tax rate (CIT) applied to companies operating in Portugal was 21%. For companies with a positive tax result, there is a surcharge of 1.5% regarding municipal tax, and an additional state tax that varies between 3%, 5% and 9%, for taxable profits higher than EUR 1,500 thousand, EUR 7,500 thousand and EUR 35,000 thousand respectively.

In Poland, for 2020 and 2019, the income tax rate applied to taxable income was 19%.

In Colombia, the income tax rate was 32% in 2020 (33% in 2019). In 2020, if a taxable loss is determined, a tax rate of 0.5% is levied on the net asset value (1.5% in 2019).

The adjustment to prior years estimation recognised in 2019 is related with the recovery of tax corresponding to the double taxation paid in 2017, following an internal reorganisation, which the Group appealed and a favourable decision was received.

7.3. Deferred tax assets and liabilities

The Group did not recognise any amounts in deferred taxes regarding uncertain tax positions.

2020	Opening balance	Impact on results	Impact on equity	Currency translation differences	Closing balance
Deferred tax assets					
Excess over legal provisions	77,809	23,662	-	(5,375)	96,096
Update of assets to fair value	4,382	-	-	-	4,382
Employee benefits	18,735	(5,076)	150	-	13,809
Recoverable losses	-	2,157	-	(55)	2,102
Effects of the application of leases standard	8,274	9,813	-	(619)	17,468
Other temporary differences	28,930	885	-	(252)	29,563
Total	**138,130**	**31,441**	**150**	**(6,301)**	**163,420**
Deferred tax liabilities					
Update of assets to fair value	526	(3)	-	-	523
Deferred income for tax purposes	56,079	(882)	-	(3,295)	51,902
Differences on valuation criteria in other countries	12,444	-	-	(827)	11,617
Derivative instruments	(5)	-	9	-	4
Effects of the application of leases standard	-	4	-	-	4
Other temporary differences	1,634	124	-	-	1,758
Total	**70,678**	**(757)**	**9**	**(4,122)**	**65,808**
Net change in deferred tax	**67,452**	**32,198**	**141**	**(2,179)**	**97,612**

2019	Opening balance	Impact on results	Impact on equity	Currency translation differences	Closing balance
Deferred tax assets					
Excess over legal provisions	66,750	10,318	-	741	77,809
Update of assets to fair value	4,915	(533)	-	-	4,382
Employee benefits	13,151	5,977	(393)	-	18,735
Effects of the application of leases standard	-	8,216	-	58	8,274
Other temporary differences	30,024	(1,126)	-	32	28,930
Total	**114,840**	**22,852**	**(393)**	**831**	**138,130**
Deferred tax liabilities					
Update of assets to fair value	534	(8)	-	-	526
Deferred income for tax purposes	61,334	(5,780)	-	525	56,079
Differences on valuation criteria in other countries	12,315	-	-	129	12,444
Derivative instruments	(12)	-	7	-	(5)
Other temporary differences	1,456	178	-	-	1,634
Total	**75,627**	**(5,610)**	**7**	**654**	**70,678**
Net change in deferred tax	**39,213**	**28,462**	**(400)**	**177**	**67,452**

7.4. Unrecognised deferred taxes on tax losses

The Group does not recognise deferred tax assets related to tax losses in respect of which, with reasonable accuracy, no sufficient future taxable profits are expected to guarantee the recovery of deferred tax assets in the short and/or medium-term. Total unrecognised tax assets is presented below:

Expiring date	Tax	
	2020	**2019**
2020	-	6,923
2021	5,282	6,772
2022	2,661	5,270
2023	1,940	2,151
2024	3,360	6,336
2025 or further	155,137	145,803
Total	**168,380**	**173,255**

8. Tangible assets

Tangible assets are recognised at historical cost net of accumulated depreciation and impairment losses.

Historical cost includes the purchase price and any other expenditure that is directly attributable to the acquisition of the assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the operating profit.

Repairs and maintenance costs that do not extend the useful life of these assets are charged directly to the income statement during the financial period in which they are incurred. The cost of major store remodellings is included in the carrying amount of the asset when it is probable that additional economic benefits will flow to the Group. Whenever it is capitalised, the useful life of the asset is reviewed according with the characteristics of the remodelling. If the store is leased, the useful life does not exceed the period of the lease.

Depreciation
Depreciation is calculated by the straight-line method, on a monthly basis on acquisition cost according to the useful life estimated for each class of asset. The most important annual depreciation rates, in percentage, are as follows:

	%
Land	Not depreciated
Buildings and other constructions	2-4
Plants and machinery	10-20
Transport equipment	12.5-25
Office equipment	10-25

Whenever considered necessary, the estimated useful life of assets are reviewed and adjusted at the balance sheet date. Residual values are not taken into consideration, as it is the Group's intention to use the assets until the end of their economic life.

8.1. Changes occurred during the year

2020	Land and natural resources *	Buildings and other constructions	Plants, machinery and tools	Transport equipment and others	Work in progress and advances	Total
Cost						
Opening balance	**527,961**	**3,923,718**	**2,121,074**	**283,768**	**230,978**	**7,087,499**
Foreign exchange differences	(19,689)	(177,977)	(86,944)	(12,115)	(17,771)	(314,496)
Increases	8,135	202,418	175,467	18,157	57,768	461,945
Disposals and write offs	(128)	(27,155)	(84,200)	(8,453)	(3,743)	(123,679)
Transfers and reclassifications	1,687	66,782	37,264	14,658	(117,697)	2,694
Closing balance	**517,966**	**3,987,786**	**2,162,661**	**296,015**	**149,535**	**7,113,963**
Depreciation and impairment losses						
Opening balance	**-**	**1,541,749**	**1,369,643**	**206,170**	**-**	**3,117,562**
Foreign exchange differences	-	(58,224)	(45,910)	(8,137)	-	(112,271)
Increases	-	177,339	197,216	30,268	-	404,823
Disposals and write offs	-	(24,457)	(81,011)	(8,316)	-	(113,784)
Transfers and reclassifications	-	(546)	529	395	-	378
Closing balance	**-**	**1,635,861**	**1,440,467**	**220,380**	**-**	**3,296,708**
Net value						
As at 1 January 2020	**527,961**	**2,381,969**	**751,431**	**77,598**	**230,978**	**3,969,937**
As at 31 December 2020	**517,966**	**2,351,925**	**722,194**	**75,635**	**149,535**	**3,817,255**

* Opening balance of land and natural resources is net of impairment losses

2019	Land and natural resources *	Buildings and other constructions	Plants, machinery and tools	Transport equipment and others	Work in progress and advances	Total
Cost						
Opening balance	514,836	3,612,975	1,968,811	300,631	146,007	6,543,260
Foreign exchange differences	3,014	26,031	12,804	1,658	1,641	45,148
Increases	8,191	281,207	220,019	17,729	131,130	658,276
Disposals and write offs	(23)	(21,552)	(85,103)	(32,871)	(1,299)	(140,848)
Transfers and reclassifications	3,691	24,794	4,543	15,377	(46,501)	1,904
Transfers from/to investment property	(1,748)	263	-	-	-	(1,485)
Changes of accounting policies	-	-	-	(18,756)	-	(18,756)
Closing balance	527,961	3,923,718	2,121,074	283,768	230,978	7,087,499
Depreciation and impairment losses						
Opening balance	-	1,377,459	1,266,726	212,022	-	2,856,207
Foreign exchange differences	-	8,380	6,626	1,115	-	16,121
Increases	-	172,722	179,100	27,650	-	379,472
Disposals and write offs	-	(17,029)	(82,004)	(32,786)	-	(131,819)
Transfers and reclassifications	-	34	(909)	2,694	-	1,819
Transfers from/to investment property	-	87	-	-	-	87
Impairment losses	-	96	104	20	-	220
Changes of accounting policies	-	-	-	(4,545)	-	(4,545)
Closing balance	-	1,541,749	1,369,643	206,170	-	3,117,562
Net value						
As at 1 January 2019	514,836	2,235,516	702,085	88,609	146,007	3,687,053
As at 31 December 2019	527,961	2,381,969	751,431	77,598	230,978	3,969,937

* Opening balance of land and natural resources is net of impairment losses

The increase in tangible assets correspond to the Group's investments in new stores and distribution centres, and remodelling of the existing stores. The investment programme is detailed in point 3.2.6. - Execution of the Investment Programme of Chapter II - Consolidated Management Report.

There are no financial charges capitalised in tangible fixed assets.

8.2. Guarantees

No tangible assets have been pledged as security for the fulfilment of bank or other obligations.

8.3. Tangible assets in progress

Amounts in work in progress are mostly related to the implementation and refurbishment of stores and distribution centres.

8.4. Impairment tests

As mentioned in note 2.5.1 the Group analyses at the date of each balance sheet whether there are indicators of possible impairment losses on tangible assets.

If there are indicators of possible impairment losses on an asset or cash-generating unit, the Group calculates its value-in-use using the Discounted Cash Flow (DCF) method.

Value in use is supported by past performance and market development expectations, with five-year projections of future cash flows for each of the assets or cash-generating units, based on medium/long-term plans approved by the Board of Directors.

These estimates are made considering the following assumptions:

Business area	Discount rates	Growth rates in perpetuity
Retail in Portugal	8.0% (2019: 8.0%)	1% (2019:1%)
Cash & Carry in Portugal	8.0% (2019: 8.0%)	1% (2019:1%)
Retail in Poland	8.0% (2019: 8.0%)	1.5% (2019:1.5%)
Health and Beauty Retail in Poland	9.0% (2019: 9.0%)	1.5% (2019:1.5%)
Specialized Retail in Portugal	8.0% to 9.5% (2019: 8.0% to 9.5%)	1.7% (2019:1.7%)
Retail in Colombia	11.0% (2019: 11.0%)	1.5% (2019:1.5%)

The discount rates adopted corresponds to the required rate of return (hurdle rate), based on the weighted average cost of capital (WACC) estimated, to each of the business areas on the different geographies.

Growth rates in perpetuity considered was 1% for mature markets as Portugal and 1.5% for the Polish and Colombian market, where growth potential is still considered to exist.

Cash flows also include the expected annual growth in sales, margins and operating costs of each of the business areas.

Covid-19

Given the current context of the Covid-19 pandemic, the Group chose to reflect in its medium and long-term projections, more defensive growth expectations, considering that the adverse economic effects would remain in the coming years. However and despite the different business models and markets in which it operates, with different recovery expectations and at different rates, it is reasonable to assume that the main impacts on cash flow can be felt in the next 2 years, but that all business units are in full recovery phase in the 3rd year.

From the impairment tests did not result significant impairment losses, which is in line with the Management's expectations, which effectively point out that there are no permanent losses in its business, existing already the clear expectation of business recovery in the medium term reaching pre Covid-19 levels.

Sensitivity analysis were also carried out on the main assumptions used in the base calculation, with impairment losses only occurring in very conservative scenarios without corrective measures being taken.

The continuous monitoring of the different businesses, however, led the Group to identify a set of assets for which there is no longer any probability of generating future economic benefits, either because decisions were taken to close activity or to cancel ongoing projects, resulting in the recognition of write-offs, impairments and other associated costs in the amount of m EUR 7,491 thousand in the year of 2020.

9. Intangible assets

Intangible assets are stated at historical cost net of accumulated amortisation and impairment losses (note 2.5).

Costs associated with internally generated Goodwill and Private Brands are taken to the income statement as they are incurred.

Research and development expenditure
Research expenditure incurred in the search for new technical or scientific knowledge or alternative solutions are recognised in the income statement as incurred.

Development expenditure is recognised as an intangible asset when the technical feasibility of the product or process being developed can be demonstrated and the Group has the intention and capacity to complete their development and start trading or using them.

Capitalised development expenditure includes the cost of materials used and direct labour costs.

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software, being amortised over their estimated useful life.

Costs associated with developing or maintaining computer software are recognised as an expense as incurred, except if those costs are directly associated with development projects that will probably generate future economic benefits (reliably measured), in which case they are recognised as development expenditure in intangible assets.

Other intangible assets
Expenses to acquire key money, trademarks, patents and licences are capitalised when they are expected to generate future economic benefits and are expected to be used by the Group.

Intangible assets with indefinite useful life
The trademark Pingo Doce is, besides Goodwill, the only intangible asset with indefinite useful life recognised, since there is no foreseeable limit for the period over which this asset is expected to generate economic benefits to the Group. Goodwill and the intangible assets with indefinite useful life are tested for impairment at the balance sheet date, and whenever there is an indication that the carrying amount may not be recoverable.

Amortisations
Amortisations are recognised in the income statement on a linear basis over the estimated useful life of the intangible assets, except if that life is considered indefinite.

Amortisation of the intangible assets is calculated by the straight-line method, on a duodecimal basis on acquisition cost. The most important annual amortisation rates, in percentage, are as follows:

	%
Development expenditure	20-33.33
Computer software	33.33
Key money	5-6.66

Whenever necessary, the estimated useful life of assets is reviewed and adjusted at the balance sheet date.

9.1. Changes occurred during the year

2020	Goodwill	Develop. expenses	Software, ind.property and other rights	Key money	Work in progress	Total
Cost						
Opening balance	**640,703**	**44,820**	**132,363**	**139,488**	**10,441**	**967,815**
Foreign exchange differences	(20,616)	(1,915)	(7,551)	(6,278)	(364)	(36,724)
Increases	-	2,591	2,163	47	2,938	7,739
Disposals and write offs	-	-	(62)	(3,329)	-	(3,391)
Transfers and reclassifications	-	2,286	(258)	-	(4,222)	(2,194)
Closing balance	**620,087**	**47,782**	**126,655**	**129,928**	**8,793**	**933,245**
Amortisation and impairment losses						
Opening balance	**-**	**37,346**	**26,640**	**109,819**	**-**	**173,805**
Foreign exchange differences	-	(1,655)	(1,246)	(4,953)	-	(7,854)
Increases	-	3,495	3,352	6,439	-	13,286
Disposals and write offs	-	-	(31)	(3,323)	-	(3,354)
Transfers and reclassifications	-	112	(118)	-	-	(6)
Closing balance	**-**	**39,298**	**28,597**	**107,982**	**-**	**175,877**
Net value						
As at 1 January 2020	**640,703**	**7,474**	**105,723**	**29,669**	**10,441**	**794,010**
As at 31 December 2020	**620,087**	**8,484**	**98,058**	**21,946**	**8,793**	**757,368**

2019	Goodwill	Develop. expenses	Software, ind. property and other rights	Key money	Work in progress	Total
Cost						
Opening balance	637,486	41,726	126,763	138,107	7,457	951,539
Foreign exchange differences	3,217	284	1,158	991	53	5,703
Increases	-	723	3,483	433	6,325	10,964
Disposals and write offs	-	(6)	(312)	(246)	-	(564)
Transfers and reclassifications	-	2,093	1,271	203	(3,394)	173
Closing balance	640,703	44,820	132,363	139,488	10,441	967,815
Amortisation and impairment losses						
Opening balance	-	34,161	23,294	101,570	-	159,025
Foreign exchange differences	-	251	172	760	-	1,183
Increases	-	2,940	3,462	7,738	-	14,140
Disposals and write offs	-	(6)	(288)	(246)	-	(540)
Transfers and reclassifications	-	-	-	(3)	-	(3)
Closing balance	-	37,346	26,640	109,819	-	173,805
Net value						
As at 1 January 2019	637,486	7,565	103,469	36,537	7,457	792,514
As at 31 December 2019	640,703	7,474	105,723	29,669	10,441	794,010

The Group identified as intangible assets of indefinite useful life recognised, besides Goodwill, the trademark Pingo Doce, with net value of EUR 9,228 thousand.

Development expenses mainly relate to IT implementations.

9.2. Guarantees

No intangible assets have been pledged as security for the fulfilment of bank or other obligations.

9.3. Intangible assets in progress

Intangible assets in progress include the implementation of projects for processes simplification, usage rights and key money.

9.4. Impairment tests for Goodwill and other intangible assets

Goodwill is allocated to the Groups' business areas as presented below:

Business areas	2020	2019
Portugal Retail	246,518	246,519
Portugal Cash & Carry	83,837	83,836
Poland Retail	281,224	301,234
Poland Health and Beauty Retail	8,508	9,114
Total	**620,087**	**640,703**

As a consequence of the currency translation adjustment of the assets in the Group's businesses in Poland:

- the Goodwill related to the business in Poland (Biedronka), totalling PLN 1,282,278 thousand, was updated negatively by EUR 20,010 thousand;

- the Goodwill related to the Health and Beauty Retail business in Poland (Hebe), totalling PLN 38,796 thousand, was updated negatively by EUR 606 thousand.

The cash-generating units used to perform Goodwill impairment tests correspond to the business segments, which is the lowest level that Goodwill is monitored by Management.

In 2020 evaluations were made based on the value in use according to DCF evaluation models, thereby sustaining the recoverability of Goodwill value.

The values of these evaluations are determined by past performance and the expectation of market development, with future cash flow projections, for a five year period, being drawn up for each of the businesses, based on medium/long term plans approved by the Board of Directors. These projections, in addition to the evolution of the performance of each business unit, incorporate the expected impacts of its investment plans, weighted by the risks each business is exposed to.

Pingo Doce brand is not being amortised but subject to impairment tests annually, with the same assumptions that are used for Goodwill. The same applies to intangible assets in progress.

These estimates are made considering the following assumptions:

Business area	Discount rates	Growth rates in perpetuity
Retail in Portugal	8.0% (2019: 8.0%)	1% (2019:1%)
Cash & Carry in Portugal	8.0% (2019: 8.0%)	1% (2019:1%)
Retail in Poland	8.0% (2019: 8.0%)	1.5% (2019:1.5%)
Health and Beauty Retail in Poland	9.0% (2019: 9.0%)	1.5% (2019:1.5%)

The discount rates adopted corresponds to the required rate of return (hurdle rate), based on the WACC estimated, to each of the business areas on the different geographies.

Growth rates in perpetuity considered was 1% for mature markets as Portugal and 1.5% for the Polish market, where growth potential is still considered to exist.

Cash flows also include the expected annual growth in sales, margins and operating costs of each of the business areas.

Note 2.6 presents the information related to sensibility analysis to the Goodwill impairment tests.

Covid-19

Given the current context of the Covid-19 pandemic, the Group chose to reflect in its medium and long-term projections, more defensive growth expectations, that the adverse economic effects would remain in the coming years. However and despite the different business models and markets in which it operates, with different recovery expectations and at different rates, it is reasonable to assume that the main impacts on cash flow can be felt in the next 2 years, but that all business units are in full recovery phase in the 3rd year.

In a scenario of a permanent decline of 10% of the expected cash flows, there is no risk of recoverability of Goodwill from any of the business units. The risk of a potential impairment loss related to the Cash & Carry business unit in Portugal could be placed in a very conservative scenario, in which there are permanent cash flows reductions above 10% and without corrective measures being taken.

10. Investment property

Investment property are land and buildings that are accounted at fair value, determined by specialised independent entities, with appropriate recognised professional qualifications and experience in valuing assets of this nature.

The fair value is based on market values, being the amount at which two independent willing parties would be interested in making a transaction of the asset.

The methodology adopted in the valuation and determination of fair value consists of applying the market's comparative method, in which the asset under valuation is compared with other similar assets that perform the same function, negotiated recently in the same location or in comparable zones. The known transaction values are adjusted to make a proper comparison, and the variables of size, location, existing infrastructure, state of conservation, as well as other variables that may be relevant in some way are considered.

In addition, and particularly in cases in which it is difficult to make a comparison with transactions that have occurred, an income approach is used. It is assumed that the value of the asset corresponds to the present value of all the future benefits and rights arising from its ownership.

For this purpose, an estimation of the market rent is used, considering all the endogenous and exogenous variables of the asset under valuation, and a yield that reflects the risk of the market of which that asset is a part, as well as the characteristics of the asset itself. Thus, the assumptions used in the evaluation of each asset vary according to its location and technical characteristics, using an average yield between 8% and 9%.

Changes to fair value of investment property are recognised in the income statement, in gains/losses in other investments, since it is related with assets owned for appreciation.

Whenever, as a result of changes in their use, tangible assets are transferred to investment property, the assets are measured at their fair value and any difference to their carrying amount is recognised in the income statement as revaluation surplus. Gains and losses in subsequent revaluations (fair value) are recognised in the income statement, in accordance with IAS 40.

If an investment property starts to be used by the business operations of the Group, it is transferred to tangible assets and its fair value at the date of transfer becomes its acquisition cost for accounting purposes.

Non-current assets are all the investment property that are not expected to be sold within a period of less than 12 months.

	2020	2019
Opening balance	**8,563**	**11,676**
Transfers	-	1,572
Changes in fair value	(40)	(461)
Disposals	-	(4,224)
Closing balance	**8,523**	**8,563**

The investment property relates to plots of land and buildings initially acquired for use in Group operations, and others actually used for that purpose for a period of time but which became redundant, either because they could not be used to build cash-generating units or because they are no longer in use as a result of the restructuring of operations carried out in them.

In 2020, the amount of income from investment property amounted to EUR 42 thousand (EUR 56 thousand in 2019), and costs were recognised in the amount of EUR 27 thousand (EUR 31 thousand in 2019).

11. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Leases are recognized as a right-of-use and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Whenever available the Group has elected to separate lease and non-lease components included in lease payments for all leases.

At the commencement date lease liabilities measurement is mainly composed by the present value of lease payments to be made over the lease term, which includes fixed payments less any lease incentives receivable and variable lease payments that depend on an index or rate.

In calculating the present value of lease payments, the Group used its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments). The weighted-average rate applied is 5.77% (in a range between 2.4% and 9.1%) based on the features of the agreement (underlying asset and guarantees, currency and lease term). The weighted-average rate used in 2019 was 5.67% (in a range between 2.5% and 8.9%).

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of initial lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The Group applies the short-term lease recognition exemption to its short-term leases (lease term of 12 months or less) and it also applies the lease of low-value assets recognition exemption to leases considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Group applied the practical expedient described in IFRS 16 Leases amendment, issued by the IASB on 28 May 2020, which allows that renegotiations to the payment plans of lease agreements can be excluded from the analysis of modifications to lease agreements, provided that the renegotiations are related to the pandemic caused by the SARS-CoV-2 virus. That is, following the practical expedient, rent reductions were not considered as changes to the lease contracts, so the liabilities for leases and, consequently, the right-of-use were not remeasured, with the impact of the reduction being considered in the profit or loss statement of the exercise.

The Group's leases relate mostly to store and warehouse rent contracts, with initial terms between 5 and 20 years, but may have extension options. The lease agreements do not impose any covenants. Right-of-use assets are also subject to impairment tests, as referred in note 2.5.1.

11.1. Right-of-use assets

2020	Land and natural resources	Buildings and other constructions	Plants, machinery and tools	Transport equipment and others	Total
Cost					
Opening balance	**-**	**2,561,859**	**35,261**	**53,482**	**2,650,602**
Foreign exchange differences	-	(160,124)	(2,053)	(3,158)	(165,335)
Increases	925	157,935	4,760	8,038	171,658
Contracts update	-	145,285	5,346	313	150,944
Transfers and reclassifications	-	-	-	(507)	(507)
Contracts cancellation	-	(53,453)	(2,030)	(7,731)	(63,214)
Closing balance	**925**	**2,651,502**	**41,284**	**50,437**	**2,744,148**
Depreciation and impairment losses					
Opening balance	**-**	**290,252**	**8,390**	**17,011**	**315,653**
Foreign exchange differences	-	(22,546)	(495)	(1,113)	(24,154)
Increases	6	293,165	8,436	14,073	315,680
Transfers and reclassifications	-	-	-	(379)	(379)
Contracts cancellation	-	(20,484)	(1,322)	(7,397)	(29,203)
Closing balance	**6**	**540,387**	**15,009**	**22,195**	**577,597**
Net value					
As at 31 December 2019	**-**	**2,271,607**	**26,871**	**36,471**	**2,334,949**
As at 31 December 2020	**919**	**2,111,115**	**26,275**	**28,242**	**2,166,551**

2019	Land and natural resources *	Buildings and other constructions	Plants, machinery and tools	Transport equipment and others	Total
Cost					
Opening balance	-	-	-	-	-
Foreign exchange differences	-	22,800	327	474	23,601
Increases	-	215,695	9,001	14,065	238,761
Contracts update	-	89,253	(17,677)	256	71,832
Disposals and write offs	-	-	-	(93)	(93)
Transfers and reclassifications	-	-	-	(2,099)	(2,099)
Contracts cancellation	-	(80,371)	(22,148)	(1,078)	(103,597)
Changes of accounting policies	-	2,314,482	65,758	41,957	2,422,197
Closing balance	-	**2,561,859**	**35,261**	**53,482**	**2,650,602**
Depreciation and impairment losses					
Opening balance	-	-	-	-	-
Foreign exchange differences	-	2,039	53	132	2,224
Increases	-	297,687	8,878	15,193	321,758
Disposals and write offs	-	-	-	(93)	(93)
Transfers and reclassifications	-	-	-	(1,838)	(1,838)
Contracts cancellation	-	(9,474)	(541)	(928)	(10,943)
Changes of accounting policies	-	-	-	4,545	4,545
Closing balance	-	**290,252**	**8,390**	**17,011**	**315,653**
Net value					
As at 31 December 2018	-	-	-	-	-
As at 31 December 2019	-	**2,271,607**	**26,871**	**36,471**	**2,334,949**

11.2. Lease liabilities

2020	Current	Non-current	Total
Opening balance	**384,980**	**1,999,293**	**2,384,273**
Increases (new contracts)	20,881	150,777	171,658
Payments	(272,305)	(1,760)	(274,065)
Transfers	243,241	(243,241)	-
Contracts change/ cancel	20,505	95,238	115,743
Foreign exchange difference	(20,608)	(103,760)	(124,368)
Closing balance	**376,694**	**1,896,547**	**2,273,241**

2019	Current	Non-current	Total
Opening balance	-	-	-
Change in accounting policy	370,964	2,042,191	2,413,155
Increases (new contracts)	30,032	208,729	238,761
Payments	(258,043)	(6,154)	(264,197)
Transfers	259,869	(259,869)	-
Contracts change/ cancel	(20,953)	(1,236)	(22,189)
Foreign exchange difference	3,111	15,632	18,743
Closing balance	**384,980**	**1,999,293**	**2,384,273**

11.3. Expenses recognised in the income statement

		2020	2019
Depreciation charge of right-of-use assets			
Land and natural resources		(6)	-
Buldings and other contructions		(293,165)	(297,687)
Basic equipment and others		(8,436)	(8,878)
Transport equipment and others		(14,073)	(15,193)
	Subtotal	**(315,680)**	**(321,758)**
Interest expense with lease liabilities		(126,830)	(132,642)
Gains / (losses) with contract cancellations		1,190	1,367
Net foreing exchange on lease liabilities		(21,439)	2,955
	Subtotal	**(147,079)**	**(128,320)**
Rents (note 4)			
Expenses with short term leases		(1,196)	(745)
Expenses with leases of low-value assets		(5,474)	(6,042)
Expenses with variable lease payments not included in lease liabilities		(736)	(1,128)
Expenses with non-lease components		(13,081)	(10,007)
Gains resulting from temporary rent reductions due to the pandemic		4,852	-
	Subtotal	**(15,635)**	**(17,922)**
Total expenses of the year related with leases		**(478,394)**	**(468,000)**

In 2020 the total cash outflow for leases was EUR 416,530 thousand (EUR 414,761 thousand in 2019).

12. Derivative financial instruments

The Group uses derivatives with the sole intention of managing any financial risks to which it is exposed. In accordance with its financial policies, the Group does not enter into speculative positions.

Whenever available, fair values are estimated based on quoted instruments. In the absence of market prices, fair values are estimated through discounted cash flow methods or option valuation models, in accordance with generally accepted assumptions.

Derivative financial instruments are recognised on the date they are negotiated (trade date), at their fair value. Subsequently, the fair value of derivative financial instruments is valued on a regular basis, and the gains or losses resulting from this valuation are recorded directly in the income statement, except in relation to cash flow hedge and net investments in foreign entities hedge derivatives, whose changes in fair value are recorded in equity in other comprehensive income. Recognition of changes in the fair value of hedge instruments depends on the nature of the hedged risk and the type of hedge used.

Derivatives not designated as hedging instruments
Although derivatives entered by the Group correspond to effective economic hedges against risks to be hedged, not all of them qualify as hedge instruments for accounting purposes, according to IFRS 9 rules. Those that do not qualify as hedge instruments are booked on the balance sheet at fair value and changes to that amount are recognised in the profit and loss.

Hedge accounting
At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements. A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

i) There is ‘an economic relationship’ between the hedged item and the hedging instrument.;
ii) The effect of credit risk does not ‘dominate the value changes’ that result from that economic relationship;
iii) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Interest rate risk (cash flow hedge)
Whenever expectations surrounding movements in interest rates so justify, the Group tries to anticipate any adverse impact through the use of derivatives. The selection process that each instrument is subject to favours economic contribution more than anything else. The implications of adding any new instrument to a portfolio of derivatives are also taken into account, namely in terms of volatility impact on earnings.

The instruments that qualify as cash flow hedging instruments are booked at fair value on the balance sheet and, to the degree that they are considered effective, changes to their fair value are recognised in other comprehensive income, in the cash flow hedge reserve. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast transaction or event that is hedged takes place). However, in the case of a hedge of a forecast transaction that results in the recognition of a non-financial asset (for example: inventory), the gains or losses previously deferred in equity are transferred and included in the initial measurement of the asset.

The gain or loss relating to the ineffective portion is recognised immediately in the income statement. This way, in net terms, all costs associated to the underlying exposure are carried at the interest rate of the hedging instruments.

When a hedge instrument expires or is sold, or when the hedge ceases to meet the criteria required for hedge accounting, the changes in the fair value of the derivative, that are accumulated in other comprehensive income, are recognised in the results when the hedged operation also affects the results.

Foreign exchange risk (net investments in foreign entities hedge)
With respect to foreign exchange risks, the Group follows a natural hedge policy, raising debt in local currency whenever market conditions are judged to be convenient (namely, taking into consideration the level of interest rates).

Exchange rate fluctuations in loans contracted in foreign currencies for the purpose of funding investments in foreign operations are taken directly to the currency translation reserve in other comprehensive income (note 2.2).

Cross currency swaps that are entered into with the purpose of hedging investments in foreign entities that qualify as hedging instruments are booked at fair value on the balance sheet. To the degree that they are considered effective, changes to their fair value are recognised directly in the currency translation reserve (note 2.2). The cumulative gains and losses recognised in other comprehensive income are transferred to results of the year when foreign entities are disposed.

	2020					2019				
	Notional	Assets		Liabilities		Notional	Assets		Liabilities	
		Current	Non-current	Current	Non-current		Current	Non-current	Current	Non-current
Derivatives held for trading										
Currency forwards - stock purchase (COP/EUR)	1.3 M EUR	1	-	19	-	-	-	-	-	-
Currency forwards - stock purchase (COP/USD)	1.6 M USD	-	-	83	-	-	-	-	-	-
Currency forwards - stock purchase (EUR/USD)	0.5 M USD	1	-	3	-	4 M USD	-	-	43	-
Currency forwards - stock purchase (PLN/EUR)	41.9 M EUR	1,607	-	-	-	92 M EUR	-	-	352	-
Currency forwards - stock purchase (PLN/USD)	0.7 M USD	-	-	15	-	6 M USD	-	-	20	-
Cash flow hedging derivatives										
Interest rate swap (PLN)		-	-	-	-	166 M PLN	-	-	26	-
Currency forwards - stock purchase (PLN/USD)	3 M USD	22	-	-	-	2 M USD	-	-	1	-
Foreign operation investments hedging derivatives										
Currency forwards (PLN)	656 M PLN	1,980	-	284	-	649 M PLN	-	-	2,614	-
Total derivatives held for trading		**1,609**	**-**	**120**	**-**		**-**	**-**	**415**	**-**
Total hedging derivatives		**2,002**	**-**	**284**	**-**		**-**	**-**	**2,641**	**-**
Total assets/liabilities derivatives		**3,611**	**-**	**404**	**-**		**-**	**-**	**3,056**	**-**

Derivatives held for trading

Currency forwards

The Group hedges its exposure to foreign exchange risk inherent to the purchase of stocks in foreign currency. For this purpose, in 2020, the Group contracted currency forwards in euros and zlotys, with maturity until April 2021, with notional amounting of USD 2,800 thousand and EUR 43,200 thousand.

Cash flow hedge

Currency forwards

In 2020 the Group had contracted a currency forward for future purchase of stocks with notional amounting of USD 3,000 thousand and with maturity in March 2021.

Interest rate swap

The Group fixes a portion of future interest payments on loans, through entering into interest rate swaps. The hedged risk is the variable interest rate index associated with the loans. The purpose of the hedge is to convert the loans with variable interest rate into fixed interest rate. The credit risk of the borrowing is not hedged. Nevertheless, the evaluation of the Group own credit risk and its incorporation in the fair value of derivative financial instruments recognised on the balance sheet would result in an immaterial impact as of 31 December 2019. During 2020, the loan reached its maturity having been settled, as well as the interest rate swap that had been contracted.

Hedging of investments in foreign entities

Currency forwards

The Group hedges the economic risk of its exposure to the exchange rate of zloty. To do so, the Group entered into currency forwards, with maturities in April 2021.

Impacts on the Financial Statements

	2020	2019
Fair value of financial instruments as at 1 January	**(3,056)**	**(162)**
(Receipts) / payments made	(21,603)	1,979
Change in the fair value of held for trading derivatives (results)	1,928	(414)
Change in the fair value of held for trading derivatives (foreign exchange differences)	(25)	(2)
Change in the fair value of cash flow hedge derivatives (others reserves)	48	35
Change in the fair value of cash flow hedge derivatives (foreign exchange differences)	1	-
Change in the fair value of net investment hedging derivatives (currency translation reserves)	25,986	(4,444)
Interest expenses from financial instruments that qualify as hedge accounting (income statement)	(72)	(48)
Fair value of financial instruments as at 31 December	**3,207**	**(3,056)**

13. Inventories

Inventories are valued at the lower of cost or net realisable value. The net realisable value corresponds to the selling price in the ordinary course of business, less the estimated selling expenses.

Its valuation generally follows the last acquisition price, being FIFO (First In, First Out) the cost method used in the recording of the inventory sold.

The cost of finished goods and work in progress comprises raw materials, direct labour, and other direct costs.

	2020	2019
Raw and subsidiary materials and consumables	13,545	10,347
Work in progress and finished goods	1,636	1,902
Goods available for sale	1,082,123	1,107,334
	1,097,304	**1,119,583**
Net realisable adjustment	(123,385)	(80,956)
Net inventories	**973,919**	**1,038,627**

Adjustments in inventories to net realisable value:

	2020	2019
Balance as at 1 January	**(80,956)**	**(57,737)**
Set up, reinforced and transfers	(47,582)	(23,255)
Unused and reversed	-	644
Foreign exchange difference	5,153	(608)
Balance as at 31 December	**(123,385)**	**(80,956)**

No inventories have been pledged as guarantee for the fulfilment of contractual obligations.

14. Trade debtors, accrued income and deferred costs

Customers and debtor balances are amounts to be received regarding goods sold or services rendered in the ordinary course of the business. They are initially recognised at fair value, being subsequently measured at amortised cost in accordance with the effective interest rate method, net of any impairment losses (notes 2.4.1 and 2.5).

	2020	2019
Non-current		
Other debtors	67,449	65,385
Collateral deposits associated to financial debt	-	19,367
Deferred costs	2,889	2,015
Total	**70,338**	**86,767**
Current		
Commercial customers	42,827	64,188
Other debtors	117,175	124,371
Other taxes receivable	8,040	7,617
Accrued income and deferred costs	224,981	228,513
Total	**393,023**	**424,689**

Non-current debtors include EUR 64,372 thousand (EUR 63,138 thousand in 2019) relating to additional tax liquidation as well as pre-paid tax. The Group has already contested the amounts paid and made a legal claim for reimbursement (note 23).

In 2019 the Group had EUR 19,367 thousand, of remunerated deposits in financial institutions, with limited availability according to specific conditions, which were being used as a collateral guarantee for financial loans contracted by its subsidiary Jeronimo Martins Colombia, S.A.S.. These deposits were released during the 1st Quarter 2020, following the loans reimbursement.

Accrued income includes basically supplementary gains contracted with suppliers, in the amount of EUR 210,099 thousand (2019: EUR 218,062 thousand).

The deferred costs include EUR 1,800 thousand of loans issued expenses, EUR 3,858 thousand of insurance costs and EUR 11,409 thousand of other costs attributable to future years and paid in 2020, or, if not yet paid, already charged by the entities.

Current debtors with overdue amounts are subject to an analysis of the probability of future losses, based on historical information, taking into account the nature of the commercial relationship established, as well as to existing collateral and credit insurance, with reinforcements/reversals of adjustments for impairment losses recognised when justified (see note 28.2.1).

The ageing analysis of debtors that are past their due date is as follows:

	2020	2019
Debtors balances not considered impaired		
Less than 3 months past due	22,429	21,490
More than 3 months past due	15,148	12,386
Total	**37,577**	**33,876**
Debtors balances considered impaired		
Less than 3 months past due	1,300	1,939
More than 3 months past due	13,966	12,551
Total	**15,266**	**14,490**

Of the debtors balances not considered impaired, EUR 2,749 thousand (2019: EUR 1,880 thousand) are covered by credit guarantees and credit insurance.

Movements on impairment of trade receivables are as follows:

	2020	2019
Balance as at 1 January	**17,766**	**20,111**
Set up, reinforced and transfers	3,727	1,244
Unused and reversed	(1,939)	(1,945)
Foreign exchange difference	(451)	75
Used	(740)	(1,719)
Balance as at 31 December	**18,363**	**17,766**

Impairment losses and reversals related to other debtors are included in note 4 - Operating costs by nature, under "Cost of goods sold and materials consumed" when related to commercial disputes with suppliers, amounted EUR 1,337 thousand (2019: EUR 1,055 thousand), and in the caption "Other natures of profit/loss" when related to customers and other debtors, amounted EUR (3,125) thousand (2019: EUR (354) thousand).

15. Cash and cash equivalents

Cash and cash equivalents include cash, deposits on hand and other short-term highly liquid investments with initial maturities of three months or less. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

	2020	2019
Bank deposits	753,030	541,454
Short-term investments	284,174	383,816
Cash in hand	4,186	4,041
Total	**1,041,390**	**929,311**

Bank deposits correspond to values in banks to meet current cash requirements as well as receipts from customers in transit.

Short-term investments correspond to time deposits in financial institutions.

Ratings of bank deposits and short-term investments are detailed in note 28.2.1.

16. Capital and reserves

Share capital
Share capital corresponds to the nominal value of the ordinary shares issued.

Share premium is recognised when the issued share price exceeds its nominal value. Costs incurred with the issuance of new shares are recognised directly in this heading, net of respective taxes.

Own shares purchased are shown at cost as a deduction in equity. When they are disposed, the amount received, net of costs related with the transaction and taxes, is recognised directly in equity.

Payable dividends
Payable dividends are recognised as a liability in the Group's Financial Statements in the period in which they are approved for distribution by the shareholders.

16.1. Share capital and share premium

Authorised share capital is represented by 629,293,220 ordinary shares (2019: 629,293,220).

The holders of ordinary shares have the right to receive dividends as established at the General Shareholder's Meeting and have the right to one vote for each share held. There are no preferential shares and the own shares rights are suspended until these shares are sold in the market.

During the year no changes occurred in the amount of EUR 22,452 thousand showed in share premium.

16.2. Own shares

At 31 December 2020 the Group held 859,000 own shares, acquired in 1999 at an average price of 7.06 euros per share. There were no transactions in 2020.

16.3. Dividends

Dividends and free reserves distributed in 2020, totalling EUR 232,274 thousand, were paid to JMH shareholders in the amount of EUR 216,810 thousand, and to non-controlling interests in the Group Companies in the amount of EUR 15,464 thousand.

16.4. Other reserves and retained earnings

In the individual accounts of JMH duly states all conditions related to the use of reserves to be distributed comprised in the Company equity. We therefore recommend reading this information.

17. Earnings per share

Basic and diluted earnings per share are calculated based on the net profit attributable to shareholders divided by the weighted average of outstanding ordinary shares.

17.1. Basic and diluted earnings per share

	2020	2019
Ordinary shares issued at the beginning of the year	629,293,220	629,293,220
Own shares at the beginning of the year	(859,000)	(859,000)
Weighted average number of ordinary shares	**628,434,220**	**628,434,220**
Diluted net results of the year attributable to ordinary shares	312,130	389,866
Basic and diluted earnings per share – Euros	**0.4967**	**0.6204**

18. Borrowings

Borrowings are initially recognised at fair value less the transaction costs that were incurred and are subsequently measured at the amortised cost. Any difference between the issued value (net of transaction costs incurred) and the nominal value is recognised in the results during the period of the borrowings, in accordance with the effective interest rate method (note 2.4.2).

Borrowings are classified as current liabilities, unless the Group has the unconditional right to defer settlement of the liability for more than 12 months after the reporting date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

The Group has negotiated commercial paper programs in the total amount of EUR 365,000 thousand, of which EUR 115,000 thousand are committed. The utilizations under these programs are remunerated at the Euribor rate for the respective issue period, plus variable spreads. Some emissions were carried out to meet short term cash requirements, but without any utilizations as of 31 December 2020.

An extension of a bank overdraft line held by Jeronimo Martins Polska, S.A. and Jeronimo Martins Drogerie i Farmacja Sp. z o.o. was negotiated for an additional two years in the amount of PLN 150,000 thousand.

A new financing contract was signed between the European Investment Bank, on the one hand, and Jerónimo Martins, SGPS, SA, Jeronimo Martins Polska, SA and JM Nieruchomości Bis sp. z o.o., on the other. This financing aims to support energy sustainability projects in the Biedronka chain, for total amount of PLN 720,000 thousand, (c. EUR 160,000 thousand).

Jerónimo Martins Colombia contracted a loan with International Finance Corporation, a member of the World Bank Group, in Colombian pesos, for a 7 years period, in an amount exceeding COP 350,000,000 thousand, equivalent to USD 95,000 thousand.

These two loans allowed the average debt maturity to be fixed at 5.1 years (1.7 years in 2019).

18.1. Current and non-current loans

2020	Opening balance	Change acc. policy	*Cash flows*	Transfers	Foreign exchange difference	Closing balance
Non-current loans						
Bank loans	308,764	-	232,212	(151,049)	(26,129)	363,798
Total	**308,764**	**-**	**232,212**	**(151,049)**	**(26,129)**	**363,798**
Current loans						
Bank overdrafts	34,099	-	(32,660)	-	(1,439)	-
Bank loans	389,586	-	(345,458)	151,049	(35,447)	159,730
Total	**423,685**	**-**	**(378,118)**	**151,049**	**(36,886)**	**159,730**

2019	Opening balance	Change acc.* policy	Cash flows	Transfers	Foreign exchange difference	Closing balance
Non-current loans						
Bank loans	277,524	-	108,128	(79,420)	2,532	308,764
Financial lease liabilities	10,866	(10,866)	-	-	-	-
Total	288,390	(10,866)	108,128	(79,420)	2,532	308,764
Current loans						
Bank overdrafts	-	-	33,782	-	317	34,099
Bank loans	346,531	-	(41,973)	79,420	5,608	389,586
Financial lease liabilities	4,283	(4,283)	-	-	-	-
Total	350,814	(4,283)	(8,191)	79,420	5,925	423,685

* With the adoption of the IFRS16 standard, the amounts were reclassified to "Lease liabilities" (see note 11.2).

18.2. Loan terms and maturities

2020	Average rate	Total	Less than 1 year	Between 1 and 5 years	More than 5 years
Bank loans					
Loans in PLN		218,526	2,677	128,729	87,120
Loans in COP		305,002	157,053	112,614	35,335
Total	**3.09%**	**523,528**	**159,730**	**241,343**	**122,455**

2019	Average rate	Total	Less than 1 year	Between 1 and 5 years	More than 5 years
Bank loans					
Commercial paper in EUR		50,000	50,000	-	-
Loans in PLN		303,493	83,674	219,819	-
Loans in COP		344,857	255,912	65,376	23,569
Bank overdrafts		34,099	34,099	-	-
Total	3.65%	732,449	423,685	285,195	23,569

The decrease in the average financing rate comes mainly from the decrease in the reference interest rates in these two countries as an economic consequence of the pandemic.

18.3. Financial net debt

As the Group contracted several foreign exchange rate risk and interest risk hedging operations, as well as short-term investments, the net consolidated financial debt as at 31 December is:

	2020	2019*
Non-current loans (note 18.1)	363,798	308,764
Current loans (note 18.1)	159,730	423,685
Financial lease liabilities - non-current (note 11.2)	1,896,547	1,999,293
Financial lease liabilities - current (note 11.2)	376,694	384,980
Derivative financial instruments (note 12)	(3,207)	3,056
Interest on accruals and deferrals	272	423
Cash and cash equivalents (note 15)	(1,041,390)	(929,311)
Collateral deposits associated to financial debt (note 14)	-	(19,367)
Total	**1,752,444**	**2,171,523**

* December 2019 Financial debt was restated, to include Cash in hand, which is part of Cash and cash equivalents.

19. Provisions

Provisions are recognised in the balance sheet whenever the Group has a present obligation (legal or implicit) as a result of a past event and it is probable that a reasonably estimated outflow of resources embodying economic benefits will be required to settle the obligation.

Restructuring provision
Provisions for restructuring costs are set up whenever a formal restructuring plan has been approved by the Group and the restructuring has started to be implemented or has been announced publicly.

Provisions for restructuring include all liabilities to be paid with the implementation of the plan, including employee termination payments. These provisions do not include any estimated future operating losses or estimated profits from the disposal of assets.

Legal claims provision
Provisions related with litigation against Group Companies are set up in accordance with risk assessments carried out by the Group, with the support and advice of its lawyers and legal advisers.

2020	Opening balance	Set up, reinforced and transfers	Unused and reversed	Foreign exchange difference	Used	Closing balance
Taxes	11,425	1,280	-	-	-	12,705
Legal claims	6,998	2,884	(336)	(453)	(284)	8,809
Others	9,357	3,052	(677)	(92)	(323)	11,317
	27,780	**7,216**	**(1,013)**	**(545)**	**(607)**	**32,831**

2019	Opening balance	Set up, reinforced and transfers	Unused and reversed	Foreign exchange difference	Used	Closing balance
Taxes	10,313	1,112	-	-	-	11,425
Legal claims	6,649	5,114	(4,521)	60	(304)	6,998
Others	9,603	464	(664)	8	(54)	9,357
	26,565	**6,690**	**(5,185)**	**68**	**(358)**	**27,780**

Provisions for tax are aimed to cover possible future disbursements resulting from the tax litigation described in note 23. These are all cases in dispute in several courts, for which there is no date to be concluded.

The ongoing lawsuits for which the Group constitutes provisions essentially relate to commercial, labour and regulatory disputes, for which it is estimated may result in future disbursements. Since these are many and relatively small claims related to different periods, their payment (if it occurs) should be phased over time upon completion of the respective court proceedings.

The provision for other litigation is intended to cover the estimated future disbursements related to liabilities assumed by the Group as a result of past transactions, such as guarantees provided by the sale of business. Since they are mostly events that are not yet in dispute with the counterparty, the probability of short-term disbursement is considered remote.

20. Trade creditors, accrued costs and deferred income

Suppliers and other creditor's balances are obligations to pay goods or services that have been acquired in the ordinary course of the business. They are initially recognised at the fair value and subsequently at the amortised cost, in accordance with the effective interest rate method (note 2.4.2).

Suppliers and other creditors are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

	2020	2019
Non-current		
Other commercial creditors	91	51
Accrued costs and deferred income	688	713
Total	**779**	**764**
Current		
Other commercial creditors	3,255,756	3,320,957
Other non-commercial creditors	278,645	334,128
Other taxes payables	115,682	120,791
Contracts liabilities with customers	6,885	3,628
Refunds liabilities to customers	629	788
Accrued costs and deferred income	496,240	401,857
Total	**4,153,837**	**4,182,149**

The current accrued costs, totalling EUR 492,105 thousand include salaries and wages to be paid to the employees, in the amount of EUR 223,663 thousand, interest payable in the amount of EUR 54,939 thousand and supplementary costs with the distribution and promotion of goods in the amount of EUR 17,536 thousand. The remaining EUR 195,967 thousand relates to sundry costs (utilities, insurance, consultants, rents, among others) for 2020, which had not been invoiced by the respective entities prior to the end of the year.

In 2019, accrued costs included the amount of EUR 2,076 thousand, related to the estimate of past services of the premium due at retirement age, applicable to polish subsidiaries

21. Guarantees

The bank guarantees are as follows:

	2020	2019
Guarantees provided to suppliers	40,693	40,111
Guarantees for Tax Authorities	174,889	99,148
Other State guarantees	3,401	3,269
Other guarantees provided	4,487	7,908
Total	**223,470**	**150,436**

The increase in guarantees for Tax Authorities is related with the taxation in CIT processes in Portugal mentioned in paragraph h) of note 23.

22. Capital commitments

Capital expenditure contracted for at the balance sheet date amounted to EUR 31,105 thousand (EUR 42,215 thousand in 2019) and refers, essentially, to work in progress, preliminary agreement for the acquisition of land, buildings and equipment whose public deeds will occur in due time.

At 30 December 2020, JMR SGPS signed a "Retail Food Distribution Partnership Agreement" with Finançor Group, which is conditioned by non-opposition from the Portuguese Competition Authority (AdC). Under this Agreement, and after receiving non-opposition from AdC, JMR SGPS will acquire 20% stake of the Company Finançor Distribuição Alimentar, by the amount of EUR 2,623 thousand. JMR SGPS expects this transaction to be completed in the first semester 2021.

At 30 December 2020, Recheio SGPS signed a "Wholesale Food Distribution Partnership Agreement" with Finançor Group, which is conditioned by non-opposition from the Portuguese Competition Authority (AdC). Under this Agreement, and after receiving non-opposition from AdC, Recheio SGPS will acquire 20% stake of the Company Finançor Cash & Carry, by the amount of EUR 1,594 thousand. Recheio SGPS expects this transaction to be completed in the first semester 2021.

On 14 December 2020, Jerónimo Martins Agro-Alimentar (JMAA) signed a "Share Purchase Agreement" with the Moroccan Group PP Partnership Invest Sarlau, which was conditioned by the non-opposition of the Moroccan Competition Authority. In February 2021, proof of non-opposition was obtained from the Moroccan Competition Authority. Thus, under this Agreement, JMAA acquired a 66.68% stake in the company Aquafarm, and carried out a capital increase, for the total amount of one million euros.

There are no capital commitments assumed by the Group in relation to joint ventures and associates.

23. Contingencies, contingent assets and contingent liabilities

Contingent assets are potential Group assets that result from past events, but whose recognition depends on the occurrence or not of one or more future events that are not under its control.

Disclosure is made in the notes when it becomes probable that future economic benefits will be received by the Group. It is recognised in the Consolidated Financial Statements when it becomes virtually certain to be received.

Contingent liabilities correspond to potential obligations as result of past events and whose recognition depends on the occurrence or not of one or more uncertain future events not wholly within the control of the Group. They may also represent present obligations as result of past events, which are not recognised in the Financial Statements because its payment is not probable, or it is not possible to obtain a reliable value estimation.

The Group discloses in the notes whenever the probability of future disbursement is not considered remote. It is recognised or a provision is set up when it becomes probable that economic benefits will be paid, and its value can be estimated with some degree of reliability.

Assets recognised in the Consolidated Financial Statements

- Under non-current debtors (note 14), an amount of EUR 63,706 thousand (EUR 62,472 thousand in 2019) relates to tax liquidations claimed by the Tax Administration.

  The Board of Directors, supported by its lawyers and tax advisers, believes the Company has acted within the law and maintains the administrative and judicial claims filed against such settlements expecting their full recovery.

  In this context, the Group immediately demanded total reimbursement of the amounts paid, as well as indemnity interest at the legal rate for the period between the payment date and its effective restitution date.

  In 2012 one of the judicial proceedings was held to be well-grounded by the Court of Appeal (Tribunal Central Administrativo Sul), which ruled the cancellation of the referred liquidations and the payment of compensatory interests and of a compensation for the guarantees granted within the proceedings. The Group recognised the amount of compensatory interest due on this credit.

Contingent liabilities

- In Portugal, following search and seizure actions carried out in late 2016 and early 2017 in several entities operating in the food distribution sector, the Portuguese Competition Authority (AdC) determined the opening of several inquiries, in the scope of which it came to issue against suppliers and retailers, including the subsidiary Pingo Doce, eight statements of objections for alleged anti-competitive practices, consisting of price alignment for certain products.

  At the end of 2020, Pingo Doce was notified of decisions issued by AdC regarding two of the above-mentioned proceedings, imposing fines on six retailers and two of their suppliers. In the case of Pingo Doce these decisions implied a single fine in the amount of EUR 91,090 thousand.

  Pingo Doce totally disagrees with such decisions which it considers to be completely ungrounded. As such, the Company will file the respective appeals before the Competition, Regulation and Supervision Court ("Tribunal da Concorrência, Regulação e Supervisão"). Under the terms of the applicable law, Pingo Doce will request also the awarding of suspensive effect to the appeals, subject to providing a guarantee, to prevent the immediate payment of the fine. Based on the opinion of its legal counsels and economic advisors, the Company is fully convinced of the strength and merits of its position. Therefore, no provisions were recognised for this imposed fine, in its annual accounts.

  As to the remaining six proceedings, Pingo Doce has already filed four statements of defense and, in due course, will submit its response to the remaining two - as it considers all the statements of objections to be ungrounded – and will wait for the respective decisions from AdC.

- In Poland, the Company Jeronimo Martins Polska (JMP) was notified, in 2019, by the Polish Office of Competition and Consumer Protection (UOKiK) on the opening of two investigation proceedings, one of which regarding potential abuse of bargaining power in commercial relations with agriculture or food suppliers, and the other on missing price labels on shelves and discrepancies between prices on the shelves and the ones indicated at the checkouts.

In August 2020, UOKiK notified JMP of the decision on the case regarding the missing of price labels on the shelves and discrepancies in prices, imposing a fine of PLN 115,000 thousand (c. EUR 25,000 thousand). The above-mentioned decision is not final, so JMP, disagreeing with the understanding and conclusion of this Authority, filed an appeal and is disputing the case in the Court of Competition and Consumer Protection in Poland.

In December 2020, UOKiK notified JMP of the decision of applying a fine of PLN 723,381 thousand (c. EUR 160,000 thousand), for the alleged abuse of bargaining power in commercial relations with suppliers, namely of fruits and vegetables. JMP understands that the decision lacks both legal and factual grounds and has already filed an appeal to the Court of Competition and Consumer Protection.

Having always conducted transparent and fair negotiations, aiming to build long-term relationships that are essential for the sustainability of its supply chain and to serve the Polish consumers, the Company is fully convinced of the merits of its defense and has significant factual and legal arguments to be used in both cases. Therefore, and supported by the opinion of its legal counsels, JMP did not recognise any provisions in relation to any of the above proceedings in the accounts.

During the year 2020, JMP was notified on the opening by UOKiK of two other proceedings related, on one hand, to the accuracy of the promotions' information on the Company's website and, on the other, to the disclosure of country of origin of fruit and vegetable products at store level.

These two proceedings are still pending. The Company, in the responses to UOKiK, reiterated that no infractions were committed. At the date of this report, there are no known decisions issued by UOKiK regarding these proceedings. The Company believes that it is premature to foresee any conclusions and potential liabilities to be recognised.

- There are several disputes arising out of the ordinary course of the Group's businesses, and the most significant issues mentioned below are also pending resolution. With respect to these issues the Board of Directors, supported by the opinion of its lawyers and tax advisors, considers that there is enough ground for its appeal in court and, in that sense, it assesses the outcome of each proceedings, and for those where the Board estimates that a future cash outflow may occur a provision has been made for the amounts it expects to pay in the future, or proceeding with its payment (see note 19), when it considers that it is the best way to protect the Group's interests:

a) The Portuguese Tax Authorities (PTA) have informed Recheio SGPS that it should restate the dividends received, amounting to EUR 81,952 thousand, from its subsidiary in the Madeira Free Zone in the years 2000 to 2003, considering them as interest for tax purposes. According to the PTA the said income should be subject to Corporate Income Tax (CIT) as opposed to dividends received that are exempt. The PTA have issued additional assessments, amounting to EUR 20,888 thousand, of which EUR 19,581 thousand is still in dispute. In spite of a judicial claim that was ruled in favour of the PTA, the Board of Directors maintains its convictions and claimed against them judicially;

b) The PTA carried out some corrections to the CIT amount from Companies included in the perimeter of the Tax group headed by JMR SGPS, which led to additional assessments concerning 2002 to 2015, amounting to EUR 81,304 thousand, of which an amount of EUR 71,200 thousand is still in dispute. In the meantime, the Lisbon Tax Court has ruled partially in favour of the Group regarding the 2002, 2003, 2004, 2005 and 2007 assessments. The Group appealed to a higher court;

c) The PTA assessed Feira Nova – Hipermercados, S.A. (Feira Nova) and Pingo Doce – Distribuição Alimentar, S.A. (Pingo Doce) regarding 2002 to 2004, the amount of EUR 4,845 thousand. These additional assessments relate to the amount booked by these Companies as shrinkage (loss of inventory through crime or wastage) which was not accepted as a tax deductible cost for CIT purposes, and also the associated VAT since there was no evidence that the goods were not sold. Meanwhile, the Lisbon Tax Court ruled in favour of Feira Nova regarding all VAT assessments, amounting to about EUR 2,813 thousand. The remaining judicial claims are still under discussion in Court;

d) The PTA have informed JMH, to restate the dividends received, amounting to EUR 10,568 thousand, from one subsidiary in the Madeira Free Zone in 2004 and 2005, considering them as interest for tax purposes. According to the PTA the said income should be subject to CIT as opposed to the dividends received that are exempt. Regarding this correction the tax amount in dispute is EUR 3,065 thousand;

e) The PTA carried out some corrections of VAT rates applied to certain goods sold by some Group Companies. With these corrections the total amount of assessments for the years 2005 to 2016 in Pingo Doce, Feira Nova and Recheio amounted to EUR 2,756 thousand, EUR 1,300 thousand and EUR 551 thousand, respectively;

f) The PTA carried out some corrections to the CIT from Companies included in the perimeter of the Tax Group headed by Recheio SGPS. With these corrections the total assessments concerning 2007 to 2014, amount to EUR 16,580 thousand, of which an amount of EUR 15,829 thousand is still in dispute. The Lisbon Tax Court has already ruled in favour of Recheio SGPS regarding the 2008 assessment. However, the PTA have appealed the said decision;

g) The PTA have informed JMH that they do not accept the capital losses associated with a liquidation of one Company and the sale of another, amounting to EUR 24,660 thousand, which generated a correction on the Company's tax losses regarding 2007, and an amount of tax estimated of EUR 6,800 thousand. In 2019, the Lisbon Tax Court ruled in favour of JMH, however the PTA have appealed the said decision to a higher court;

h) The PTA assessed, regarding 2016, JMR SGPS and regarding 2016 and 2017 JMH (as the head of the Tax Group in which Recheio SGPS is included), the amounts of EUR 43,632 thousand and EUR 19,972 thousand, respectively, related to the taxation in CIT of ¼ of the results generated in internal operations of the Tax Group. As explained in the 2018 Annual Report (and previous years), this assessment results from the application of the transitional rule included in the Portuguese State Budget of 2016 (and in the following). Based on the assessment of our lawyers and fiscal advisors, we firmly believe that there are sufficient grounds to oppose the said rules. Therefore, no provisions have been made for the amount assessed, neither for those expected to be further assessed from the application of the 2016, 2017, 2018 and 2019 transitory rules - c. EUR 225,000 thousand in taxes;

i) The Food and Veterinary Department (Direcção-Geral de Alimentação e Veterinária) claimed from Pingo Doce, Recheio and Hussel an amount of EUR 21,307 thousand, EUR 2,226 thousand and EUR 46 thousand, respectively, in respect of the Food Safety Tax (Taxa de Segurança Alimentar Mais – TSAM) assessed for the years 2012 to 2020. The values at stake have been challenged in Court, since it is understood that this tax is not due, namely on the grounds of the unconstitutional nature of the Statute that approved the TSAM. Despite the court having decided that the Food Safety Tax is not unconstitutional, the Companies maintain their understanding and presented the respective appeal to the Constitutional Court, that has upheld the decision. The Group filed a complaint with the European Commission considering that we are in the presence of illegal State aid. The companies of the Group continue to challenge the decisions, carrying out regular analysis of the risk and the likelihood of a favourable outcome in any of the processes and / or the complaint to the European Commission. In order to protect its legitimate interests and not to harm its position in these disputes, it does not disclose the amounts that could be provisioned;

j) In a lawsuit brought by a former landlord of the subsidiary Jeronimo Martins Polska SA (JMP) the plaintiff claims from the company the amount of PLN 10,360 thousand, as compensation for loss of profit, corresponding to rents that would have been due if the underlying lease agreement had not been terminated by the company. Given that the property has been sold in the meantime, JMP considers that the compensation claimed is not due, at least in the amount claimed since it must be taken into account that the former landlord was able to dispose of the property, which, incidentally, could have alternatively leased to a third party. The case is running its course in court, after mediation has failed.

Contingent assets

There are decisions taken by the competent courts, partially favourable to the Group's interests, on some of the cases that were paid in 2016, and despite the fact that the Tax Authority has appealed to higher courts, the Board of Directors believes that the Group will obtain future repayments. However, according to our policy described above, the disclosure of any amounts related to contingent assets will be made when their receipt becomes quantifiable.

24. Related parties

A related party is a person or entity that is related to the Group, including those that have, or are subject to, the influence or control of the Group.

24.1. Balances and transactions with related parties

56.136% of the Group is owned by the Sociedade Francisco Manuel dos Santos, B.V. (SFMS). There were no direct transactions between this and any other company of the Group in 2020.

There were no amounts payable or receivable between them on 31 December 2020.

Balances and transactions of Group Companies with related parties are as follows:

	Joint ventures		Other related parties (*)	
	2020	2019	**2020**	2019
Sales and services rendered	-	-	141	116
Interest income	59	54	-	-
Stocks purchased and services supplied	4,725	4,350	97,315	115,199

	Joint ventures		Other related parties (*)	
	2020	2019	**2020**	2019
Trade debtors, accrued income and deferred costs	50	46	107	7
Trade creditors, accrued costs and deferred income	735	597	18,365	5,945

(*) Other related parties corresponds to Other financial investments, entities participated and/or controlled by the major shareholder of Jerónimo Martins and entities owned or controlled by members of the Board of Directors.

All the transactions with related parties were made under normal market conditions, meaning, the transaction value corresponds to prices that would be applicable between non-related parties.

Outstanding balances between Group Companies and related parties, as a result of trade agreements, are settled in cash, and are subject to the same payment terms as those applicable to other agreements contracted between Group Companies and their suppliers.

There are no provisions for doubtful debts and no costs were recognised during the year related with bad debts or doubtful debts with these related parties.

24.2. Remuneration paid to Directors and Senior Managers

The costs incurred with fixed and variable remuneration and contributions to the pension plans attributed to the Directors and Senior Managers were as follows:

	2020	2019
Salaries and other short-term employee benefits	21,944	23,857
Termination benefits	900	99
Post-employment benefits	1,048	876
Other benefits	1,435	1,258
Total	**25,327**	**26,090**

The Board of Directors of the Company consisted of 10 Members at the end of 2020. The average number of Senior Managers of the Group was 84 (2019: 91).

Senior Managers include the Members of the Managing Committee and leading teams of the Group's business units and the Directors of the Corporate Centre.

The remuneration policy of the Board of Directors and of the Supervisory Board are stated in this Annual Report in Chapter IV - Corporate Governance.

The post-employment benefits granted to the Directors and the Senior Managers are part of the defined contribution plan described in note 5.2.

The cost incurred with other benefits refer to long-term benefits and are described in note 5.2.

25. Group subsidiaries

Group control is ensured by the parent Company, Jerónimo Martins, SGPS, S.A..

The tables below list the subsidiaries of Jerónimo Martins Group, fully consolidated.

Company	Business area		% Owned
Jerónimo Martins, SGPS, S.A.	Business portfolio management	Lisbon	-
Jerónimo Martins - Serviços, S.A.	Human resources top management	Lisbon	100.00
New World Investments B.V.	Business portfolio management and financial services	Amsterdam (Holland)	100.00
Origins - Agro Business Investments B.V.	Business portfolio management and financial services	Amsterdam (Holland)	100.00
Tagus - Retail & Services Investments B.V.	Business portfolio management and financial services	Amsterdam (Holland)	100.00
Warta - Retail & Services Investments B.V.	Business portfolio management and financial services	Amsterdam (Holland)	100.00
Desimo, Lda.	Real estate management and administration and trade marks	Lisbon	100.00
Friedman - Sociedade Investimentos Mobiliários e Imobiliários, Lda.	Provision of services in the economic and accounting area	Funchal	100.00
Jerónimo Martins Inovação, S.A.	Other business and management consultancy activities	Lisbon	100.00
Jerónimo Martins - Restauração e Serviços, S.A.	Coffee shops	Lisbon	100.00
Hussel Ibéria - Chocolates e Confeitaria, S.A.	Retail sale of chocolates, confectionery and similar products	Lisbon	51.00
Jeronimo Martins Colombia S.A.S.	Trading and distribution of consumer goods	Bogotá (Colombia)	100.00
Jerónimo Martins – Agro-Alimentar, S.A.	Other business support service activities	Lisbon	100.00
Best-Farmer – Actividades Agro-Pecuárias, S.A.	Growing of crops and animal farming	Lisbon	100.00
Terra Alegre Lacticínios, S.A.	Manufacture of milk and dairy products	Portalegre	100.00
Seaculture - Aquicultura, S.A.	Saline brackish waters aquaculture	Lisbon	100.00
Outro Chão - Agricultura Biológica, Lda.	Wholesale of fruit and vegetables	Lisbon	80.00
JMR - Gestão de Empresas de Retalho, SGPS, S.A.	Business portfolio management in the area of retail distribution	Lisbon	51.00
JMR - Prestação de Serviços para a Distribuição, S.A.	Retail management, consultancy and logistics	Lisbon	51.00
Pingo Doce - Distribuição Alimentar, S.A.	Retail sales in supermarkets	Lisbon	51.00
Imoretalho - Gestão de Imóveis, S.A.	Real estate management and administration	Lisbon	51.00
Escola de Formação Jerónimo Martins, S.A.	Training	Lisbon	51.00
EVA - Sociedade de Investimentos Mobiliários e Imobiliários, Lda.	Provision of services in the economic and financial areas and investment management	Funchal	51.00
Lidosol II - Distribuição de Produtos Alimentares, S.A.	Retail sales in supermarkets	Funchal	51.00
Lidinvest - Gestão de Imóveis, S.A.	Real estate management and administration	Funchal	51.00
Recheio, SGPS, S.A.	Business portfolio management in wholesale and retail distribution	Lisbon	100.00
Recheio - Cash & Carry, S.A.	Wholesale of food and consumer goods	Lisbon	100.00
Imocash - Imobiliário de Distribuição, S.A.	Real estate management and administration	Lisbon	100.00
Larantigo - Sociedade de Construções, S.A.	Real estate purchase and sale	Lisbon	100.00
Masterchef, S.A.	Retail sales and/or wholesale of food or non-food products	Lisbon	100.00
Recheio Masterchef, Lda.	Wholesale of other food products	Lisbon	100.00
João Gomes Camacho, S.A.	Wholesale of food and consumer goods	Funchal	100.00
Santa Maria Manuela Turismo, S.A.	Sea passenger water transport	Lisbon	100.00
Jeronimo Martins Polska S.A.	Retail and wholesale of food and consumer goods	Kostrzyn (Poland)	100.00
JM Nieruchomości Bis sp. z o.o.	Real estate management and administration	Kostrzyn (Poland)	100.00
Jeronimo Martins Drogerie i Farmacja Sp. z o.o.	Retail sale of health and beauty products	Kostrzyn (Poland)	100.00
Bliska Sp. z o.o.	Retail sale of pharmaceutical, orthopedic and health products	Warsaw (Poland)	100.00

In March 2020 the company Caterplus - Comercialização e Distribuição de Produtos de Consumo, Lda, changed its Corporate name to Recheio Masterchef, Lda.

In May 2020 was concluded the liquidation of the company Jerónimo Martins Retail Services S.A. in liquidation.

In September 2020 was concluded the liquidation of the company Jerónimo Martins Finance Company (2), Designated Activity Company.

In December 2020 the company EVA - Sociedade de Investimentos Mobiliários e Imobiliários, Lda. was in a liquidation process, which was concluded at 6 January 2021.

26. Financial information on subsidiaries with material non-controlling interests

The non-controlling interests as at 31 December 2020 were EUR 249,063 thousand (2019: EUR 253,941 thousand), of which EUR 249,292 thousand (2019: EUR 253,505 thousand) related to JMR Group (Portugal Retail segment – see note 3), where Ahold Delhaize Group holds a stake c. 49%.

The Financial Statements of this business unit, fully consolidated, include the following amounts related to assets, liabilities and earnings:

	2020	2019
Non-current assets	1,856,568	1,853,609
Current assets	374,901	383,435
Non-current liabilities	(421,671)	(419,560)
Current liabilities	(1,303,498)	(1,302,587)
Total shareholders equity	**506,300**	**514,897**
Sales and services rendered	4,271,138	4,407,917
Net profit	28,539	63,253
Other comprehensive income	(6)	(115)
Total comprehensive income	**28,533**	**63,138**

27. Interests in joint ventures and associates

Set out below are the joint ventures and associates of the Group, consolidated by the equity method:

Company	Business area		% Owned
Marismar - Aquicultura Marinha, Lda.	Saline brackish waters aquaculture	Funchal	50.00

28. Financial risk

Jerónimo Martins is exposed to several financial risks, namely: i. price risk, which includes interest and exchange rate risks; ii. transactional risk, which includes credit and liquidity risk; and iii. the risk arising from the Group's investments portfolio, including various risks such as interest rate, credit, foreign exchange, inflation, political and fiscal.

The management of these risks is focused on the unpredictable nature of the financial markets and aims to minimize its adverse effects on the Group's financial performance.

Certain types of exposure are managed using financial derivative instruments.

The activity in this area is carried out by the Financial Operations Department. It is responsible, with the cooperation of the financial areas of the Group´s companies, for identifying and assessing risks and for executing the hedging of financial risks, following the guidelines set out in the Financial Risk Management Policy.

Every quarter, reports on compliance with the Financial Risk Management Policy are presented to and discussed with the Audit Committee.

Due to the impacts of the pandemic caused by SARS-CoV-2 virus and the measures adopted by governments, companies and individuals to mitigate the spread of the virus, the Group financial risks were impacted, these effects being highlighted below.

28.1. Pricing risk

28.1.1. Foreign exchange risk

The main source of exposure to foreign exchange risk comes from Jerónimo Martins' operations in Poland and in Colombia.

In addition to this exposure, within the scope of the commercial activities of its subsidiaries, the Group acquires merchandise denominated in foreign currency, mainly zloty and US dollars for the Polish operations, and euros and US dollars for the Portuguese and the Colombian operations. As a general rule, these transactions are very short dated. Exchange rate risks associated with imports are covered by forward purchases of the currency of payment.

The Management of the operational Companies' exchange rate risk is centralised in the Group's Financial Operations Department. Whenever possible, exposure is managed through natural hedges, namely through loans denominated in local currency. When this is not possible, hedging structures are contracted using instruments such as swaps, forwards or options.

The Group's exposure to foreign exchange risk in financial instruments recognised as at 31 December 2020, was as follows:

As at 31 December 2020	Euro	Zloty	Colombian peso	US dolar	Total
Assets					
Cash and cash equivalents	228,797	772,412	40,181		1,041,390
Other financial investments	1,327	-	-		1,327
Trade debtors and deferred costs	71,206	284,215	15,384		370,805
Derivative financial instruments	1,608	1,980	-	23	3,611
Total financial assets	**302,938**	**1,058,607**	**55,565**	**23**	**1,417,133**
Liabilities					
Borrowings	-	218,526	305,002	-	523,528
Lease liabilities	460,461	1,556,166	256,614		2,273,241
Derivative financial instruments	19	284	-	101	404
Trade creditors, accrued costs and deferred income	1,067,944	2,579,803	176,646	-	3,824,393
Total financial liabilities	**1,528,424**	**4,354,779**	**738,262**	**101**	**6,621,566**
Net financial position in the balance sheet	**(1,225,486)**	**(3,296,172)**	**(682,697)**	**(78)**	**(5,204,433)**
As at 31 December 2019					
Total financial assets	275,245	1,012,520	69,197	-	1,356,962
Total financial liabilities	1,624,984	4,539,468	834,976	64	6,999,492
Net financial position in the balance sheet	**(1,349,739)**	**(3,526,948)**	**(765,779)**	**(64)**	**(5,642,530)**

Considering the net position of the financial assets and liabilities on the balance sheet at 31 December 2020, a depreciation of the zloty against the euro of around 10% would have a positive impact of EUR 312,886 thousand on the equity's currency translation reserves (in 31 December 2019: a positive impact of EUR 335,636 thousand). Regarding the Colombian peso, a depreciation against the euro of 10% would have a positive impact on the equity's currency translation reserves of EUR 62,063 thousand (in 31 December 2019: a positive impact of EUR 69,616 thousand).

Considering the net financial assets related with operating activities that some Group subsidiaries hold in currencies other than their functional currency, a 10% depreciation of the exchange rate would have a negative impact on the results of EUR (31,173) thousand.

Considering the total net assets (financial and non-financial) to which the Group is exposed to in Zlotys and Colombian pesos, the effect of a 10% depreciation of these currencies would have a negative impact of EUR (121,707) thousand in total equity (in 31 December 2019: a negative impact of EUR (120,451) thousand).

Covid-19

In 2020, the limitations on the circulation of people and goods caused by the Covid-19 pandemic, slowed down the world economy and brought a greater uncertainty to the markets, leading to a significant devaluation of these currencies in March, with a partial recovery in June, followed by a further devaluation during the third quarter. In the fourth quarter, the Polish Zloty continued to depreciate, ending the year with a devaluation of more than 7% compared to 31 December 2019, while the Colombian Peso recovered slightly during the fourth quarter, ending the year with a devaluation of more than 14% compared to 31 December 2019.

Exchange rates evolution	Polish Zloty (PLN)	% deval. compared to Dec-19	Colombian Peso (COP)	% deval. compared to Dec-19
31 December 2019	4.2568	n.a.	3,685.7100	n.a.
31 March 2020	4.5506	-6.90%	4,453.4100	-20.83%
30 June 2020	4.4560	-4.68%	4,209.2300	-14.20%
30 September 2020	4.5462	-6.80%	4,541.4600	-23.22%
31 December 2020	4.5597	-7.12%	4,212,0200	-14.28%

In 2020, the impact to the Group of the exchange rate devaluation, essentially, resulting from the exchange rate conversion of assets and liabilities denominated in the currencies of the countries where the Group operates, amounts to a loss of EUR (61,683) thousand, recognised in currency translation reserves in equity.

Given that the Group's subsidiaries maintain several operational activities denominated in currencies other than their functional currency, part of which are covered by hedging instruments, the net impact in 2020, corresponded to a loss of EUR (27,767) thousand, recognised in profit or loss.

28.1.2. Interest rate risk (cash flow and fair value)

All financial liabilities are directly or indirectly indexed to a reference interest rate, which exposes the Group to cash flow risk. A given portion of this risk is hedged through interest rate swaps, thus the Group is also exposed to fair value risk.

Exposure to interest rate risk is monitored continuously. In addition, to evaluate future interest costs based on forward rates, sensitivity tests to variations in the interest rate level are performed. The Group is essentially exposed to interest rate curves of the euro, the zloty, and to the Colombian peso.

The sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect interest gains and losses on financial instruments, traded at variable interest rates;
- Changes in market interest rates only affect gains and losses in interest on financial instruments with fixed interest rates if these are recognised at fair value;
- Changes in market interest rates affect the fair value of derivative financial instruments and other financial assets and liabilities;
- Changes in the fair value of derivative financial instruments and other financial assets and liabilities are estimated by discounting future cash flows from current net values, using the market rates at the valuation date.

For each analysis, whatever the currency, the same changes to the yield curves are used. The analyses are carried out for the net debt, meaning deposits and short-term investments with financial institutions and derivative financial instruments are deducted. Simulations are performed based on net debt values and the fair value of derivative financial instruments as of the reference dates, and the respective change in the interest rate curves.

Based on the simulations performed at 31 December 2020, and excluding the effect of interest rate derivatives, a rise of 50b.p. in interest rates, with everything else remaining constant, would have a positive impact of EUR 2.530 thousand (2019: positive in EUR 976 thousand). These simulations are carried out at least once a quarter, but are reviewed whenever there are relevant changes, such as debt issuance, debt repayment or restructuring, significant variations in reference rates and in the slope of the interest rate curve.

Interest rate risk is managed through operations involving financial derivatives contracted at zero cost at the initial moment.

28.2. Transactional risk

28.2.1. Credit risk

The Group manages centrally its exposure to credit risk on bank deposits, short-term investments and derivatives contracted with financial institutions. The Financial Departments of the business units are responsible for the management of credit risk on its customers and other debtors.

The financial institutions that the Group chooses to do business with are selected based on the ratings they receive from one of the independent benchmark rating agencies. Apart from the existence of a minimum accepted rating, there is also a maximum exposure to each of these financial institutions.

However, in each Company the bank that collects the deposits from stores may have a lower rating than the one defined in the general policy, although the maximum exposure does not exceed two days of sales of the operating company.

The following table shows a summary of the credit quality on bank deposits and short-term investments and derivative financial instruments with positive fair value, as at 31 December 2020 and 2019:

Financial institutions	Rating	Balance	
		2020	2019
Standard & Poor's	[A+ : AA]	111,997	154,623
Standard & Poor's	[BBB+ : A]	274,742	178,097
Standard & Poor's	[BB+ : BBB]	336,268	112,992
Standard & Poor's	[BB]	28,583	16,391
Moody's	[Caa2 : Caa1]	579	527
Moody's	P -1	29,420	139,441
Fitch	[A- : A+]	120,419	99,463
Fitch	[BBB- : BBB+]	137,998	223,404
Fitch	[B+ : BB+]	551	172
	Not available	258	160
Total		**1,040,815**	**925,270**

The ratings shown correspond to the notations given by Standard & Poor's. When these are not available Moody's or Fitch notations are used instead.

With regard to customers, the risk is mainly limited to Cash & Carry business, since the other businesses operate based on sales paid with cash or bank cards (debit and credit). This risk is managed based on experience and individual customer knowledge, as well as through credit insurance and by imposing credit limits which are monitored on a monthly basis and reviewed annually by Internal Audit. In addition, the Company uses credit insurance to mitigate the associated risk.

The following table shows an analysis of the credit quality of the amounts receivable from customers and other debtors without non-payment or impairment:

Credit quality of the financial assets		
	2020	2019
New customer balances (less than six months)	477	1,043
Balances of customers without a history of non-payment	39,149	55,676
Balances of customers with a history of non-payment	5,591	6,308
Balances of other debtors with the provision of guarantees	5,036	5,155
Balances of other debtors without the provision of guarantees	123,421	133,556
Total	**173,674**	**201,738**

The following table shows an analysis of the concentration of credit risk from amounts receivable from customers and other debtors, taking into account its exposure for the Group:

Concentration of the credit risk from the financial assets				
	2020		2019	
	No.	Balance	No.	Balance
Customers with a balance above 1,000,000 euros	3	5,591	5	9,906
Customers with a balance between 250,000 and 1,000,000 euros	19	8,101	28	11,874
Customers with a balance below 250,000 euros	7,924	31,979	8,788	42,548
Other debtors with a balance above 250,000 euros	20	24,884	22	56,037
Other debtors with a balance below 250,000 euros	9,916	103,119	13,092	81,373
	17,882	**173,674**	**21,935**	**201,738**

The maximum exposure to credit risk as at 31 December 2020 and 2019 is the financial assets carrying value.

Covid-19

As of 31 December 2020, from the amount of EUR 31,959 thousand related to accounts receivable, approximately 90% referred to customers without default or impairment indicators, or whose credits were covered by credit insurance or bank guarantees.

For the remaining accounts receivable, the Group's priority has been to find the best solutions together with its business partners, having been carried out, since the second quarter of 2020, an assessment about the ability to recover existing balances.

It was possible to renegotiate payment terms for some of the customers. However, considering the pandemic evolution, the limitations still in force in some sectors of activity, as well as the expected difficult recovery in the Tourism sector, there are already indicators of possible impairment risks, namely in the HoReCa channel customers (Hotels, Restaurants and Cafes).

Since the recovery of the financial capacity of customers depends to a large extent on the evolution of the pandemic, on restrictive measures to the development of the respective economic activities, on possible state support and on socio-economic context, based on the case by case analysis of its debtors, the Group reinforced in 2020 its provisions for bad debts in the amount of EUR 3,200 thousand.

Some Group companies, such as Pingo Doce in Portugal and Jeronimo Martins Polska (Biedronka) in Poland, sublease parts of their commercial areas to third parties ("Tenants"), with many of these partners having their businesses affected by the pandemic generated by the Covid-19 virus. For this reason, the Group suspended rents collection in the first months after the declaration of the pandemic, having meanwhile negotiated with the vast majority of its partners discounts on rents, thus contributing to mitigate financial constraints and contribute to the continuity of their activities.

The Group is permanently monitoring the financial situation of its customers, tenants and other business partners, with no significant non-compliance situations, at this stage, that could lead to the recognition of impairment losses, in addition to the above mentioned.

28.2.2. Liquidity risk

Liquidity risk is managed by maintaining an adequate level of cash or cash equivalents, as well as by negotiating credit limits that not only ensure the regular development of the Group' activities, but that also ensure some flexibility to be able to absorb shocks unrelated to Company activities.

Treasury needs are managed based on short-term planning, executed on a daily basis, which derives from the annual plans that are reviewed regularly during the year.

The following table shows the Group' liabilities by intervals of contractual residual maturity. The amounts shown in the table are the non-discounted contractual cash flow. In addition, it should be noted that all the derivative financial instruments that the Group contracts are settled at net value.

Exposure to liquidity risk			
2020	**Less than 1 year**	**Between 1 and 5 years**	**More than 5 years**
Borrowings			
Commercial paper	25	25	-
Other loans	175,920	277,713	127,178
Creditors	3,534,401	-	-
Lease liabilities	393,623	1,224,730	1,743,326
Total	**4,103,969**	**1,502,468**	**1,870,504**

2019	Less than 1 year	Between 1 and 5 years	More than 5 years
Borrowings			
Commercial paper	50,125	30	-
Other loans	396,125	307,274	25,217
Derivative financial instruments	25	-	-
Creditors	3,655,085	-	-
Lease liabilities	406,785	1,285,225	1,963,073
Total	4,508,145	1,592,529	1,988,290

The cash flows presented for commercial paper programs include fixed expenses incurred with these programs whether they are being used or not.

The Group has entered into some covenants in its loan agreements for the medium and long-term debt in place. These covenants include:

- Limitation on the disposal and pledge of assets above a certain amount;
- Limitation on mergers and/or demergers when these imply the reduction of assets in the consolidation perimeter;
- Change of control clause;
- A limit on the ratios of Net Debt/EBITDA, calculated in accordance with the pre-IFRS 16 accounting standards;
- Fulfilment of Social and Environmental Standards.

In some cases, the breach of these covenants may trigger the early redemption of the associated debt. At the end of December 2020, the Group was in full compliance with the covenants assumed on the debt loans in place.

Covid-19

Throughout the year the Group maintains liquidity reserves in the form of credit lines contracted with the financial institutions with which it relates, in order to ensure the ability to meet its commitments, without having to finance itself under unfavourable conditions. Thus, on 31 December 2020, the Group has contracted credit lines that were not being used in the total amount of EUR 1,058,775 thousand.

In addition, the Group had, at 31 December 2020, a liquidity reserve consisting of cash and cash equivalents in the amount of EUR 1,041,390 thousand.

This way, despite the Covid-19 pandemic in its activity, the Group expects to satisfy all its treasury needs with the use of operating activity flows and liquidity reserves, and if eventually necessary, using the existing available credit lines.

28.2.3. Capital risk management

The Group seeks to keep its capital structure at appropriate levels so that it not only ensures the continuity and development of its activity, but also to provide adequate returns to its shareholders and to optimise the cost of capital.

Balance of the capital structure is monitored based on the financial leverage ratio (Gearing), calculated according to the following formula: Net Debt/Shareholder Funds and by the ratio Net Debt/EBITDA. The Board of Directors established a target for the Gearing ratio below 100%, consistent with an investment grade rating, and a ratio Net Debt/EBITDA below 3.

The Gearing ratios as at 31 December 2020 and 2019, calculated without the effect of adopting the IFRS 16 standard, as analysed by the Group's Management, were as follows:

	2020	2019
Capital invested	1,841,599	2,083,210
Net debt	(509,305)	(192,165)
Shareholder´s funds	2,350,904	2,275,375
Gearing*	**n.a.**	n.a.
EBITDA	1,023,969	1,044,991
Net debt / EBITDA	**(0.5)**	(0.2)

*At 31 December 2019 and 2020 the net debt was positive.

29. Additional information required by law

In accordance with article 508-F of the Portuguese Commercial Companies Code, we hereby inform the following:

a) In addition to all operations described in the notes above, as well as in the Management's Report, there are no other operations considered relevant that are not already contained either in the balance sheet or its annex;

b) The total remuneration paid to the External Auditor and Statutory Auditor in 2020 was EUR 863 thousand, of which EUR 792 thousand correspond to statutory audit of the accounts, while the remaining EUR 71 thousand, are related to human resources support services and training services provided to employees in programmes not specifically prepared for the Group;

c) Note 25 of the Notes to the Consolidated Financial Statements includes all the related parties disclosures, in accordance with the International Accounting Standards.

30. Events after the balance sheet date

Where events occur after the balance sheet date that provide evidence of conditions that existed at the end of the reporting period, the impact of these events is adjusted within the Financial Statements. Otherwise, events after the balance sheet date of a material size or nature are disclosed below.

At the conclusion of this Report there were no relevant events to highlight that are not disclosed in the Financial Statements.

Lisbon, 2 March 2021

The Certified Accountant **The Board of Directors**

Statement of the Board of Directors

Within the terms of paragraph c), number 1 of article 245 of the Portuguese Securities Code, the members of the Board of Directors, identified below, declare that to the best of their knowledge:

i) the information contained in the management report, the annual accounts, the Auditors' Report and all other accounting documentation required by law or regulation, was produced in compliance with the applicable accounting standards and gives a true and fair view of the assets and liabilities, the financial position and the results of Jerónimo Martins, SGPS, S.A. and the companies included in the consolidation perimeter; and

ii) the Management report is a faithful statement of the evolution of the businesses, of the performance and of the position of Jerónimo Martins, SGPS, S.A. and the companies included within the consolidation perimeter, and contains a description of the main risks and uncertainties which they face.

Lisbon, 2 March 2021

Pedro Soares dos Santos
(Chairman of the Board of Directors and Chief Executive Officer)

Andrzej Szlezak
(Member of the Board of Directors)

António Viana-Baptista
(Member of the Board of Directors)

Artur Stefan Kirsten
(Member of the Board of Directors)

Clara Christina Streit
(Member of the Board of Directors and Member of the Audit Committee)

Elizabeth Ann Bastoni
(Member of the Board of Directors and Member of the Audit Committee)

Francisco Seixas da Costa
(Member of the Board of Directors)

José Soares dos Santos
(Member of the Board of Directors)

María Ángela Holguín
(Member of the Board of Directors)

Sérgio Tavares Rebelo
(Member of the Board of Directors and Chairman of the Audit Committee)

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(Translation from the original document in the Portuguese language.
In event of doubt, the Portuguese version prevails)

Statutory and Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Jerónimo Martins, S.G.P.S., S.A. (the Group), which comprise the Consolidated Balance Sheet as at 31 December 2020 (showing a total of 9.427.910 thousand euros and total equity of 2.257.191 thousand euros, including a net profit attributable to the equity holders of the company, as mother of the group of 312.130 thousand euros), the Consolidated Income Statement by Functions, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Shareholders' Equity and the Consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Jerónimo Martins, S.G.P.S., S.A. as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. We are independent of the entities comprising the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors´ code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the current year audit are the following:

1. **IFRS 16 – Right of Use Valuation**

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As of 31 December 2020, Right of Use and Lease Liabilities presented in the consolidated financial statements amounts to 2.167 million euros and 2.273 million euros respectively, mainly related to lease agreements of stores and warehouses with different terms and various extension or termination options. The calculation of the Right of Use and Lease Liabilities in the new contracts and in the renegotiations of the existing contracts	Our audit procedures included: ► Understanding and evaluation of the procedures performed by the Group related to IFRS 16; ► Implementation of specific audit procedures to assess the operational effectiveness of the controls identified as relevant, highlighting: i) identification of lease agreements; ii) recognition of the right of use and its lease liabilities and iii) validation of key controls throughout the process;

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
contains a significant set of judgments from the Management, namely the lease term and the discount rate. Given the abovementioned, we consider this issue to be a Key Audit Matter.	► Review of the Management assumptions, used in the assessment of lease contracts, including the assessment of assumptions such as the lease term, identification of the rights of use and the renewal/termination options; ► Execution, for a sample of contracts, test of detail to conclude on the accuracy of the data collected for each selected lease; ► Obtaining the complete list of lease agreements to perform tests on the completeness of the information used by Management; ► Recalculation, for a sample of contracts, of the Rights of use and the correspondent Lease liabilities; and ► Verification, for a sample of contracts, the proper application of the practical expedient regarding discounts on rents from lease agreements and re-performance of the impact in the income statement. Our audit procedures also included a review of the disclosures presented in the consolidated financial statements (note 2.6 and note 11) taking into account the applicable accounting standards.

2. Owned stores (fixed assets) and leased stores (right-of-use) valuation

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
The Group operates a significant number of stores in three different countries: Portugal, Poland and Colombia. The carrying value of stores, including related assets and right of use, are important to our audit due to the material amount of those assets (more than 5.233 million euros as at 31 December 2020), as well as the judgment involved in the identification of any impairment triggers and subsequent assessments of the recoverability of the invested amounts. Management annually assesses whether there are triggering events indicating potential impairment focusing on future store performance, which is dependent on external factors, namely store traffic, basket size, the competitive landscape and in the current economic outlook impacted by the COVID-19 Pandemic by considering the future cash-flows for the stores in the different geographies where the Group operates.	Our audit procedures included: ► Understanding, evaluating and testing controls over the fixed assets and right of use processes; ► Evaluating the Group's policies and procedures to identify triggering events for potential impairment of assets related to underperforming stores by assessing Management's review of the financial performance on a Cash Generating Unit (CGU) basis; ► Obtaining Management's assumptions for impairment analyses and validating them by comparison to the forecasts prepared by external market analysts and long term strategic plans that were approved by Management, which include worse outlooks when compared to previous years, as well as historic trend analyses to determine Management's ability to reliably estimate such assumptions, including the discount rate calculated by the Group; ► Use of internal specialist to validate the significant assumptions underlying the stores' impairment test models, namely the discount rate and growth rate applied to cash flows in perpetuity;

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
	► Performing, for a sample of CGUs, the re-execution of the calculation of impairment testing and comparing the value in use to the carrying amount; ► Obtaining sensitivity analysis presented by the group, and testing the variation of the most significant assumptions, such as the discount rate, or the perpetuity growth rate. Our audit procedures also included a review of the disclosures presented in the consolidated financial statements.

3. Recognition of Supplementary Gains / Vendor Allowance

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
The Group receives various types of vendor allowances (or "supplementary gains"), which are included in cost of sales as disclosed in notes 4, 13 and 14 to the consolidated financial statements. These allowances are associated with supply contracts with vendors and take various forms of credits and discounts. Such discounts obtained from contracts with suppliers should be considered as a component of the cost of the inventory and should be recognized in the income statement when the products are sold (according to IAS 2 – Inventories). The amounts to be deducted from the cost of sales depends on the quantities of products included in the vendor agreement which, at the date of the balance sheet, have already been sold. As the process of calculation and accounting for some material discounts involves manual processes which are more susceptible to the occurrence of errors in the consolidated financial statements, we consider this a key audit matter.	Our audit procedures included: ► Understanding, evaluating and performing control testing over the vendor allowances process; ► Understanding and performing tests on the system interface between the accounting system and the commercial system used to control the supplementary gains; ► Testing, for a sample of supplementary gains contracts, the accuracy of the key inputs in the system for the contracts and re-performing the amounts recorded; ► Performing analyses of the suppliers debtor balances, namely through the validation of credit noted issued subsequently and assessment of impairment indicators; ► External confirmation for a sample of suppliers to obtain assurance that the arrangements recorded were accurate and complete and, where outstanding balances were significant at the year end, to confirm the amounts owed. Where responses were not received, we completed alternative procedures such as obtaining rebate contracts, understanding the contractual terms and recomputing the rebate earned; ► Obtaining evidence, for the most significant manual adjustments, to support the amount accounted for and the correctness of the period in which these were recorded; ► Performing detailed analytical procedures, namely monthly review, prior year review, ratio analysis to sales and ratios analyses to purchases of the vendor allowances; and ► Performing year-end cut-off procedures to determine whether amounts were recorded in the correct accounting period.

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
	We have also verified the adequacy of the disclosures presented in the consolidated financial statements.

4. Tax and legal litigations and contingencies

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
The risk of tax matters and current disputes with the tax and competition authorities are monitored constantly by both Group's Management and Audit Committee. Based on the opinion expressed by the Group's lawyers and tax advisors, on the opinion from external lawyers on specific tax issues, and according to Management's judgment, all disagreements with tax authorities are recognized as liabilities or disclosed as a contingent liability in accordance with IAS 37 (Provisions, contingent liabilities and contingent assets) in the consolidated financial statements. As disclosed in note 23, during the financial year 2020, the competition authority issued fines to Pingo Doce and Jerónimo Martins Polska in the amount of 91 Million Euros and 185 Million Euros respectively. The total amount of tax contingencies, net of provisions and payments under special tax regimes amount to approximately 102,5 million euros at 31 December 2020. The Group disclosed a risk that arose from the State Budgets from 2016 to 2019, related to the taxation of gains from previous years that derived from internal transactions, totaling an amount per year of 56 million to a total amount of 225 million euros. This topic is a key audit matter for our audit considering the complexity and the degree of judgment inherent to these tax matters, as well as the level of uncertainty associated with the final outcome.	Our audit procedures included: ► Understanding and evaluating the monitoring processes over tax and legal litigations and claims; ► Obtaining, in response to our request for detailed information on the ongoing proceedings, the understanding of the Group external lawyers regarding the main tax and legal issues; ► Reviewing the minutes of meetings and performing inquiries of management, legal department and tax department for the most significant legal and tax claims and litigations; ► Performing external confirmation procedures with advisors representing the Group on the tax and legal matters; and ► We have been supported in our analysis on the ongoing tax and legal disputes by internal tax and legal specialists. We have also verified the adequacy of the disclosures presented in the consolidated financial statements.

Responsibilities of management and the Audit Committee for the consolidated financial statements

Management is responsible for:

- the preparation of consolidated financial statements that presents a true and fair view of the Group´s financial position, financial performance and cash flows in accordance with International Financial Reporting Standards as endorsed by the European Union;
- the preparation of the Management Report, including the Corporate Governance Report in accordance with the laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Group's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Group´s ability to continue as a going concern.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group 's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion; and

- communicate with those charged with governance, including the Audit Committee, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- from the matters communicated to those charged with governance, including the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and
- we also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the procedures taken to eliminate the threats or safeguards that have been applied.

Our responsibility includes the verification of the consistency of the Management Report with the consolidated financial statements, and the verifications under Nº 4 and Nº 5 of article 451 of the Commercial Companies Code and the verification that the non-financial information and remunerations report was presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, Nº 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment over the Group, we have not identified any material misstatement.

Pursuant to article 451, paragraph 7 of the Companies Code, this opinion is not applicable to the non-financial statement included in the Management Report.

On the non-financial information set out in article 508-G of the Commercial Companies Code

Pursuant to article 451, Nº 6 of the Commercial Companies Code, we inform that the Group included in the Management Report the non-financial information of the set out in article 508-G of the Commercial Companies Code.

On the Corporate Governance Report

Pursuant to article 451, Nº 4 of the Commercial Companies Code, in our opinion, the Corporate Governance Report includes the information required to the Group to provide as per article 245-A of the Securities Code, and we have not identified material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and m) of the said article.

On the Remunerations Report

Pursuant to article 245º-C, Nº 6 of the of the Securities Code, we inform that the Group has included in a separate chapter, on the Corporate Governance Report, the information in compliance with nº2 of the said article.

On additional items set out in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) Nº 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were appointed as auditors of the Jerónimo Martins, S.G.P.S., S.A. (Group´s Parent Entity) for the first time at the shareholders' general meeting held on 6 April 2017 for the mandate from 2017 to 2018, and reappointed for the mandate from 2019 to 2021 at the shareholders' general meeting held on 11 April 2019;

- Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred with a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the consolidated financial statements due to fraud. As a result of our work we have not identified any material misstatement to the consolidated financial statements due to fraud;
- We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the Audit Committee of the Group on March 1, 2021; and
- We declare that we have not provided any prohibited services as described in article 77, Nº 8, of the Statute of the Institute of Statutory Auditors, and we have remained independent of the Group in conducting the audit.

Lisbon, 05 March 2021

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

João Carlos Miguel Alves (ROC nº 896)
Registered with the Portuguese Securities Market Commission under license Nº 20160515

Report and Opinion of the Audit Committee

Dear Shareholders,

In accordance with sub-paragraph g) of paragraph 1 of article 423-F of the Commercial Companies Code, we herewith present our report on our supervisory activity and our opinion on the Jerónimo Martins, SGPS, S.A. management report, consolidated and individual accounts for the year ending December 31st, 2020, as well as on the proposals presented by the Board of Directors.

Supervisory activity

Throughout the year, this Committee monitored the management and evolution of the Company's businesses, in particular the determination and disclosure of the impacts resulting from the Covid-19 pandemic, by holding regular meetings with the Directors and Heads of the functional areas of the corporate centre, with the members of the Managing Committee, the Company Secretary and the Statutory Auditor (who also performs the duties as External Auditor), and in all cases received their full co-operation.

This Committee was given access to all corporate documentation that it considered relevant, in order to assess compliance with its regulations and with the applicable laws.

From the External Auditor and those responsible for preparing the Company's individual and consolidated financial information, with whom it met regularly, it obtained sufficient and necessary information to gauge the accuracy of the accounting documents, accounting policies and valuation criteria adopted by the Company, thereby ensuring that these correctly represent the results and the equity of the Company.

The Committee monitored, in particular, the development of legal and tax proceedings and litigation involving Group's companies, namely the several processes that had been initiated by the Competition Authorities in Portugal and Poland, whose decisions adopted in the meantime in four cases resulted in the imposition of fines on Group's subsidiaries. The clarifications obtained from the Company's management teams, supported by the opinion of its lawyers and economic consultants, allowed this Committee to assess the contingencies to which the Group is exposed and the adequacy of the existing provisions.

In compliance with the Financial Risk Management Policy, it monitored, in particular the financing operations of the Colombian and Polish subsidiaries, to ensure the necessary financial resources to better manage the uncertainty caused by the Covid-19 pandemic. It also monitored and deliberated/advised on the hedging operations related with the dividend flows to be paid by the Polish subsidiaries and the interest rate hedging operations, with the co-operation of the Financial Operations Department, and verified that the actions taken by the Company were adequate to comply with the policies issued by the Board of Directors on this matter.

From the moment that the effects of the Covid-19 pandemic began to be felt in the geographies where the Group operates, this Committee paid special attention to its impacts on the existing Group's internal control procedures for risk mitigation. It has obtained from several departments of the Company, namely those responsible for the financial area, the risk management, the internal audit, and from the representatives of the External Auditor, all information and clarifications requested, which allowed to verify the continued adequacy and effectiveness of the internal control and risk management systems.

It closely monitored the work carried out by the Internal Audit Department, approving the necessary adjustments to the annual activity plan, according to the areas considered to be a priority in the new context. It also verified the conclusions of the reports on the work carried out, as well as the actions that the Company implemented as a result of the recommendations issued by this department and also those contained in the reports issued by the External Auditor. The Committee reviewed and approved the internal audit plan for 2021 as well as the necessary resources allocation.

Bearing in mind the worldwide increase of the risks associated with cybersecurity, enhanced in 2020 by the successive confinements and the implementation of remote work for the majority of the central offices teams, it verified the work developed and the maturity assessment done of the cybersecurity area. The Committee will maintain a close monitoring of these risks to which the Group is exposed.

It also followed, with the Statutory Auditor, the adaptation of the plan and procedures of external audit to accommodate the restrictions imposed on the circulation of people. The Committee obtained the necessary comfort on the effectiveness of the adopted measures, the changes introduced to the work plans, as well as matters subject to reinforcement of audit procedures and their impact on the conclusions of the External Auditor's work. This concern of the Committee was in line with the various recommendations of international bodies, restated in the Circular issued by the Portuguese Securities Market Commission (CMVM) in December 2020, addressed to the supervisory bodies, which this Committee confirms having taken into consideration in the preparation of the 2020 accounts closure.

It also monitored the evolution of issues raised, as well as the conclusions of the audit work carried out by the Statutory Auditor, which gave rise to the Auditor's Report being issued without any reservations.

Within the scope of its responsibilities, the Audit Committee verified the independence and competence of the Company's Statutory Auditor in carrying out their functions.

It verified and approved all non-audit services provided by the firm of External Auditors to the Group's companies, ensuring that were carried out by their employees who took no part in the audits, and that these services are not forbidden under applicable law. It also guaranteed that the amounts paid for the services rendered in no way jeopardise the independence of the work carried out by the External Auditor nor do they affect the opinion of the Statutory Auditor.

The Committee also followed the publication of Law 50/2020, from 25 August, which transposed to the Portuguese legislation the Directive (EU) No. 2017/828, concerning the rights of shareholders of listed companies with regard to their long-term involvement, namely the transactions with related parties regime. It issued a prior binding opinion on the internal procedure proposal for verification of transactions with related parties submitted by the Executive Committee, pursuant to the provisions of article 249-A, no. 1, of the Securities Code, a procedure that was approved by the Board of Directors.

It also verified that, under the terms of paragraph 5 of article 420.º of the Commercial Companies Code, the Corporate Governance Report includes all the elements mentioned in article 245.º - A of the Portuguese Securities Code.

Opinion

Taking into account the information received from the Board of Directors, the Company's personnel and the conclusions outlined in the Report of the Auditors for Statutory and Stock Exchange Regulatory Purposes in Respect of the Individual and Consolidated Financial Information, we are of the opinion that:

i) The Management Report should be approved;

ii) The Individual and Consolidated Financial Statements should be approved; and

iii) The Board of Directors' results appropriation proposal should be approved.

Statement of Responsibility

In accordance with sub-paragraph c) of paragraph 1 of article 245.º of the Portuguese Securities Code, the members of the Audit Committee, identified below, declare that to the best of their knowledge:

iii) the information contained in the Management Report, the Annual Accounts, the Auditors' Report and all other accounting documentation required by law or regulation, was produced in compliance with the applicable accounting standards and gives a true and fair view of the assets and liabilities, the financial position and the results of Jerónimo Martins, SGPS, S.A. and the companies included in the consolidation perimeter.

iv) The Management Report is a faithful statement of the evolution of the businesses, the performance and position of Jerónimo Martins, SGPS, S.A. and of the companies included within the consolidation perimeter, and contains a description of the main risks and uncertainties which they face.

Lisbon, March 5, 2021

Sérgio Tavares Rebelo
(Chairman of the Audit Committee)

Clara Christina Streit
(Member)

Elizabeth Bastoni
(Member)

Jerónimo Martins

4

CORPORATE GOVERNANCE

Corporate Governance

Part I – Information on Shareholder Structure, Organization and Corporate Governance

Section A – Shareholder Structure

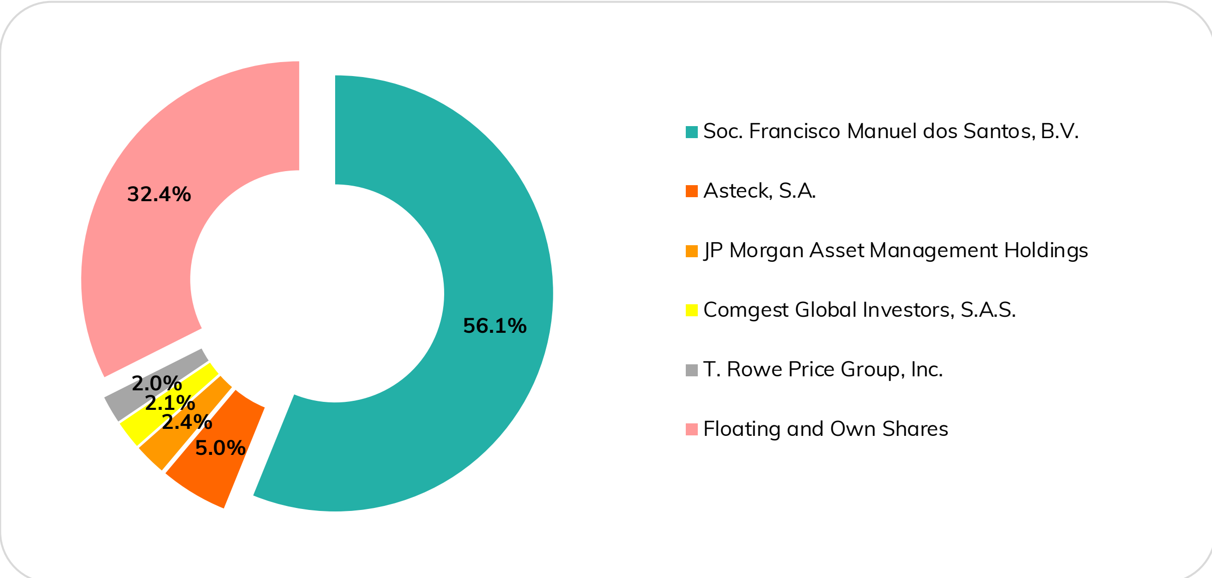
Subsection I - Capital Structure

1. The Capital Structure (Share Capital, Number of Shares, Distribution of Capital by Shareholders, etc), Including an Indication of Shares That Are Not Admitted to Trading, Different Classes of Shares, Rights and Duties of Same and the Capital Percentage That Each Class Represents (Art. 245.°-A/1/a of the Portuguese Securities Code - PSC)

The Company's share capital is 629,293,220 euros. It is fully subscribed and paid up, and divided into six hundred and twenty-nine million, two hundred and ninety-three thousand, two hundred and twenty shares with a nominal value of one euro each.

All issued shares are ordinary, there are no other categories of shares, and all shares have been admitted to trading on the Euronext Lisbon stock exchange.

The Company's shareholder structure is the following, with reference to 31 December 2020*:



* According to the last communications made by the shareholders with qualifying holdings to Jerónimo Martins, SGPS, S.A. up to the said date, being assumed that the number of shares owned is equivalent to the number of voting rights, unless otherwise disclosed to the issuer. See, point 7.

2. Restrictions on the Transfer of Shares, Such as Clauses on Consent for Disposal, or Limits on the Ownership of Shares (Art. 245.°-A/1/b PSC)

Jerónimo Martins' shares are freely transferable and there are no restrictions concerning their tradability.

3. Number of Own Shares, the Percentage of Share Capital that it Represents and Corresponding Percentage of Voting Rights that Corresponded to Own Shares (Art. 245.°-A/1/a PSC)

The Company holds 859 thousand shares in its own portfolio, which were acquired in 1999 at an average price of 7.06 euros per share (price adjusted by the restatement of capital). These shares represent 0.14% of the Company's share capital, which would correspond to equal percentage of voting rights.

4. Important Agreements to which the Company is a Party and that Come Into Effect, Amend or are Terminated in Cases Such As a Change in the Control of the Company After a Takeover Bid, and the Respective Effects, Except Where Due to their Nature, the Disclosure Thereof Would be Seriously Detrimental to the Company; This Exception Does Not Apply Where the Company is Specifically Required to Disclose Said Information Pursuant to Other Legal Requirements (Art. 245.°-A/1/j PSC)

There are no significant agreements (including financing agreements) to which the Company is a party and that come into effect, are amended or terminated in case of a change in the control of the Company after a takeover bid.

5. A System That is Subject to the Renewal or Withdrawal of Countermeasures, Particularly Those That Provide for a Restriction on the Number of Votes Capable of Being Held or Exercised by Only One Shareholder Individually or Together With Other Shareholders

No defensive measures were adopted that require payments or the assumption of costs by the Company in the event of a change of control or a change in the composition of the Board of Directors and that are likely to impair the free transfer of shares and the free assessment by the shareholders of the performance of the Board members, or that provide for a restriction on the number of votes capable of being held or exercised by only one shareholder individually or together with other shareholders.

6. Shareholders' Agreements that the Company is aware of and That May Result in Restrictions on the Transfer of Securities or Voting Rights (Art. 245.°-A/1/g PSC)

Pursuant to the communication regarding the qualifying holding received by the Company on 2nd January, 2012, the same was informed of a shareholders' agreement concerning the exercise of voting rights, on the following terms:

"It is further informed that, in accordance with the terms of number 2 of article 21, paragraphs b) and c), of the Portuguese Securities Code, Sociedade Francisco Manuel dos Santos, SGPS, S.A.[*] controls Sociedade Francisco Manuel dos Santos B.V., since it may exercise the corresponding voting rights under a Shareholders Agreement.
In accordance with the terms of article 20 of the Portuguese Securities Code, especially paragraph b) of its number 1, under the above mentioned Shareholders Agreement, the corresponding voting rights of the Jerónimo Martins, SGPS, S.A. shares, object of the purchase and sale above mentioned, remain attributed to Sociedade Francisco Manuel dos Santos, SGPS S.A.[*]".

The Company, however, does not know of any restrictions concerning the transfer of securities or voting rights.

* The company name was changed on 2015 to "Sociedade Francisco Manuel dos Santos, SGPS, S.E.".

Subsection II - Shareholdings and Bonds Held

7. Details of The Natural or Legal Persons Who, Directly or Indirectly, are Holders of Qualifying Holdings (Art. 245.º-A/1/c & /d PSC) and Art. 16.º PSC) With Details of the Percentage of Capital and Votes Attributed and the Source and Causes of the Attribution

The holders of qualifying holdings, calculated in accordance with the terms of paragraph 1 of Art. 20 PSC, based on the total number of shares under the terms of section b), paragraph 3 of Art. 16 PSC, as at 31st December 2020 are identified in the table below.

List of Qualifying Holdings as at 31st December 2020*

(Pursuant to sub-paragraph b) of paragraph 1 of Art. 8 of the Portuguese Securities Regulations no. 5/2008)

Shareholder	No. of Shares Held	% Capital	No. of Voting Rights	% of Voting Rights
Sociedade Francisco Manuel dos Santos, SGPS, S.E. Through Sociedade Francisco Manuel dos Santos, B.V.	353,260,814	56.14%	353,260,814	56.14%
Heerema Holding Company Inc. Through Asteck, S.A.	31,464,750	5.00%	31,464,750	5.00%
JP Morgan Asset Management Holdings Through Investment Funds Managed by JP Morgan	14,815,917	2.35%	14,815,917	2.35%
Through JP Morgan Investment Management	n.a. **	n.a. **	n.a. **	2.04%
Comgest Global Investors, S.A.S.	12,983,594	2.06%	12,983,594	2.06%
T. Rowe Price Group, Inc. Through T. Rowe Price International Ltd	12,821,174	2.04%	12,694,305	2.02%

* Source: Last communications made by the shareholders with qualifying holdings to Jerónimo Martins, SGPS, S.A. up to the said date.
** Information not disclosed to the issuer.

8. A List of the Number of Shares and Bonds Held by Members of the Management and Supervisory Boards

(Pursuant to paragraph 5 of Art. 447 of the Commercial Companies Code - CCC)

The Board of Directors

Members of the Board of Directors	Held on 31.12.19		Increases during the year		Decreases during the year		Held on 31.12.20	
	Shares	Bonds	Shares	Bonds	Shares	Bonds	Shares	Bonds
Pedro Manuel de Castro Soares dos Santos	274,805	-	-	-	-	-	274,805	-
Andrzej Szlęzak	-	-	-	-	-	-	-	-
António Pedro de Carvalho Viana-Baptista	-	-	-	-	-	-	-	-
Artur Stefan Kirsten	-	-	-	-	-	-	-	-
Belonging to company in which is a Director (sec. d), § 2 of Art. 447 CCC) [1]	353,260,814	-	-	-	-	-	353,260,814	-
Clara Christina Streit	800	-	-	-	-	-	800	-
Elizabeth Ann Bastoni	-	-	-	-	-	-	-	-
Francisco Manuel Seixas da Costa	-	-	-	-	-	-	-	-
José Manuel da Silveira e Castro Soares dos Santos	20,509	-	-	-	-	-	20,509	-
Belonging to company in which is a Director (sec. d), § 2 of Art. 447 CCC) [1]	353,260,814	-	-	-	-	-	353,260,814	-
María Ángela Holguín Cuéllar	-	-	-	-	-	-	-	-
Sérgio Tavares Rebelo	-	-	-	-	-	-	-	-

[1] Sociedade Francisco Manuel dos Santos, B.V.; See point 20.

Statutory Auditor

As at 31st December 2020, the Statutory Auditor, Ernst & Young Audit & Associados, SROC, S.A., confirmed not holding any shares or bonds of Jerónimo Martins, SGPS, S.A. and not having made any transactions, during 2020, with Jerónimo Martins, SGPS, S.A. securities.

9. Special Powers of the Board of Directors, especially as Regards Resolutions on the Capital Increase (Art. 245.°-A/1/i) PSC) With an Indication as to the Allocation Date, Time Period Within Which Said Powers May Be Carried Out, the Upper Ceiling for the Capital Increase the Amount Already Issued Pursuant to the Allocation of Powers and Mode of Implementing the Powers Assigned

Any capital increase is subject to prior deliberation by the General Shareholders' Meeting.

10. Information on Any Significant Business Relationships between the Holders of Qualifying Holdings and the Company

Pursuant to the policy that has been followed by the Company in this area, no business was carried out by the Company with the owners of Qualifying Holdings or entities in any type of relationship with the owners of such holdings, outside of normal market conditions.

There are no significant business relationships between holders of Qualifying Holdings and the Company.

Section B – Corporate Bodies and Committees

Subsection I - General Meeting

A. Composition of the Presiding Board of the General Meeting

11. Details and Position of the Members of the Presiding Board of the General Meeting and Respective Term of Office (Beginning and End)

On 11th April 2019, Abel Bernardino Teixeira Mesquita and Nuno de Deus Pinheiro were appointed as Chairman and Secretary of the General Shareholders' Meeting, respectively, for the term 2019-2021.

B. Exercising the Right to Vote

12. Any Restrictions on the Right to Vote, Such as Restrictions on Voting Rights Subject to Holding a Number or Percentage of Shares, Deadlines for Exercising Voting Rights, or Systems Whereby the Financial Rights Attaching to Securities are Separated from the Holding of Securities (Art. 245.°-A/1/f PSC)

The Company and its Board of Directors particularly value the principles of free transferability of shares and assessment by shareholders of the performance of members of the Board of Directors.

As such Art. 24 of the Articles of Association of the Company establishes the rule that each share has the right to one vote.

Accordingly, the Company has not established mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each ordinary share, inter alia, no special rights for shareholders or restraints on the exercise of voting rights are provided for in the Company's Articles of Association, nor is there any special rule in the Articles of Association regarding systems whereby the financial rights attached to securities are separated from the holding of securities.

Attending the Shareholders' Meeting is not subject to holding a minimum number of shares.

According to Art. 26 of the Articles of Association of the Company, the Shareholders' Meeting may take place upon the first convocation, as long as more than 50% of the Company's capital is present or represented.

Participation in the General Shareholders' Meeting

Under the provisions of the Portuguese Securities Code and Art. 23 of the Articles of Association, the shareholders that meet the following conditions can participate and vote at the General Meeting:

i. On the Record Date, corresponding to 00:00 (GMT) of the fifth trading day prior to the General Shareholder's Meeting, they held shares of the Company entitling them to at least one vote;
ii. By the end of the day prior to the day of the Record Date, they had stated in writing, to the Chairman of the General Shareholder's Meeting and to the respective financial intermediary, their intention to participate in the meeting;
iii. By the end of the day of the Record Date, the respective financial intermediary has sent to the Chairman of the General Shareholder's Meeting information on the number of shares registered under that shareholder's name on the Record Date.

Remote Participation in the General Shareholders' Meeting

The Company implemented adequate means for the remote participation by its shareholders in the General Meeting, having been held in 2020 two General Meetings of the Company which took place exclusively by telematic means, under the provisions of sub-paragraph b) of paragraph 6 of Art. 377 CCC, considering the pandemic situation caused by the disease Covid-19, and taking into account what is set out in the

"Recommendations in the context of holding General Meetings" issued by the CMVM (Portuguese Securities Commission) on 20th March 2020.

Shareholders who declared they wanted to participate in the General Meetings had to indicate an e-mail address, to which the Company sent the link to the telematic session at stake, and an individual shareholder participation code, which served to complement the respective identification at the beginning of each meeting

Postal Vote

According to paragraph three of Art. 25 of the Articles of Association, postal votes are allowed. Pursuant to the Articles of Association, postal votes count for the formation of a constitutive quorum for the General Shareholders' Meeting, and it is the responsibility of the Chairman of the Board of the General Shareholders' Meeting or his substitute to verify their authenticity and full compliance with the procedures, as well as to assure confidentiality when a vote is submitted. In the event that a shareholder or a shareholder's representative is present at the General Shareholders' Meeting, the postal vote that was issued is revoked.

Postal votes count as negative votes in relation to deliberative proposals presented subsequent to the date on which those votes were issued.

The Company has provided a form to exercise the right to vote by post on its web page.

As the Company's Articles of Association do not state anything on this matter, the Company has established a deadline of 48 hours prior to the General Shareholders' Meeting for receipt of postal votes, thus complying with and, to a certain extent, exceeding the recommendations of the CMVM on this matter.

Vote by Electronic Means

The Company, also recognising that using computerised means encourages shareholders to exercise their right to vote, has adopted, since 2006, adequate mechanisms so that they may vote electronically in General Shareholders' Meetings, having nevertheless proceeded in 2020 to some changes in the procedures that, for this purpose, it had been implementing, such procedures having been disclosed in the notices issued and on its institutional website.

Thus, shareholders who wished to exercise their right to vote electronically had to express it, in due time, to the Chairman of the Board of the General Shareholders' Meeting, through the e-mail address assembleiageral@jeronimo-martins.com. In that expression of interest, shareholders had to indicate an e-mail address to which, subsequently, an identifier code was sent, to be used in the electronic mail message by which the shareholder exercised its right to vote.

13. Details of the Maximum Percentage of Voting Rights That May Be Exercised By a Single Shareholder or By Shareholders That Are In Any Relationship As Set Out In Art. 20/1 PSC

The Company has not established rules stating that voting rights over a certain number are not counted, when issued by a single shareholder or shareholders related to it.

14. Details of Shareholders' Resolutions That, Imposed By The Articles Of Association, May Only Be Taken With a Qualified Majority, In Addition To Those Legally Provided, and Details of Said Majority

There is no special rule in the Articles of Association regarding deliberative quorums.

Subsection II - Management and Supervision (Board of Directors)

A. Composition

15. Details of Corporate Governance Model Adopted

The Company has adopted the Anglo-Saxon governance model which corresponds to the option foreseen in subparagraph b) of Art. 278 CCC. According to this model the management and supervision of the Company are organized through a Board of Directors, which includes the Audit Committee, and a Statutory Auditor.

16. Articles of Association Rules on the Procedural Requirements Governing the Appointment and Replacement of Members of the Board of Directors (Art. 245-A/1/h PSC). Diversity Policy.

Art. 1 of the Regulations of the Company's Board of Directors foresees that the composition of this body will be decided in the General Shareholders' Meeting pursuant to the terms indicated in paragraph one of Art. 12 of the Articles of Association, and that it will be presided over by the respective Chairman, chosen by the General Shareholders' Meeting.

Paragraph number three of Art. 9 of the same Regulations prescribes that in the event of death, resignation or impediment, whether temporary or definitive, of any of its members, the Board of Directors will agree on a substitute. If the appointment does not occur within 60 days of the absence of the Director, the Audit Committee will be responsible for appointing the substitute.

Under the terms of Art. 289, no. 1, d) CCC, the proposals for the appointment of members of the Board of Directors (as well as other corporate bodies) have made reference to the professional qualifications and professional activity, in the last five years, of the individuals proposed by the Company's shareholders for appointment. Such elements were sufficient justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out.

Diversity Policy

In Portuguese company law the shareholders have exclusive competence to appoint the members of management and supervision bodies of companies.

Hence, considering that the shareholders are not to be confused with the Company, it is not possible for the latter to define or enforce a diversity policy as is foreseen in Art. 245-A, no. 1, r) of the Portuguese Securities Code, as amended by Decree-Law no. 89/2017, of 28th July.

This does not mean, however, that in selecting the members of management and supervision bodies of the Company (respectively, Board of Directors and Audit Committee), the shareholders have not been taking into account diversity criteria that seek to combine the individual attributes of each of the members, such as independence, integrity, experience and competence, with the specific characteristics of the Company, e.g., its governance model, its dimension, its shareholder structure and its business model.

It can even be continued to be said that, in the current structure of the Board of Directors and of the Audit Committee, the shareholders have maintained the safeguard of gender diversity, age diversity, qualification diversity and professional background diversity, as can be seen in point 1.3.1. of Chapter 1, and in points 17 to 19, and 26 of Chapter IV of this Report.

Reference is also made to the (gender) Equality Plan, disclosed by the Company on 15th September 2020, where are stated, namely, the goals to be achieved by the Company, the specific measures to be implemented, who is responsible for its implementation, and which indicators shall be used to measure the achievement of such goals.

Therefore, the Company considers to have adopted the said diversity criteria and requisites through its enunciation in this document and its approval by the Board of Directors and by its shareholders.

17. Composition of the Board of Directors, With Details of the Articles of Association's Minimum and Maximum Number of Members, Duration of Term of Office, Number of Effective Members, Date When First Appointed and End of the Term of Office of Each Member

According to the Articles of Associations, the Board of Directors is comprised of a minimum of seven and a maximum of eleven members, elected by the General Shareholders' Meeting for three-year terms. During 2020, the Board of Directors had the composition indicated below, being currently composed of ten effective members, who were elected at the General Meeting held on 11th April 2019 for the term of office 2019-2021:

Pedro Manuel de Castro Soares dos Santos
- Chairman of the Board of Directors since 18 December 2013
- CEO
- First appointment on 31st March 1995
- Expiry of the term of office on 31st December 2021

Andrzej Szlęzak
- Non-Executive Director
- First appointment on 10th April 2013
- Expiry of the term of office on 31st December 2021

António Pedro de Carvalho Viana-Baptista
- Independent Non-Executive Director
- First appointment on 9th April 2010
- Expiry of the term of office on 31st December 2021

Artur Stefan Kirsten
- Non-Executive Director
- First appointment on 9th April 2010 (term of office expired on February 2011)
- New appointment on 9th April 2015
- Expiry of the term of office on 31st December 2021

Clara Christina Streit
- Independent Non-Executive Director
- First appointment on 9th April 2015
- Expiry of the term of office on 31st December 2021

Elizabeth Ann Bastoni
- Independent Non-Executive Director
- First appointment on 11th April 2019
- Expiry of the term of office on 31st December 2021

Francisco Manuel Seixas da Costa
- Independent Non-Executive Director
- First appointment on 10th April 2013
- Expiry of the term of office on 31st December 2021

José Manuel da Silveira e Castro Soares dos Santos
- Non-Executive Director, appointed by Sociedade Francisco Manuel dos Santos, B.V., under the terms of n.o 4 of art. 390 CCC
- First appointment on 31st March 1995 (expiry of term of office on 29th June 2001)
- New appointment on 15th April 2004 (expiry of term of office on 9th April 2015)
- Expiry of term of office on 31st December 2021

María Ángela Holguín Cuéllar

- Independent Non-Executive Director
- First appointment on 11th April 2019
- Expiry of the term of office on 31st December 2021

Sérgio Tavares Rebelo

- Independent Non-Executive Director
- First appointment on 10th April 2013
- Expiry of the term of office on 31st December 2021

18. Distinction to be Drawn Between Executive and Non-Executive Directors And, as Regards Non-Executive Members, Details of Members that May Be Considered Independent

The Company seeks a balance in the composition of the Board of Directors through the integration of Non-Executive Directors and Independent Directors alongside the Executive Director, in the scope of a delegation of duties, the respective discrimination of which being referred in point 17, above. The distinctive criterium used by the Company coincides with that of the EU Commission's Recommendation 2005/162/EC, of 15th February 2005, being considered as Executive Director any member who is engaged in the daily management of the Company and, a contrario sensu, Non-Executive Directors are those who are not engaged in the daily management.

The Board of Directors is therefore composed of Non-Executive Directors, in particular Independent Directors who possess a wide range of technical skills, contact networks and connections with national and international bodies, who therefore enrich and optimise the Company's management in terms of creating value and ensuring adequate protection of the interests of all its shareholders and other stakeholders, thereby ensuring effective monitoring, supervision and assessment of the activity of the remaining members of the Board of Directors.

As referred in point 17, the number of Non-Executive Directors of the Company is currently 9, which the Company considers suitable considering the terms under which, as described in point 21 below, the delegation of powers is made in favor of the Chief Executive Officer, the implementation of a support structure for him, and the establishment of a Mechanism for Coordinating the Activities of Non-Executive Directors, which allow to efficiently ensure the functions that are attributed to them, taking into account the size of the Company and the risks inherent to its activity.

In accordance with the principles by which the Company is run, although all Board Members are accountable to all shareholders equally, the independence of the Board of Directors in relation to the shareholders is further reinforced by the existence of Independent Board Members.

Pursuant to the Recommendations contained in the 2018 IPCG's Corporate Governance Code (2018 revised in 2020), hereafter referred to as "2020 IPCG's Recommendations", considering the provision of recommendation III.4, which establishes the independence criteria to be used in the evaluation made by the Board of Directors, António Viana-Baptista, Clara Christina Streit, Elizabeth Ann Bastoni, Francisco Seixas da Costa, María Ángela Holguín Cuéllar and Sérgio Rebelo qualify as Independent Directors.

Clara Christina Streit, Elizabeth Ann Bastoni and Sérgio Rebelo are also members of the Audit Committee, being subject further to the independence criteria indicated in paragraph 5 of Art. 414 CCC, which are complied with. Each of the members of the Audit Committee also complies with the rules of incompatibility laid down in paragraph 1 of Art. 414-A CCC, except that provided for in sub-paragraph b). Hans Eggerstedt, who was a Director of the Company, and member of the Audit Committee until 11th April 2019, could not be considered as independent according to the criteria above mentioned.

Being the number of Independent Directors of 6, in accordance to the criteria above mentioned, out of a total of 10 Directors, the Company complies with recommendation III.4. (2020 IPCG's Recommendations).

19. Professional Qualifications and Other Relevant Curricular Information of Each Member of the Board of Directors

Pedro Soares dos Santos is a Portuguese national, and joined the Operating Division of Pingo Doce in 1983. In 1985, he joined the Sales and Marketing Department of Iglo/Unilever, and five years later, assumed the post of Assistant Director of Recheio Operations. In 1995, he was named General Manager of the latter Company. Between 1999 and 2000 he accepted responsibility for operations in Poland and in Brazil. In 2001, he also assumed responsibility for the operations area for Food Distribution in Portugal. He has been a Director of Jerónimo Martins, SGPS, S.A. since 31st March 1995, and has been Chief Executive Officer since 9th April 2010 and Chairman of the Board of Directors of the Company since 18th December 2013.

Andrzej Szlęzak is a Polish national and has a Master degree in English philology and in law from Adam Mickiewicz University in Poznan, Poland. In 1981, he passed the judicial exam and in 1994, he was admitted to the Chamber of Legal Advisors (Poznan Chapter). In 1979, he started his academic career at said university where he was awarded his doctorate and post-doctorate degrees in Law ("Habilitated Doctor") in 1985 and in 1992, respectively. In 1994, he was awarded a professorship at Adam Mickiewicz University (Law School), which he held until 1996. At present, he is a professor at Warsaw School of Social Sciences and Humanities. In 1991, he joined the law firm of Soltysinski, Kawecki & Szlęzak ("SK&S") where he became Partner in 1993 and Senior Partner in 1996. During his practice at SK&S he has provided legal advice in numerous privatization and restructuring transactions in many sectors of Polish economy (mostly in M&A, corporate and greenfield projects). Since 1999, he has been an arbitrator of the Arbitration Court at the Polish Chamber of Commerce (KIG) in Warsaw, being at the moment Deputy Chairman of the Arbitration Board of this Court. He has also been appointed an arbitrator in several proceedings (national and international) before the ICC International Court of Arbitration in Paris and in ad hoc proceedings conducted according to the UNCITRAL Arbitration Rules. He is also the author of several publications, including foreign-language publications, in the fields of civil, commercial and arbitration law. He has been a Non-Executive Director of the Company, since 10th April 2013.

António Viana-Baptista is a Portuguese national, holds a Degree in Economics from Universidade Católica Portuguesa (1980), has a postgraduate diploma in European Economics from Universidade Católica Portuguesa (1981) and an MBA from INSEAD (Fontainebleau, 1983). Between 1985 and 1991, he was Principal Partner of Mckinsey & Co. in the Madrid and Lisbon offices. He held the post of Director in the Banco Português de Investimento, between 1991 and 1998. From 1998 to 2002, he was Chairman and CEO of Telefónica International. From 2002 to 2006 he was Chairman and CEO of Telefónica Móviles S.A. From 2006 to 2008, he was Chairman and CEO of Telefónica España. Between 2000 and 2008, he was a Non-Executive Director of the Board of Directors of Portugal Telecom. He was CEO of Crédit Suisse AG for Spain and Portugal, from 2011 to 2016, acting currently as a consultant of that company. He is a Non-Executive Director of Semapa, SGPS, S.A. and of Atento, S.A., and is also Director of Alter Venture Partners G.P., SARL. He was a member of the Audit Committee of the Company during the terms 2010-2012, and 2013-2015. He has been a Non-Executive Director of the Company, since 9th April 2010.

Artur Stefan Kirsten is a German national and took his master degree in Business Economics and Informatics, from 1981 to 1986, at the FernUniversität Hagen and Georg-August-Universität Göttingen. In 1991, he has taken his Doctorate Degree followed later by the Stanford Executive Program with the Graduate School of Business of Stanford University in California. Since 1995 he has been teaching at different universities in Germany and abroad. Dr. Kirsten has been appointed to a professorship with the Westfaelische University in Gelsenkirchen since 2001. He served as Chief Financial Officer of Vonovia SE (former "Deutsche Annington SE") between 2011 and 2018, where he was a member of the Management Board since 1st January 2011. He was Member of the Board of Directors of the Company, from April 2010 to February 2011, and he is currently a Board member at Sociedade Francisco Manuel dos Santos BV. His previous positions were as Chief Executive Officer (CEO) of Majid Al Futtaiim Group LLC, a real estate development company focusing mainly on property, retail and ventures in the Emirates, and Chief Financial Officer (CFO) of Metro AG and ThyssenKrupp AG in Germany. He has been a Non-Executive Director of the Company, since 9th April 2015.

Clara Christina Streit is both a US and German citizen and holds a Master's Degree in Business Administration from the University of St. Gallen, Switzerland. She serves as an Associate Professor at the Lisbon Nova e Católica Universities and independent Non-Executive Director of several European corporations. She began her career as a Consultant at McKinsey & Company where she retired as Senior

Partner in 2012, after more than 20 years of experience as an advisor to financial institutions. From 2013 to 2017, she served as Member of the Supervisory Board and as Chair of the Nomination Committee of the Dutch insurance company Delta Lloyd N.V.. She served as a Director and member of the Nomination and Compensation Committee of Bank Vontobel AG, currently performing such duties in Vontobel Holding AG. Since 2013, she has been a member of the Supervisory Board of the German property company Vonovia SE (former "Deutsche Annington SE"). From May 2015 to April 2018, she was a Member of the Board of Directors and of the Internal Controls & Risks and Corporate Governance, HR & Nomination Committees at Unicredit S.p.A, Milan. In 2017, she was appointed Member of the Supervisory Board, Member of the Risk Committee and the Nomination and Corporate Governance Committee of NN Group N.V. and, in 2019, she was appointed Member of the Supervisory Board of Deutsche Börse AG. She has been a Non-Executive Director of the Company, since 9th April 2015.

Elizabeth Ann Bastoni is an American national, and holds a Bachelor of Arts degree from Providence College and a degree in French civilization studies from the Sorbonne University in Paris. She started her career in Paris with KPMG in 1989 in the International Tax Practice where she served in various roles, including senior manager of Business Development. From 1998 to 2003, she served as Director of Global Compensation, Benefits and Expatriate Programs for Lyonnaise des Eaux worldwide. Prior to joining The Coca-Cola Company in 2005, she held senior human resources positions with the Paris-based Thales Group. She joined Carlson from The Coca-Cola Company where she served as Chief Human Resources and Communications Officer. She served as Director of Carlson Wagonlit Travel and as a Director of The Rezidor Hotel Group since April 2011. She is President of Bastoni Consulting Group LLC, Director of Société BIC, Chair of the Board of Directors of Limeade, Inc. and Chair of the Remuneration and Nomination Committee of Limeade Inc. She Chaired the Remuneration Committee of the Jerónimo Martins Group between 2016 and 2018. She is a Non-Executive Director of the Company since 11th April 2019.

Francisco Seixas da Costa is a Portuguese national, has a degree in Political and Social Sciences from the Universidade Técnica of Lisbon. He started his diplomatic career in 1975 as a diplomat in the Portuguese Ministry of Foreign Affairs. Between 1995 and 2001, he was Secretary of State for European Affairs, where he had several official functions, amongst others, Portuguese chief negotiator of the EU Amsterdam treaty, from 1995 to 1997, Portuguese coordinator for the negotiation of the EU financial framework, from 1997 to 1999, and President of the Council of Ministers of the EU Internal Market in 2000. From 2001 until 2002, he was Ambassador, Permanent Representative to the United Nations, in New York, and, from 2002 until 2004, he was Ambassador, Permanent Representative to the Organization for Security and Cooperation in Europe (OSCE), in Vienna. Between 2004 and 2008, he was Ambassador to Brazil, in Brasília, and, between 2009 and 2013, he was Ambassador to France and Permanent Representative to UNESCO (since 2012), in Paris. Since 2013, he has been member of the Consultative Council of Fundação Calouste Gulbenkian and member of the Strategic Consultative Council of Mota-Engil, SGPS, S.A.. Since 2014, he is a professor in Universidade Autónoma de Lisboa. In April 2016, he was appointed Director and member of the Nominations and Remunerations Committee of EDP Renováveis and, on 2017 he was appointed Member of the Independent General Council of RTP – Rádio e Televisão de Portugal, S.A.. He is Chairman of the Fiscal Council of Tabaqueira II, S.A.. He is a columnist and cooperates with several publications, also being the author of several works on international issues and security. He has been a Non-Executive Director of the Company, since 10th April 2013.

José Soares dos Santos is a Portuguese national, has a degree in Marine Biology from Lisbon Classic University, in 1986, with executive education at IMD (1995) and Harvard (1997), and Alumni Member of Stanford (2000). Member of the Board of Directors of Sociedade Francisco Manuel dos Santos, SGPS, S.E., since 2001. Executive President of Sociedade Francisco Manuel dos Santos B.V. since its establishment. Member of the Board of Directors of Jerónimo Martins SGPS, S.A., from 1995 to 2001 and from 2004 to 2015. Since 1995, he has been Chairman of Unilever Fima, Lda., Gallo Worldwide, Lda. and JMDB Representação e Distribuição de Marcas Lda.. Executive Board Member and Trustee of Fundação Francisco Manuel dos Santos, since 2009. Since September 2015, he has been Chairman of Oceanário de Lisboa, S.A. and, since December 2016, Chairman of the Board of Trustees and the Board of Directors of the Oceano Azul Foundation. Chairman of Movendo Capital B.V., since 2017. He has been a Non-Executive Director of the Company, appointed by Sociedade Francisco Manuel dos Santos, since 11th April 2019.

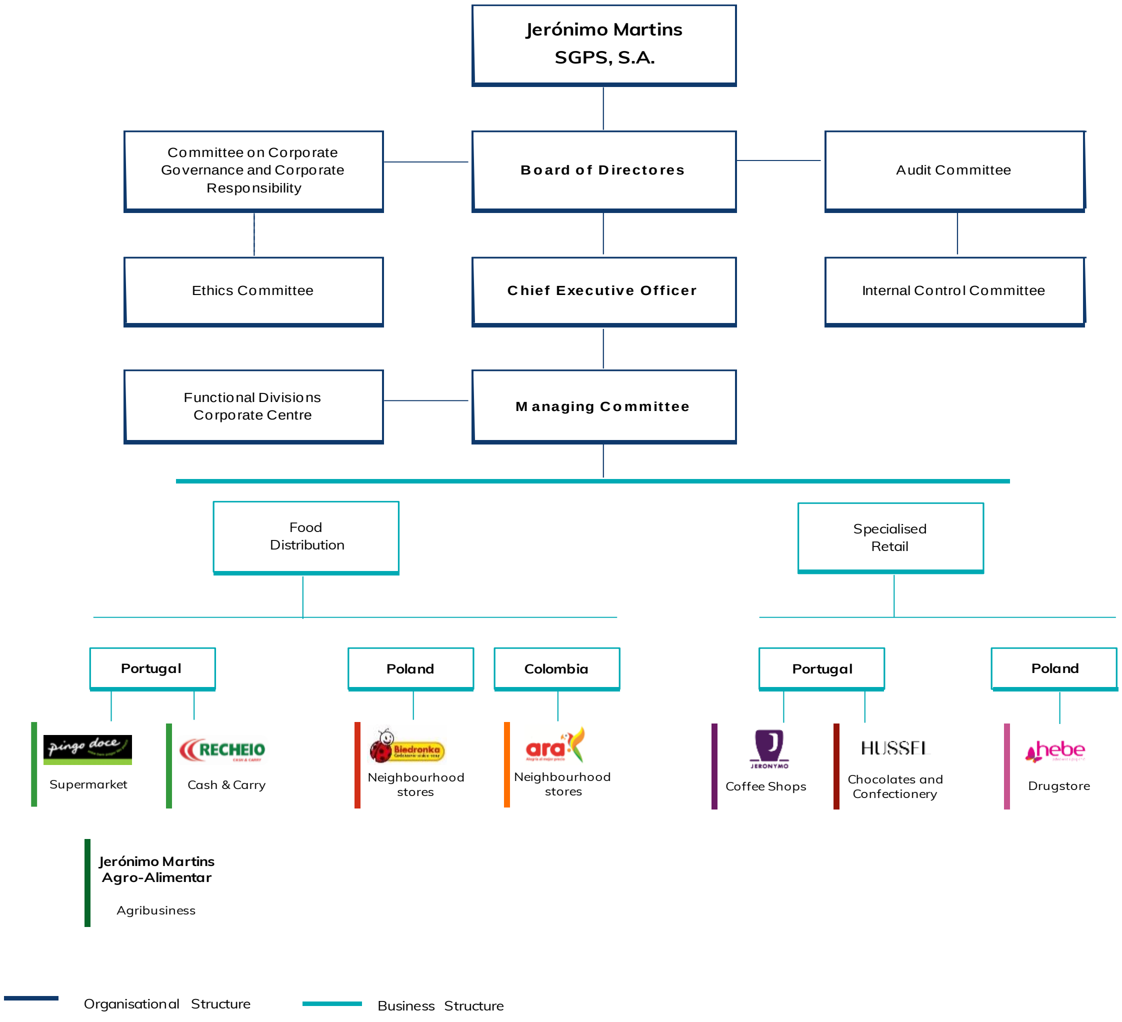
María Ángela Holguín Cuéllar is a Colombian national, has a degree in Political Sciences from Universidad de los Andes. She also holds a specialization in Public Administration at the Andes University, and a specialization in Diplomacy and Strategy from the Centre d' Études Diplomatiques et Stratégie. With over two decades of public and private sector experience, she held high positions in the Colombian government, including at the Office of the President of Republic, at the Ministry of Foreign Affairs, and at the Office of the Attorney General of the Nation. As part of her broad professional experience in the diplomatic field, María Ángela Holguín Cuellár has held, among others, the positions of Minister of Foreign Affairs of Colombia (2010-2018) and Deputy Minister (1998), Ambassador and Permanent Representative of the Colombian Mission to the United Nations (2004–2006) and Ambassador of Colombia to Venezuela (2002–2004). She was also Regional Director for Latin America of the Worldview International Foundation (2000-2002) and Representative in Argentina of the CAF Development Bank of Latin America (2008-2010). In addition, she was Coordinator for Colombia of the IADB Assembly and Inter-American Investment Corporation (1997), and Executive Director of the Latin American and Caribbean Regional Conference on Early Childhood (1997). She is a member of the Supervisory Board of New World Investments B.V. (company that is part of the Group). She is a Non-Executive Director of the Company since 11th April 2019.

Sérgio Tavares Rebelo is a Portuguese national, has a degree in Economics from Universidade Católica Portuguesa. He also has a M.Sc. in Operations Research from Instituto Superior Técnico of Lisbon, as well as a M.A. and a Ph.D. in Economics from University of Rochester. He began his academic career as an instructor at Universidade Católica Portuguesa, in 1981. In 1988, he joined Northwestern University as Assistant Professor of Finance and became Associated Professor of Finance, in 1991. Between 1992 and 1997, he was Associated Professor of the Department of Economics of the University of Rochester and, since 1997, he has been Tokai Bank Distinguished Professor of International Finance, in Kellogg School of Management, of Northwestern University. Since 1982, he has published numerous articles and books on economics and finance. He has been a Member of the Advisory Council to the Global Markets Institute at Goldman Sachs, since April 2012, and was appointed Non-Executive Director of Integrated DNA Technologies, from 2015 to 2018. He currently is Chairman of the Company's Audit Committee. He has been a Non-Executive Director of the Company, since 10th April 2013.

20. Customary and Meaningful Family, Professional or Business Relationships of Members of the Board of Directors, with Shareholders That are Assigned Qualifying Holdings That are Greater Than 2% of the Voting Rights

Member of the Board of Directors	Type of Relationship	Shareholder with Qualifying Holding
Artur Stefan Kirsten	Director	Sociedade Francisco Manuel dos Santos, B.V.
José Soares dos Santos	Executive President	Sociedade Francisco Manuel dos Santos, B.V.

21. Organisational Charts Concerning the Allocation of Powers Between the Various Corporate Boards, Committees and/or Departments Within the Company, Including Information on Delegating Powers, Particularly as Regards the Delegation of the Company's Daily Management



Chairman of the Board of Directors

The Chairman of the Board of Directors, according to the Board of Directors' Regulations, in addition to the institutional representation of the Company, has a special responsibility for managing the respective meetings, for monitoring the action taken on the decisions made by this body, for taking part in the meetings of other committees set up by the Board of Directors and for defining the overall strategy of the Company.

Delegation of Powers and Coordination of Non-Executive Directors

The Board of Directors, by resolution, delegated various duties regarding the day-to-day management of the Company in one Chief Executive Officer who, in the terms of such delegation, is entitled:

a. to manage all corporate businesses and perform all operations relating to its corporate objectives, included in the scope of its current role, as holding company;
b. to represent the Company, in court or otherwise, to propose and answer to any lawsuits or engage in any arbitrations, for which purpose it may designate proxies, as well as compromise in, confess or withdraw from any such lawsuits or arbitrations;
c. to decide on loans or other financial operations to be contracted from the financial market at home or abroad, as well as on the issuance of debt securities within the powers of the Board of Directors

and to accept the supervision of the lending entities, all these up to the amount of 50,000,000 (fifty million) euros and in full compliance with that prescribed in the Articles of Association of the Company;

d. to decide on the provision of technical and financial support, including through the granting of loans by the Company to companies whose stakes or shares the former holds in total or in part;
e. to decide on the sale/transfer or lease (as lessor) any movable or immovable assets, including shares, units, quotas and bonds, and in general to decide on any divestments up to the amount of 50,000,000 (fifty million) euros or, independently of such threshold, whenever such divestment is set out in the Medium or Long Term Plans, as defined below, approved by the Board of Directors;
f. to decide on the acquisition or lease (as lessee) of any movable or immovable assets, including shares, units, quotas and bonds, and in general to decide on any investments up to the amount of 50,000,000 (fifty million) euros or, independently of such threshold, whenever such investment is set out in the Medium and Long Term Plans, as defined below, approved by the Board of Directors;
g. to appoint the individuals to be proposed to the General Shareholders' Meeting from the companies referred to in sub-paragraph d) above, to fill the roles of the respective corporate bodies, indicating those who will fulfil executive functions;
h. to approve policies and rules transverse to the Companies of the Group, such as procedure manuals, regulations and service instructions, maxime, those concerning (i) Human Resources, (ii) Operational Control, (iii) Food Safety and Quality Control, and (iv) Reporting and Investments;
i. to approve the expansion plans with respect to the activities of each of the business areas, as well as Group Companies forming part of the Group but not included in the business areas;
j. to approve the organic structure for the Group's companies;
k. to decide on the instructions to be given by the Company to the management of its subsidiary Companies with respect to those matters referred to herein, pursuant to and in compliance with the applicable laws.

For the purpose of the delegation of powers, it is considered as being foreseen in the Medium and Long-Term Plans (which are considered to be the activity and investment plans and financial projections on a three-year term), the acquisitions, sales, investments or divestments, the amount of which does not exceed by more than 10% each heading contained in those Plans..

In 2020, the Managing Committee remained in office as the consultative body which, as referred in point 29, has the primary goal of assisting the Chief Executive Officer in the duties delegated by the Board, in relation to the daily management of the businesses within the corporate purpose of the Company.

Nevertheless, pursuant to the terms of its Internal Regulation, the Board of Directors retains authority over strategic matters of management of the Group, in particular those regarding the definition of general policies of the Company and the corporate structure of the Group and those that, due to their importance and special nature, may significantly impact on the business activity of the Group.

In addition to the delegated responsibilities, the Chief Executive Officer shall submit to the Board of Directors, for approval: consolidated medium and long term plans for Jerónimo Martins Group and for each business area thereof, together with his appraisal, including the activity and investments plans, as well as the three year term financial projections ("medium and long term plans"); budgets, including financial targets to be achieved in the following financial year, for Jerónimo Martins Group and for each business area thereof; accounts and the consolidated results for the Group and for each of the its business areas, any investments not foreseen in the delegation of powers.

The matters referred to in Art. 407(4) CCC are off-limits to the Chief Executive Officer.

Apart from the powers on strategic matters of management of the Group, the Board of Directors has effective control on directing corporate activities by always seeking to be duly informed and by ensuring the supervision of the Company's management, having implemented mechanisms that ensure such supervision.

To this end, at each Board of Directors meeting the Chief Executive Officer reports on the Company activity since the last meeting and provides any further clarification that the Non-Executive Directors may require. All information requested by the Non-Executive Directors in 2020 was provided in full and in a timely manner by the Chief Executive Officer.

Additionally, considering that the Chief Executive Officer is, simultaneously, Chairman of the Board of Directors, it was approved by decision of the said Board, a Mechanism for Coordinating the Activities of Non-Executive Directors.

Such Mechanism foresees that the members of the Board of Directors who are not part of an Executive Committee or are not Executive Directors are responsible, pursuant to the terms of Art. 407, paragraph 8 CCC, for monitoring the activity of the Executive Committee or the Executive Directors, as the case may be, as well as for the damages caused by their acts or omissions when, having knowledge of such acts or the intent to commit them, they do not seek the intervention of the Board of Directors to take the necessary measures.

The monitoring and supervising activity is also carried out by Non-Executive Directors through their participation in Specialized Committees and working groups set up by the Company, as well as in the corporate bodies of subsidiary companies.

Still on the terms of such Mechanism, the Executive Directors or the Chairman of the Executive Committee, as applicable, as well as Directors charged with a special duty, pursuant to the terms of Art. 407, paragraphs 1 and 2 CCC, shall:

a) whenever necessary disclose to Non-Executive Directors all the relevant information regarding the performance of the delegated powers or the special duty conferred upon them;
b) answer, within a reasonable deadline, to any information request presented by any Non-Executive Director, within their respective functions, and such information shall also be made available to the remainder members of the Board of Directors.

It is foreseen in the said Mechanism that Non-Executive Directors may also meet in ad hoc meetings, convened at the request of any two of them by the Company´s Secretary (who shall inform the Chairman of the Board of Directors about the summons), pursuant to the terms foreseen in the Board of Directors Regulations.

In order to allow for an independent and informed participation of Non-Executive Directors in the meetings of the Board of Directors or in the meetings of the Specialised Committees and working groups set up by the Company as well as in the corporate bodies of subsidiary companies they integrate, the Mechanism foresees that the Company's Secretary shall make available to them the definitive agenda of the meeting and respective preliminary documentation, pursuant to the terms and within the deadlines foreseen in the Board of Directors Regulation.

The Company's Secretary shall also ensure, according to the Mechanism implemented, the delivery to the Directors, who so request, of a copy of the minutes of the meetings of the Managing Committee as well as a copy of any other minutes of the meetings of Corporate Bodies or Specialised Committees within the Board of Directors. Moreover, the Company's Secretary shall, within its duties, provide Directors with all information regarding the resolutions of the Board of Directors or Executive Committee or the decisions of the Executive Directors.

More detailed information about the evolution of the Group's businesses, its performance and respective position, including information on environmental, social and worker issues, equality between women and men, non-discrimination and respect for human rights is disclosed in Chapters 1 ("The Group Jerónimo Martins"), 2 ("Management Report - Creating Value and Growth") and 5 ("Corporate Responsibility in Value Creation").

Organisational Structure and Division of Responsibilities

Jerónimo Martins, SGPS, S.A. is the Holding Company of the Group and, as such is responsible for the main guidelines for the various business areas, as well as for ensuring consistency between the established objectives and available resources. The Holding Company's services include a set of Functional Divisions which provide support for Corporate Centre and services to the Operating Areas of the Group's companies, in the different geographical areas in which they operate.

In operational terms, Jerónimo Martins is organised into two business segments: i. Food Distribution and Specialised Retail, being its major focus on the first one. The Distribution segment – Food and Specialised Retail – are organised into Geographical Areas and Operating Areas (under different brands and formats). The Company also has operations in the Agro Business segment which serve, essentially, as a support to Food Distribution, mainly in Portugal, guaranteeing the supply and differentiation in relevant categories.

Holding Company Functional Divisions

The Holding Company is responsible for:

i. defining and implementing the development strategy of the Group's portfolio;
ii. strategic planning and control of the various businesses and consistency with the global objectives;
iii. defining and controlling financial policies; and
iv. defining Human Resources Policy, with direct responsibility for implementing the Management Development Policy.

The Holding Company's functional divisions are organised as follows:

Functional Divisions of Corporate Support 2020

Legal Affairs	Carlos Martins Ferreira
Internal Audit	Joanna Peschak
Corporate Communications and Responsibility	Sara Miranda
Environment	Fernando Frade
Institutional Relations	José A. Nogueira de Brito
Finance and Data Privacy	Ana Luísa Virgínia
Financial Control	António Pereira
Fiscal Affairs	Rita Marques
Financial Operations and Insurance	Conceição Carrapeta
Data Privacy	Madalena Mena
Investor Relations	Cláudia Falcão
Chairman and CEO Office	João Nuno Magalhães
Strategy	Bruno Trindade
Risk Management	Cláudia Fernandes
Information Security	Nuno Galveia
Human Resources	Marta Maia
Information Technology	Nuno Abrantes
Business Support	
Commercial/Global Sourcing	José A. Nogueira de Brito
Logistics and Supply Chain	Eduardo Brito
Marketing and Consumer	André Ribeiro de Faria
Quality and Private Brand Development	Carlos Santos
Operations Quality and Food Security	Marta Moreira
Security	João Carreira

Environment – Defines the environmental strategy, policies and procedures across the geographies where the Jerónimo Martins Group is present, assuring the fulfillment of the commitments taken by the Group and promoting the identification of opportunities to minimize the negative environmental impacts, both direct and indirect, derived from its operations and products, on the value chain.

Based on the environmental risk evaluation, the trends, the available scientific information and the Sustainable Development Objectives set by the United Nations, the Group's environmental strategy has as its priorities the fight against climate change, the protection of biodiversity and the correct management of waste. Specific objectives, programs and goals are established to manage each of these priorities.

The main commitments and actions implemented in 2020, as well as the results achieved, can be found in Chapter 5 ("Corporate Responsibility in Value Creation"), being highlighted in the year:

- Start implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to strengthen the identification and quantification of financial risks and opportunities associated with climate change;
- Joining the voluntary initiatives New Plastics Economy Global Commitment, Portuguese Plastics Pact, Polish Plastics Pact, Plastic Waste Coalition of Action and act4nature Portugal.

Legal Affairs – Ensures ongoing legal assistance to the Company, preparing contracts, opinions and studies, assisting the Board of Directors in decision making, implementing risk planning policies and giving support to other Functional Divisions. It also ensures the necessary coordination between the legal departments of subsidiaries in the different jurisdictions in which they operate.

In 2020, this Division continued to focus on monitoring the evolution of the corporate rules and recommendations in the Group's various reorganization operations and on supporting the Board of Directors and other Functional Divisions in the projects of international expansion of the Group, and in contracting medium and long-term loans with supranational financial entities, among other matters.

It also had an important role regarding the prevention of legal disputes, through legal counselling and internal training.

Internal Audit – Assesses the quality and effectiveness of the internal control and risk management systems (both operational and non-operational) that are set by the Board of Directors, ensuring their compliance with the Group's and each business unit's procedures, as well as ensuring compliance with the legislation and regulations applicable to the respective operations.

This Division reports hierarchically to the Chairman of the Board of Directors and functionally to the Audit Committee. The activities carried out by this Functional Division are referred in point 50.

Commercial/Global Sourcing – Responsible for defining, coordinating and implementing the strategy, and global common commercial policies, common to the several geographies where the Group operates.

It has as its main mission to lead the coordination and integration of the commercial departments of the several operational companies, in pursuing the following main goals:
- Procurement activities and joint negotiations with producers and international suppliers of Private Brands, Perishables and Non-Food;
- To promote the sharing of know-how and information between the different geographies;
- To encourage and operationalize common innovation associated to Private Brands;
- To develop global brands (to be used by other operational companies of the Group) in specific categories;
- To potentiate and coordinate all other commercial synergies between companies;
- Harmonize internal rules and procedures for procurement, supplier selection and price negotiation, applicable in all operating companies of the Group.

In 2020, the Global Sourcing department redefined its internal processes, reactivating the Global Sourcing Committees with the Private Brand Development areas of Poland and Portugal, with a monthly period in Portugal, and bimonthly in Poland, as well as the weekly Imports Committee of Ara. Additionally, an annual plan for Global Commodity Tenders was established, with the identification of categories, definition of milestones and respective timing, done together with the operating companies. This plan saw its implementation start in the second half of 2020 and will continue throughout the year 2021. In order to improve communication with the heads of the commercial departments, the bimonthly Global Sourcing Newsletter was also resumed.

Corporate Communications and Responsibility – Ensures the strategic management of the Jerónimo Martins brand and is responsible for preserving and developing the Group's reputation capital. This mission is pursued through a continuous dialogue with the various external non-financial stakeholders and the communication of the efforts developed by the Group's Companies in their search for balancing economic prosperity, social development and environmental preservation in the choices and decisions made along the value chain. This Division is also responsible for promoting the alignment of the messages and practices of the different Divisions and Companies with the Group's values and objectives.

In 2020, and to coincide with World Food Day, this Division organised, in Lisbon, the Conferência Dieta Mediterrânica à Portuguesa (Portuguese Mediterranean Diet Conference) with the institutional support of Lisbon City Council, the Faculty of Nutrition and Food Sciences of the University of Porto and the scientific sponsorship of the Directorate-General for Health. In a year marked by the Covid-19 pandemic, this conference – held also as part of Pingo Doce's 40th anniversary activities – was broadcasted live on the Group's social networks. At the end of the conference, which had extensive media coverage, Juliana was presented as the new brand to enter the Pingo Doce universe aiming at aggregating the food offer based on the Portuguese Mediterranean Diet, with a special focus on soups.

Over the course of the year, 14 meetings were held by the sustainability committees of the different Companies and the Group also joined the international organization Business for Nature and act4nature Portugal.

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More information on the projects developed by this Division in the area of Responsibility can be found in detail in Chapter 5 ("Corporate Responsibility in Value Creation").

Financial Control – Responsible for providing financial information to support decision-making by the Company's Corporate Bodies. It encompasses the areas of Consolidation and Accounting, Financial Planning and Control.

The Consolidation and Accounting area prepares consolidated financial information in order to comply with statutory and legal obligations and supports the Board of Directors by implementing and monitoring the policies and the accounting principles adopted by the Group.

It also supervises the financial reporting of the different Group Companies to ensure that it conforms to the standards, supporting the Companies in the accounting assessment of non-recurrent transactions, as well as restructuring and expansion operations.

The area of Planning and Control coordinates and supports the process of preparation of financial statements for the Strategic Plans, which are used as a basis for strategic decision-making by the Corporate Governance bodies.

It has a control function, monitoring the performance of the different business units of the Group and identifying eventual deviations from the plans. It thus provides the Managing Committee with relevant information and proposals to guarantee corrective measures that allow the defined strategic objectives to be achieved.

It also makes a financial assessment of all investment projects that are relevant for the Group, providing support to the Managing Committee for its approval and follow-up.

In 2020, it continued the implementation of several ownership structure restructuring projects, as well as process automation with the aim of achieving organizational simplification and administrative efficiency.
Having present the impacts resulting from the ongoing pandemic, it gave support on the mitigation measures adopted by the business units, to face the several operational and financial risks to which the Group is exposed.

It maintained the support and monitoring of the performance of the business units, and supported the development of the Group's medium and long-term strategic plans, which are essential for assessing the recoverability of the Group's assets.

Strategy – Responsible for a set of activities aimed at supporting strategic decisions, as well as helping bring these strategies to fruition.

The scope of activities can be segmented in three different areas:

- Strategic analysis – includes researches and analyses of market and consumer main trends and benchmarking with the world's largest food retailers and our main competitors in Poland, Portugal and Colombia. It helps ensure the Group and its companies are able to respond and adapt to an ever-evolving competitive environment;

- Strategic project management – comprises multidisciplinary projects with global reach as well as business units' projects of a disruptive nature. The department coordinates the participation of the most experienced managers in all ongoing projects while regularly producing reports to support decision-making process;
- Portfolio development – consists on the analysis of opportunities to develop the Group's portfolio including, amongst others, analyses of new markets and new business areas that have the potential to add value to the Group.

In 2020, a year marked by operational and strategic challenges, the department kept its focus on managing strategic projects and analysing medium to long-term business opportunities, while continuously supporting different business units in their swift and effective reaction to the dramatic changes in their business environment.

Fiscal Affairs – Provides all of the Group's Companies with assistance in tax matters, ensuring compliance with legislation in force and in the optimisation of the business units' management activities from a tax perspective. It also manages the Group's tax disputes and its relations with external consultants and lawyers, as well as with Tax Authorities.

In 2020, it provided the necessary technical support in all ownership restructuring operations. It monitored all tax legislation changes due to Covid-19 pandemic. It proceeded to the monitoring of the implementation in all geographies where the Group is present of the new European Union Directive (known as "DAC6") on the new EU tax disclosure rules. Through the associations, national and international, that represent the sector it ensured the defense of the Group's interests, whether collaborating on the clarification and implementation of new legislation, or in the public debate of legislative projects.

Risk Management – Responsible for implementing the Group's risk management policies and procedures, as well as for providing the necessary support to the Governance Bodies of the Company in identifying any risks that might compromise the strategy defined by the Group, as well as its business objectives.

The activities carried out in the area of Risk Management are described in points 52 to 55 of this Report.

Logistics and Supply Chain –Its objective is to promote innovation and efficiency and knowledge of the Group's business models, in all dimensions of the Supply Chain, enabling the development and growth of the several business units in the different geographies.

Having the above as a mission, this Office continued to work in 2020 four key priorities:

- Anticipate, define and adapt with each business, the End to End Supply Chain models taking into account the evolution of each market;
- Contribute to the evolution of supply models of suppliers, so that this translates into improvements in scale, and productivity gains in the value chain;
- Build a model of knowledge and experience through the design of a modern model of physical infrastructure, technologically advanced;
- Promote and foster good practices, and increase synergies among teams from different geographies.

Marketing and Consumer Office - Division responsible for Marketing's strategic vision according to a consumer-centric perspective with special focus on the digital area.

The priority of the area is to thoroughly understand the clients in order to continuously enhance their experience with each of the Group's banners. To meet this goal, the area resorts to tools and techniques in data and consumer insights and to agile methodologies to enable more relevant and tailored interactions with the clients and to provide a better experience across all touchpoints.

In 2020, this Office further developed the project of the store located inside Nova SBE's campus, in Carcavelos. This included adding new services (especially in the Meal Solutions area) as well as improving staff productivity, security and payment solutions. It also included the first deployments of some of its solutions to other stores of the Group. The "Pingo Doce & Go Nova" store is the first supermarket in Portugal without cash registers and has, among other features, the first solution for selling 24/7 to customers based on computer vision (sub-domain of Artificial Intelligence) in Europe.

Related with the growing penetration of online channel during the Covid-19 pandemic, this Division designed a tool to manage the catalogue in home delivery platforms and a system to perform in-store picking for Biedronka based on the technology for "Pingo Doce & Go Nova" store.

The team also continued with the implementation of Analytics tools focused on customer insights and assortment optimization, launched the data monetization initiative "Insight Sharing" with several key FMCG suppliers, and supported the Group's Companies across several Marketing, Communication and Digital activities.

Financial Operations – This Division includes Financial Risk Management, as well as Insurance and Treasury Management. The activity of the first area is discussed in detail in points 52 to 55.

Treasury Management is responsible for managing relations with the financial institutions that already undertake, or have the potential to undertake, business with Jerónimo Martins, ensuring that these entities fulfil the defined criteria, and also ensuring that the best possible conditions are always achieved. It also executes treasury planning with the aim of negotiating and implementing, for all the Group's Companies, the most suitable financial sources according to its cash flow generation profile, or to get the highest return with the lowest risk from the excess cash of the Group.

A large part of the treasury activities of Jerónimo Martins is centralized in the Holding Company, which is a structure that provides services to all other Companies of the Group. The negotiation and management of the insurance policies of the Group are also negotiated and managed in this division, where lies the responsibility for the relation with the insurance brokers and insurance companies that do business with the Group.

In compliance with the above-described activities, during 2020, new debt was issued to refinance debt maturing and it was contracted for the Colombian subsidiary a second loan with the International Finance Corporation (IFC), a member of the World Bank under a special Covid-19 credit line made available by this entity. It was also contracted a new loan with European Investment Bank (EIB) whose funds were taken by Jeronimo Martins Polska with the purpose of financing projects that incorporate Energy & Environmental Sustainable components. On what concerns insurance policies, the annual renegotiation of the same was made, reinforcing once again an integrated approach of all geographies where the Group operates.

Data Privacy – Responsible for the development and implementation of policies, procedures, methodologies and rules regarding the protection of personal data in all business units where Jerónimo Martins operates. In addition, it also guarantees the relationship with the in-house lawyer's teams, the Data Protection Officers of the different companies of the Group, as well as with the relevant authorities.

In 2020, the department continued to focus its activity on the monitoring of personal data processing activities, aiming to implement appropriate controls, as well as monitoring relevant projects in this matter. It also played an active role in the communication and internal training on this subject.

Quality and Private Brand Development – Responsible for defining, planning, implementing and controlling the policies, procedures, methodologies and rules in the various countries where Jerónimo Martins operates, ensuring the use of the best and most up-to-date practices in this area.

In 2020, the main activities carried out focused on:

- carrying out the defined product and supplier control activities;
- revision of the suppliers audit check-list, including food fraud and food defense requirements;
- continuous improvement of Private Brand products by reformulating existing products;
- anti-fraud and Genetically Modified Organisms (GMO) ingredients controls - construction of a Molecular Biology laboratory;
- maintaining the certifications in Quality and Food Safety;
- rolling-out of the Quality Management System (QMS) IT tool for all geographies;
- revision of the Corporate Guidelines for Private Brand – Perishables, Food and Non-Food Products
- rolling-out of a suppliers improvement program in Colombia, in order to raise the respective productivity and the food safety of the products supplied.

Operations Quality and Food Safety - Responsible in the three geographies for ensuring quality and food safety in all perishable products and processes, along the supply chain, in all its steps: producers and suppliers, goods reception and storage, stores, kitchens and fresh dough factory.

For that, it defines, plans, implements and controls policies, standards and requirements, for products and processes, promoting alignment of local structures and sharing of best practices, always seeking continuous improvement of products Quality and Food Safety and customer satisfaction.

Human Resources – Founded on the culture and values of Jerónimo Martins, this Corporate area is responsible for defining the strategy and global policies of human resources and internal social responsibility that contribute to keep being a benchmark employer, acting through the main pillars of the employee lifecycle – Attraction, Development, Training, Compensation and Benefits – guiding its implementation and compliance in a sustainable way, including the promotion of its best practices, safeguarding the uniqueness of the different geographical areas in which the Group operates and the individual nature of the different Companies.

The activities that this Functional Division carried out in 2020 can be found in detail in Chapter 5 ("Corporate Responsibility in Value Creation"), subchapter 8 – "Being a Benchmark Employer" - of the Annual Report.

Investor Relations – Responsible for the communication with investors – whether current shareholders or not, institutional and private, national and foreign - as well as with the analysts who formulate opinions and recommendations regarding Jerónimo Martins' share price. It is also the responsibility of this Division to co-ordinate all matters related to the Portuguese financial markets regulator (CMVM).

The activities carried out by this Functional Division can be found in detail in points 56 and 58.

Security – Responsible for the implementation of a security strategy to ensure the protection of the Group's employees, customers, values and assets. In this context, it defines and coordinates procedures in terms of protecting the security of the Companies's people and assets, intervening whenever there are thefts and robberies, fraud and other illegal and/or violent activities perpetrated in the facilities or against employees of the Group.

In 2020, the department's activity in the three geographies was partially affected due to the Covid-19 pandemic. However, security audits were carried out in Poland and Colombia and, in Portugal, the audit plan in the form of security diagnostics was launched.

The 2020 security plans and initiatives were reassessed due to the Covid-19 pandemic, and extended for three years. The Surveillance Manual for stores was released, thus giving store managers a tool that serves as a guide in the management of security guards, making it more effective and enhancing that resource.

Information Security – Responsible for planning, implementing and maintaining an information security and cibersecurity management system in all Group Companies, based on risk management, incident prevention, detection, response and recovery.

Information Security Officers (ISO) in the geographies where the Group operates, as well as the Technology Security responsible, report to this Division. Together they ensure the implementation of the Information Security strategy and local compliance with applicable Information Security Policies and Standards. They also support the respective Companies by assessing and mitigating cybersecurity risks of projects and activities.

In 2020, cybersecurity priorities were adjusted due to the Covid-19 pandemic. The initiatives that stand out are the improvement of laptops' security, cyber risk management of main suppliers, cooperation with national cybersecurity authorities and several security awareness training to employees, focused on remote working and secure use of digital collaboration tools.

Information Technology – Its mission is to ensure the strategic alignment of the Group and its several business units on what concerns IT.

Hence, this Division ensures value creation, and by way of making available and implementing solutions that promote effectiveness, efficiency and innovation, it supports the growth of the portfolio and respective businesses in a sustainable way.

The Division is responsible for defining and implementing the Global Information Technology Strategy for the Group, for promoting technology-based innovation and for aligning and ensuring synergy on IT policies, systems and processes.

Operational Areas

The organisational structure of Jerónimo Martins is aimed mainly at ensuring specialisation in the Group's various businesses by creating geographical areas and operational areas, thus guaranteeing the required proximity to the different markets.

The Food Distribution business is divided into geographical areas - Portugal, Poland and Colombia – and within those countries then further divided into operational areas. In Portugal there are two operational areas: Pingo Doce (Supermarkets) and Recheio (Cash & Carry), which encompasses the Food Service division through Recheio Masterchef (former Caterplus). In Poland there is the operational unit Biedronka (food stores) and in Colombia the unit Ara (food stores).
Within the Group's portfolio there is also a business segment devoted to Specialised Retail, existing in Portugal the operational areas Jeronymo (cafeterias) and Hussel (chocolates and confectionery shops) and Hebe in Poland (drugstores).

The Group has made investments in the Agro Business area, starting its activity in areas such as Dairy Products, Beef and Aquaculture, with a special focus in the protection and differentiation of the supply chain from the operations of Food Distribution, mainly in Portugal.

B. Functioning

22. Availability and Place Where Rules on the Functioning of the Board of Directors May be Viewed

The Regulation of the Board of Directors is available on the Company's website, through the link mentioned in point 61 ("Relevant Addresses").

23. The Number of Meetings Held and the Attendance Report For Each Member of the Board of Directors

The Board of Directors, whose duties are described in Art. 13 of the Company's Articles of Association, meets at least four times a year, and any of its members may be represented at the Board Meetings by another member, by means of a letter addressed to the Chairman.

During 2020, the Board of Directors met seven times. The respective minutes were prepared for all meetings. The number of annual meetings held by this body is also disclosed on the Company's website, through the link mentioned in point 62 ("Relevant Addresses").

The attendance of each Director to the referred meetings during the exercise of respective duties was follows:

Pedro Soares dos Santos	100%
Andrzej Szlęzak	100%
António Viana-Baptista	100%
Artur Stefan Kirsten	100%
Clara Christina Streit	100%
Elizabeth Ann Bastoni	100%
Francisco Seixas da Costa	100%
José Soares dos Santos	100%
María Ángela Holguín Cuéllar	100%
Sérgio Rebelo	100%

24. Details of Competent Corporate Boards Undertaking the Performance Appraisal of Executive Directors

The assessment of performance of Executive Directors is made by the Remuneration Committee, elected by the General Shareholders' Meeting (see points 66 et seq.).

The Remuneration Committee is in charge of, in the scope of the Remuneration Policy, assessing the individual and collective performance of Executive Directors, evaluate their influence and impact in Jerónimo Martins' businesses and assessing their alignment with the medium and long-term interests of the Company.

As referred below (see point 27), currently there are no committees composed exclusively by Directors. Notwithstanding such fact, the performance of Executive Directors who are part of mixed committees (i.e. also composed of Non-directors) is evaluated by the Remuneration Committee, in the terms referred above.

Additionally, every year, on November, the discussion within the Board of Directors of the strategic plans of the Group and of the different areas of business has underlying the performance evaluation in the year of the Board of Directors, the existing Internal Committees, and of the Chief Executive Officer, taking into account not only qualitative aspects, by comparison with the plans and approved budgets, but also the main projects under course, including those of portfolio expansion. Such yearly performance evaluation is afterwards complemented at the time of the approval of the Management Report and of the accounts.

25. Predefined Criteria For Assessing Executive Directors' Performance

The predefined criteria for assessing Executive Directors' performance arise from that established in the Remuneration Policy described in point 69.

26. The Availability of Each Member of the Board of Directors and Details of the Positions Held at the Same Time in Other Companies Within and Outside the Group, and Other Relevant Activities Undertaken by Members of This Board Throughout the Financial Year

Throughout the year, the members of the Board of Directors held positions in other companies, namely:

Pedro Soares dos Santos

Director of Jerónimo Martins Serviços, S.A.*
Director of Jeronimo Martins Polska, S.A.*
Director of Jeronimo Martins Drogerie i Farmacja Sp. z o.o.*
Director of Jeronimo Martins Colombia, S.A.S.*
Director of Recheio, SGPS, S.A.*
Director of JMR – Gestão de Empresas de Retalho, SGPS, S.A.*
Director of Jerónimo Martins – Agro-Alimentar, S.A.*
Director of Jerónimo Martins Inovação, S.A.*
Director of Santa Maria Manuela Turismo, S.A.*
President of the Supervisory Board of Warta – Retail & Services Investments B.V.*
President of the Supervisory Board of New World Investments B.V.*
Director of Arica Holding B.V.
Chairman of the Board of Directors of Sociedade Francisco Manuel dos Santos, SGPS, S.E.
Director of Sociedade Francisco Manuel dos Santos, B.V.

Andrzej Szlęzak

Chairman of the Supervisory Board of Agora, S.A.
Member of the Supervisory Board of Warta – Retail & Services Investments B.V.*

António Viana-Baptista

Director (Non-Executive) of Semapa, SGPS, S.A.
Director (Non-Executive) of Atento, S.A.
Director of Alter Venture Partners G.P., SARL

Artur Stefan Kirsten

Chairman of the Supervisory Board of Vonovia Finance B.V.
Director of Movendo Capital, B.V.
Director of Sociedade Francisco Manuel dos Santos, B.V.
Managing Director of Brillant 3333 GmbH
Managing Director of parabellum.one Beteiligungsgesellschaft mbH

Clara Christina Streit

Director (Non-Executive) of Vontobel Holding AG
Member of the Supervisory Board of Vonovia SE
Member of the Supervisory Board of NN Group N.V.
Member of the Supervisory Board of Deutsche Börse AG

Elizabeth Ann Bastoni

President of Bastoni Consulting Group LLC
Director of Société BIC
Chair of the Board of Directors of Limeade, Inc.

Francisco Seixas da Costa

Director (Non-Executive) of Mota-Engil, SGPS, S.A.
Director (Non-Executive) of EDP Renováveis, S.A.
Member of the Nominations and Remunerations Committee of EDP Renováveis, S.A.
Director (Non-Executive) of Mota-Engil Engenharia e Construções África, S.A.
Member of the Audit Committee of Mota-Engil Engenharia e Construções África, S.A.
Member of the Independent General Council of RTP – Rádio e Televisão de Portugal, S.A.
Chairman of the Supervisory Board of Tabaqueira II, S.A.

José Soares dos Santos

Director of Arica Holding B.V.
Chairman of Arica – Investimentos, Participações e Gestão, S.A.
CEO of Sociedade Francisco Manuel dos Santos, SGPS, S.E.
Executive President of Sociedade Francisco Manuel dos Santos, B.V.
Chairman of Sociedade Francisco Manuel dos Santos II, S.A.
Chairman of Movendo Industries B.V.
Chairman of Movendo Capital B.V.
Chairman of Unilever Fima, Lda.
Chairman of Gallo Worldwide, Lda.
Chairman of JMDB Representação e Distribuição de Marcas, Lda.
Chairman of Walk-In Clinics Portugal, S.A.
Chairman of Oceanário de Lisboa, S.A.
Chairman of Waterventures – Consultoria, Projectos e Investimentos, S.A.
Director of REF Eastern European Opportunities Luxembourg S.a.r.l.

María Ángela Holguín Cuéllar

Director (Non-Executive) of Hoteles Estelar S.A.
Director (Non-Executive) of Satagro Zomac S.A.S.
Director (Non-Executive) of Gases del Pacifico S.A.C.
Director (Non-Executive) of Gases del Norte del Perú S.A.C.
Director (Non-Executive) of Procafecol S.A.
Member of the Supervisory Board of New World Investments B.V.*

Sérgio Tavares Rebelo

Member of the Supervisory Board of Warta – Retail & Services Investments B.V.*
Member of the Supervisory Board of New World Investments B.V.*

The positions held by the members of the Board in other companies did not affect their availability to take part in the Company's affairs, as demonstrated in the attendance report mentioned in point 23.

* Companies that are part of the Group

C. Committees within the Board of Directors and Board Delegate

27. Details of the Committees created within the Board of Directors, and the Place Where the Rules on the Functioning Thereof is Available

Currently – without prejudice to the Audit Committee to which is made reference to in points 30 to 33, being the Regulation of the Audit Committee available on the Company's website, through the link mentioned in point 61 ("Relevant Addresses") – only the Committee on Corporate Governance and Corporate Responsibility (CCGCR), referred on point 29 has, among its members, a majority of Company's Directors and is considered to be a Company Internal Committee.

There are also other committees created in the Company, composed by Directors and by other individuals who are not Directors, analysed in point 29.

28. Details of the Board Delegate

The Board of Directors appointed a Chief Executive Officer, responsible for implementing the strategic decisions taken by the Board, in accordance with the delegated powers, and a Managing Committee, responsible for assisting the Chief Executive Officer in the duties delegated to that officer by the Board of Directors.

The role of Chief Executive Officer is performed by Pedro Soares dos Santos.

29. Description of the Powers of Each of The Committees Established and a Summary of Activities Undertaken in Exercising Said Powers

a) Company's Committees

Committee on Corporate Governance and Corporate Responsibility (CCGCR)

CCGCR is made up of a minimum of three and a maximum of nine Members, who are not required to be Directors, appointed by the Board of Directors. One of the members will be the Chairman.

The Board of Directors decided to appoint the current Chairman of the Board of Directors, Pedro Soares dos Santos, as Chairman of CCGCR, as well as the Company's Directors Andrzej Szlęzak and José Soares dos Santos, The other Members of the Committee are Artur Santos Silva and Maria de Fátima Barros.

In carrying out its mission, the CCGCR collaborates with the Board of Directors, assessing and submitting to it proposals for strategic orientation in the area of Corporate Responsibility, as well as monitoring and supervising on a permanent basis matters concerning: i. corporate governance, social responsibility, the environment and ethics; ii. the business sustainability of the Group; iii. internal codes of ethics and of conduct; and iv. systems of assessment and resolution of conflicts of interest, especially regarding relations between the Company and its shareholders or other stakeholders.

Especially in what concerns company governance, CCGCR has the duty to keep up, review and assess the appropriateness of the Company's model of governance and its consistency with the recommendations, patterns, and national and international best practices on company governance, addressing the Board of Directors the recommendations and proposing any changes, deemed adequate, having met once in 2020.

The Regulation of the CCGCR, as well as the number of annual meetings held by this Committee, is available on the Company's website, through the link mentioned in point 61 ("Relevant Addresses").

b) Other Committees

Managing Committee

The Managing Committee of the Company, which has the same term of office as that of the Board of Directors that appointed it, is composed of the Chief Executive Officer, Pedro Soares dos Santos, who is the Chair, Ana Luísa Virgínia, António Barracho, António Serrano, Carlos Martins Ferreira, Isabel Pinto, Luís Araújo, Marta Lopes Maia, Nuno Abrantes, Pedro Leandro and Sara Miranda. In accordance with its regulations, the Managing Committee is responsible for advising the CEO, within the respective delegation of powers, in carrying out the following functions:

- control over the implementation by the Companies in the Group of the strategic guidelines and policies defined by the Board of Directors;
- financial and accounting control of the Group and of the Companies that are a part thereof;
- senior coordination of the operational activities of the different Companies in the Group, whether integrated or not in business areas;
- launching of new businesses and monitoring them until they are implemented and integrated in the respective business areas;
- implementation of the management policy of Human Resources defined for the top-level management of the entire Group.

In 2020, the Managing Committee held meetings for the exercise of its competences having been drawn up minutes of the meetings, which were sent to the Chairman of the Board of Directors and to the Company's Secretary.

The Regulation of the Managing Committee is available on the Company's website, through the link mentioned in point 61 ("Relevant Addresses").

Ethics Committee

The Ethics Committee of Jerónimo Martins is composed of three to five members appointed by the Board of Directors, based on a proposal from the Committee on Corporate Governance and Corporate Responsibility. Since 19th December 2019 it is composed by António Serrano, Germán Barreto, Dominik Wolski and Sara Maia. The mission of the Ethics Committee is to provide independent supervision of the disclosure of and compliance with the Group's Code of Conduct in all the Companies of the Group.

The duties of the Ethics Committee include: i. establishing the channels of communication with the addressees of the Jerónimo Martins Group Code of Conduct and gathering such information as may be addressed to it in this connection; ii. ensuring the existence of an adequate system of internal control of compliance with the Jerónimo Martins Group Code of Conduct and with the appraisal of the recommendations stemming from such control; iii. appraising such issues as may be submitted to it by the Board of Directors, by the Audit Committee or by the CCGCR within the scope of compliance with Code of Conduct and with analysing, in abstract, those that may be raised by any employee, customer or business partner (stakeholders); iv. proposing to the CCGCR the adoption of such measures as it may deem fit in this connection, including a review of internal procedures and alterations to the Jerónimo Martins Group Code of Conduct; and v. drawing up an annual report on its activities to be presented to the Committee on Corporate Governance and Corporate Responsibility.

The Ethics Committee reports functionally to the CCGCR, which has responsibilities in the fields of corporate governance, social responsibility, environment and ethics, including those related to the internal codes of ethics and of conduct. The minutes of the meetings held in 2020 for the exercise of its competences were drawn up.

The Regulation of the CCGCR is available on the Company's website, through the link mentioned in point 61 ("Relevant Addresses").

Internal Control Committee

The Internal Control Committee (ICC), appointed by the Board of Directors and reporting to the Audit Committee, is specifically responsible for evaluating the quality and reliability of the internal control system and the process of preparing financial statements, as well as for evaluating the quality of the monitoring process in force in Jerónimo Martins' Companies, with a view to ensuring compliance with the laws and regulations to which they are subject. In performing this latter task, the ICC must obtain regular information on the legal and fiscal contingencies that affect the Companies of the Group.

The ICC meets monthly, as a general rule, for the exercise of its competences, having been drawn up minutes of such meetings. It is composed of a Chairman (Alan Johnson) and four members (Henrique Soares dos Santos, Jerónimo David Duarte, Joanna Peschak and Jorge Santos Dias). None of the members is an Executive Director of the Company.

In 2020, the ICC continued its activities of supervision and evaluation of risks and critical processes, analysing the reports prepared by the Internal Audit Department. As a representative of the External Audit team is invited to attend these meetings, the Committee is also informed of the conclusions of the external audit work that takes place during the year.

The Regulation of the ICC is available on the Company's website, through the link mentioned in point 61 ("Relevant Addresses").

Subsection III - Supervision - (Audit Committee)

A. Composition

30. Details of the Supervisory Board (Audit Committee) Representing the Model Adopted

The supervisory board of the Company is the Audit Committee, consequence of the anglo-saxon governance model adopted.

In addition to the responsibilities conferred by law, which imply the proper monitoring, evaluation and pronouncement on the strategy defined by the Board of Directors, from which, moreover, it emanates, and the monitorization of effectiveness of the risk management system, the Audit Committee's Regulation foresees that the same, in performing its activities, is responsible for the following:

- monitoring the preparation and disclosure of financial information;
- monitoring the effectiveness of internal control systems, internal auditing and risk management. For this purpose, they may work with the ICC, which shall report to them regularly on their work, pointing out situations that should be analysed by the Audit Committee;
- evaluating the external audit on a regular basis;
- approving activity plans in the area of risk management and following up on their execution, proceeding with the assessment of the recommendations resulting from the audit actions and the revisions of the procedures undertaken;
- looking after the existence of an adequate internal risk management system for the companies of which Jerónimo Martins is holder of shares or quotas, ensuring full compliance with its objectives;
- approving internal audit activity programmes, which respective Department functionally reports to it, as well as of the external audit;
- selecting, as proposed by the Managing Committee, the service provider for the external audit;
- monitoring the legal accounts audit services;
- assessing and monitoring the independence of the Statutory Auditor, especially when it performs additional services for the Company;
- issuing prior opinion on transactions of significant importance between the Company and its shareholders with qualifying holdings – or entities with them related under the terms of Art. 20, no. 1 of the Portuguese Securities Code –, establishing the procedures and criteria necessary to define the level of significant importance.

The Audit Committee, for the adequate performance of its duties, requests and appraises all the management information deemed necessary. In addition, it has unrestricted access to the documentation produced by the auditors of the Company, having the possibility to request any information from them it deems necessary and being the first recipient of the final reports prepared by the external auditors.

During the year, the Audit Committee paid particular attention to the financial risk management, namely, on what concerns exchange rate hedging operations, the evolution of pending court cases, to the impacts of the Covid-19 pandemic on internal control procedures and on the external audit plan and procedures, as well as on matters subject to reinforcement of audit procedures and to the analysis of the reports and corrective measures proposed by Internal Audit.

31. Composition of the Audit Committee, With Details of the Articles of Association's Minimum and Maximum Number of Members, Duration of Term of Office, Number of Effective Members, Date of First Appointment, Date of End of the Term of Office for Each Member. Diversity Policy.

According to the Articles of Association, the Audit Committee is comprised of three members of the Board of Directors, one of whom will be its Chairman.

The members of the Audit Committee are appointed by the General Shareholder's Meeting to terms of three years, simultaneously with the members of the Board of Directors, and the lists of proposed members of the latter body must indicate those that are intended to form the Audit Committee. The members of the Audit Committee cannot perform executive roles in the Company.

The composition of the Audit Committee, during 2020, was the following:

Sérgio Tavares Rebelo
- Chairman of the Audit Committee
- First appointment on 10th April 2013
- Expiry of the term of office on 31st December 2021

Clara Christina Streit
- First appointment on 14th April 2016
- Expiry of the term of office on 31st December 2021

Elizabeth Ann Bastoni
- First appointment on 11th April 2019
- Expiry of the term of office on 31st December 2021

The Company considers the number of members of the Audit Committee to be suitable, taking into account that it constitutes one third of the Non-Executive Directors of the Company, and the powers that are attributed to it, described in point 30, thus allowing it to efficiently ensure the functions that are attributed to it, taking into account the size of the Company and the risks inherent to its activity.

Diversity Policy

In this regard it is applicable what is stated in point 16.

32. Details of the Members of the Audit Committee, Which are Considered to be Independent Pursuant to Art. 414/5 CSC

Each member of the Audit Committee complies with the rules of incompatibility laid down in paragraph 1 of Art. 414-A CCC, except that provided for in sub-paragraph b). Sérgio Tavares Rebelo, Clara Christina Streit and Elizabeth Ann Bastoni comply with the independence criteria foreseen in Art. 414, number 5 CCC.

33. Professional Qualifications of each Member of the Audit Committee and Other Important Curricular Information

The professional qualifications of the members of the Audit Committee are those described in point 19 ("Professional Qualifications of the Members of the Board of Directors").

Additionally, reference should be made to the fact that the vast experience of the members of the Committee in corporate body positions, as well as to their special technical merit in this particular matter, have created particular added value for the Company.

The Chairman of the Audit Committee, Sérgio Tavares Rebelo, is recognised internationally as one of the best economists of today, having distinguished himself as a professor of International Finance at Kellogg School of Management. He acted as a consultant of several financial institutions, including, *inter alia*, the World Bank, the International Monetary Fund and the Bank of Portugal, as well as having occupied several positions in non-profit organizations. His outstanding academic background and his knowledge on risk management issues, e.g., financial, apart from his assertiveness and discernment in raising issues about the businesses and the countries where they operate, ensure him a special competence for the assignment as Chairman of the supervision body of the Company.

B. Functioning

34. Availability and Place Where the Rules On The Functioning of the Audit Committee May Be Viewed

The Regulation of the Audit Committee is available on the Company's website, through the link mentioned in point 61 ("Relevant Addresses").

35. The Number of Meetings Held and the Attendance Report for Each Member of The Audit Committee

The Audit Committee meets, at least, once every three months and is responsible for supervising Company management, carrying out the duties attributed by law and by Article Twenty of the Articles of Association.

During 2020 the Audit Committee met five times, and all meetings were duly minuted. The number of annual meetings held by this body is also disclosed on the Company's website, through the link mentioned in point 62 ("Relevant Addresses").
The attendance of each Director at the meetings during the exercise of the respective duties, measured in terms of personal attendance, was as follows:

Sérgio Rebelo	100%
Clara Christina Streit	100%
Elizabeth Ann Bastoni	100%

36. The Availability of Each Member of the Audit Committee, Indicating the Positions Held Simultaneously in Other Companies Inside and Outside the Group, and Other Relevant Activities Undertaken by Members of These Boards Throughout the Financial Year

The members of the Audit Committee have always been available for the Company's affairs during 2020, having participated in the same when it was necessary or when they considered to be necessary.

The positions held by the members of the Audit Committee in other companies are described in point 26.

C. Powers and Duties

37. A Description of the Procedures and Criteria Applicable to the Supervisory Body for The Purposes of Hiring Additional Services From the External Auditor

According to the provisions of Law no. 148/2015, of 9th September, the provision of services other than audit services, is subject to the verification of its adequacy (under the point of view of threats to independence and safeguard measures that eventually may be necessary) and prior approval of the Audit Committee, duly substantiated.

38. Other Duties of the Supervisory Body

The duties of the Audit Committee are described in point 30.

Subsection IV - Statutory Auditor

39. Details of the Statutory Auditor and the Partner That Represents the Same

The Company's Statutory Auditor is Ernst & Young Audit & Associados, SROC, S.A. (Chartered Accountant) No. 178, registered at the CMVM (Portuguese Securities Market Commission) under no. 20161480, represented by João Carlos Miguel Alves, ROC no. 896.

40. Statement on the Number of Years that the Statutory Auditor Consecutively Carries Out Duties With the Company and/or Group

The Company's Statutory Auditor has carried out its duties with the Company for about four years, as from 6th April 2017.

41. Description of Other Services that the Statutory Auditor Provides to the Company

The Statutory Auditor also carries out the role of the Company's External Auditor, as mentioned in point 42. In point 46 reference is made to other services carried out by the Statutory Auditor for the Company.

Subsection V - External Auditor

42. Details of the External Auditor Appointed in Accordance With Art. 8 PSC and the Partner That Represents the Same in Carrying out These Duties, and the Respective Registration Number at the CMVM

The External Auditor is Ernst & Young Audit & Associados, SROC, S.A. (Chartered Accountant No. 178), registered at the CMVM (Portuguese Securities Market Commission) under no. 20161480, represented by João Carlos Miguel Alves, ROC no. 896.

During 2020, the External Auditor monitored the efficiency and functioning of the internal control mechanisms, taking part in the meetings of the Internal Control Committee, reporting any deficiencies identified in the exercise of its activity, as well as making the necessary recommendations regarding the procedures and mechanisms that were analysed.

The External Auditor was able to verify the implementation of the remuneration policies and systems by reviewing the minutes of the Remuneration Committee's meetings, the remuneration policy in force and other accounting and financial information that is essential for that purpose.

43. Statement on the Number of Years that the External Auditor and Respective Partner that Represents the Same in Carrying out These Duties Consecutively Carries Out Duties With the Company and/or Group

Ernst & Young Audit & Associados, SROC, S.A., as well as the partner that represents the External Auditor has been carrying out that role for the Company for about four years, as from 6th April 2017.

44. Rotation Policy and Schedule of the External Auditor and the Respective Partner That Represents Said Auditor in Carrying Out Such Duties

The Company did not set any specific policy regarding the rotation of the External Auditor and of the Statutory Auditor. It follows, however, the Legal Regime of Portuguese Statutory Auditors, approved by Law nr. 140/2015, of 7th September, which establishes in its article 54, no. 2, that the maximum period for carrying out the duties as partner responsible for the Statutory Audit is seven years, and the company of statutory auditors may, pursuant to no. 3 of said article, be appointed as Statutory Auditor and External Auditor for the maximum period of two mandates of four years, or three mandates of three years.

45. Details of the Board Responsible for Assessing the External Auditor and the Regular Intervals When Said Assessment is Carried Out

The Audit Committee is the responsible body for evaluating the performance of the External Auditor, which is performed annually.

46. Details of Services, Other Than Auditing, carried out by the External Auditor for the Company and/or Companies in a Control Relationship and an Indication of the Internal Procedures for Approving the Recruitment of Such Services and a Statement on the Reasons for Said Recruitment

The non-audit services requested by Group's Companies to the External Auditor and other entities belonging to the same network in the amount of 70,888 euros, concern to support services in the field of human resources and other services consisting in training rendered to employees in programs not specifically prepared for the Group.

All these services were necessary for the regular activity of the Companies of the Group and, after due analysis of the situation, the External Auditor and/or the entities belonging to its network were considered as those which could best perform the said services. Besides being carried out by employees who do not participate in any auditing work for the Group, these services are marginal to the work of the auditors and do not affect, either by their nature or by their amount, the independence of the External Auditor in the performance of its role.

As a result of the procedure mentioned in point 37, all services to which is made reference above were subject to prior approval of the Audit Committee, duly substantiated.

47. Details of the Annual Remuneration Paid by the Company and/or Legal Entities in a Control or Group Relationship to the Auditor and Other Natural or Legal Persons Pertaining to the Same Network and Percentage Breakdown Relating to the Following Services

Annually, which also happened in the year under analysis, the Audit Committee approved, at its meeting held on 27 July 2020, the remuneration to be paid to the External Auditor in 2020.

In 2020, the total remuneration paid to the External Auditor and other individuals or companies' belonging to the same network was 862,468 euros.

In percentage terms, the amount referred to is divided as follows:

	Amount	%
By the Company		
Amount for statutory auditing services (€)	97,250	11.3%
Amount for audit reliability services (€)	-	-
Amount for tax consulting services (€)	-	-
Amount for other non-statutory auditing services (€)	-	-%
By entities comprising the Group		
Amount for statutory auditing services (€)	694,330	80.5%
Amount for audit reliability services (€)	-	-
Amount for tax consulting services (€)	-	-
Amount for other non-statutory auditing services (€)	70,888	8.2%

Section C – Internal Organisation

Subsection I - Articles of Association

48. The Rules Governing Amendment to the Articles of Association (Art. 245-A/1/h) PSC)

The Articles of Association do not define any rules applicable to the amendment of the Company's Articles of Association, therefore the terms defined by the Law apply to these matters.

Subsection II - Reporting of Irregularities

49. Reporting Means and Policy on the Reporting of Irregularities in the Company

Since 2004, the Ethics Committee of Jerónimo Martins has implemented a system of bottom-up communication that ensures that every employee, regardless of their function, to report possible irregularities occurring in the Group. They may also make any comments, particularly with respect to compliance with the Code of Conduct.

The Code of Conduct defines the principles and values of the Jerónimo Martins Group, namely, the respect for the law, integrity and corporate social responsibility, and a set of rules of conduct such as non-discrimination and equal opportunities, loyalty in negotiating with suppliers, prevention of conflicts of interests, among other matters.

The Ethics Committee has informed all the Group employees, through internal communication channels, of its e-mail address and the contents of the Code of Conduct, of which is delivered a copy to each employee on the moment of his admission in any of the Group's Companies. Without prejudice of resorting to the Ethics Committee's e-mail, the employees can always resort to their hierarchy for guidance about the Code of Conduct, or should they want to report any irregularity. The employees can also use the Employee Assistance Service, which is an internal channel available in each of the countries where the Group operates.

In 2019, the Board of Directors approved an Anti-Corruption Policy, which is applicable to all Jerónimo Martins' Group Companies and all its associates – including management positions and positions based on a term of office -, and regardless of the nature of their contractual relationship, job position or working country, and which purpose is to establish the acting principles and obligations laid out in the Code of Conduct with regard to honesty and integrity. This Policy sets rules for preventing unlawful conducts that constitute acts of corruption and safeguarding against potential conflicts of interest. On what concerns conflicts of interests, the Anti-Corruption Policy foresees that the associate shall immediately report the existence of such conflict and refrain from carrying out any act or making any decision in relation to it. According to the Policy, any associate who becomes aware or has justified suspicions of breaches to the Policy should report such situations and, in case of doubt about the existence of a conflict of interest, the Ethics Committee should be consulted.
The Ethics Committee safeguards the confidentiality of the contacts sent to its e-mail address.

Subsection III - Internal Control and Risk Management

50. Individuals, Boards or Committees Responsible for the Internal Audit and/or Implementation of the Internal Control Systems

The Internal Audit Department assesses the quality and effectiveness of the Internal Control and Risk Management systems that are set by the Board of Directors, namely those established in the Group's Risk Management Policy.

The Internal Control objectives involve the assurance of the operational efficiency, the financial and operational reporting consistency and the fulfilment of applicable laws and regulations. To assure it, the Internal Audit activity plan takes in consideration the evaluation of the operational risks and the critical processes applicable to each Company.

The results of the internal audits are made available, on a monthly basis to the Internal Control Committee – which reports to the Audit Committee - and to the Group's Managing Committee. Each quarter, these reports are presented to the Audit Committee, body which, as better described in point 52, is responsible to approve the activity plans with regard to Risk Management, monitoring their execution and assessing the effectiveness of the internal control, internal auditing and risk management system. With the same regularity, a report is prepared regarding the status of the recommendations agreed with the audited areas managers.

The structure of the Company's internal control system is described in point 52 comprising, among others, the functions of risk management, supervision / compliance, and internal audit.

During 2020, there were audits performed over stock management, cash collection, management of accounts payable and receivable, supplementary income, quality assurance and food safety, investments, and information systems, among others.

Given the context lived throughout the year, the audits to the processes most affected, directly or indirectly, by the Covid-19 pandemic were reinforced.

51. Details of Hierarchical and/or Functional Dependency in Relation to Other Boards or Committees of the Company

The head of the Internal Audit Department reports hierarchally to the Chairman of the Board and CEO and, functionally, to the Audit Committee. The head of Internal Audit is also a member of the Internal Control Committee, which in turn reports to the Audit Committee.

See organisational structure in point 21.

52. Other Functional Areas Responsible for Risk Control

a) Risk Management System

The Group, and in particular its Board of Directors, dedicates a great deal of attention to the risks affecting the businesses and their objectives, and is committed to ensure that Risk Management is an effective and fundamental component of the corporate strategy, culture and value-creation process.

The approach to Risk Management is detailed in the Group's Risk Management Policy, which sets out the Group's Risk Management System and outlines the roles and responsibilities of the persons responsible for its execution.

a.1) Risk Management Objectives

The aim of the Group's Risk Management System is not to eliminate risk completely from the Group's activities, but rather to ensure that every effort is made to manage risk appropriately, maximising potential opportunities and minimising its adverse effects.

The Group's Risk Management System has the objectives to structure and consistently organise the way the Group identifies and evaluates risks, assuring that they are assessed broadly, considering dependencies and correlations among various risks areas and also promoting alignment of the process across the organization. It establishes procedures for reporting that allow for an adequate monitoring of the risk mitigation and control measures.

Due to the size and geographical dispersion of Jerónimo Martins' activities, successful Risk Management depends on the active participation of all employees, who should assume this as an integral part of their jobs, particularly through the identification, reporting and mitigation of risks associated within their area of responsibility. Therefore, all activities must be carried out with an understanding of what the risk is, with an awareness of the potential impact of unexpected events on the Company and its reputation.

The Group is committed to ensure that all employees are provided with adequate guidance and training on the principles of Risk Management, on the criteria and processes set by the Risk Management Policy and on their responsibilities to manage risks effectively.

a.2). Organisation of Risk Management

The Risk Management Governance Model is defined in order to ensure the effectiveness of Risk Management Framework and is aligned with the Three Lines of Defence Model, which distinguishes among three groups (or lines) involved in effective Risk Management, namely:

- First Line of Defence (Business Operations: Risk Owners) – responsible for the daily Risk Management activities aligned with the business strategy, and also aligned with existing internal procedures and Risk Management Policy;
- Second Line of Defence (Oversight / Compliance Functions: Group and Business Unit Risk Managers) – responsible for the Risk Management analysis and reporting, as well as for suggestions or policies development that improve the efficiency of Risk Management processes. This second line also includes functions such as Financial Control, Security, Quality & Food Safety, amongst other corporate areas;
- Third Line of Defence (Independent Assurance: Internal Audit and External Audit) – responsible for providing assurance on the effectiveness of governance, Risk Management and internal controls, including the manner in which the first and second lines of defence perform their Risk Management and control objectives.

The Risk Management organisational structure considers the following main roles and responsibilities, which were effectively exercised over the period under review:

- the Board of Directors is responsible for establishing the Risk Management Policy and strategy, which includes the process for establishing thresholds applicable to the Group's risk exposure and for setting goals in terms of risk-taking. It is also the Board's responsibility to provide for the creation of control systems necessary to ensure that the risks effectively incurred are consistent with the goals set. These duties were carried out, namely, through the approval of the aforementioned Risk Management Policy, which foresees the referred aspects, and which application was maintained in 2020;
- the Audit Committee approves the activity plans with regard to Risk Management, monitors their execution and assesses the effectiveness of the internal control, internal auditing and risk management system. Its responsibilities include, namely, to evaluate global risk exposure levels and ensure that they are compatible with the objectives and strategies approved by the Board of Directors, to review mitigation actions defined for the most critical risks, to review the development of Risk Management initiatives and planning, to review periodically the Group's Top Risks, thus enabling the Board of Directors to make the necessary adjustment to the Risk Management Policy, as was done during 2020;
- the CEO, assisted by the Managing Committee, ensures the implementation of the Risk Management Policy and strategy as established by the Board of Directors, as well as promotes a risk awareness culture in the organisation ensuring that Risk Management is embedded in all processes and activities;
- the Risk Committee assists and advises the Managing Committee, as the CEO's assisting body, in assessing and monitoring the mitigating measures for the different types of risk, and aims at ensuring the existence of an effective Risk Management framework, that ensures a level of risk exposure compatible with the objectives and strategies approved by the Board of Directors, without prejudice to the duties of the Audit Committee;
- the Group Risk Management Division is responsible for the implementation of the Risk Management framework, coordination of all Risk Management activities and for supporting the Managing Committee and the Risk Committee in the identification of risk exposures that might compromise the Group's strategic and business goals. Its responsibilities include the identification and recognition of Risk Management best practices, recommendations from renowned organizations and/or compliance requirements. Group Risk Management Division is also responsible for the coordination and alignment of the practices adopted by the Companies in the Business Continuity Plans (BCP);

- the Business Unit Risk Managers are responsible for the implementation of Risk Management initiatives at the Company level and to support the respective Risk Owners activities;
- the Risk Owners are all employees in charge of the execution and/or control over a given process or activity, within a business unit or a corporate structure, which are responsible for managing the risks involved in those activities;
- the Internal Audit Department focuses its work on the significant risks, as identified by management, and audits the Risk Management processes across the Organisation, providing assurance regarding its effectiveness and efficiency and active support in the Risk Management process.

53. Details and Description of the Major Economic, Financial and Legal Risks to which the Company is Exposed in Pursuing Its Business Activity

The development of the Covid-19 pandemic significantly changed the context on which Jerónimo Martins' Companies operated throughout the year.
Given the evolution of the epidemiological situation in each of the countries where the Group is present, several measures were implemented, adjusted to the scenarios that the internal risk teams ranked as being most critical, in order to anticipate or mitigate greater impacts on the operation.
The sanitary crisis impacted all our Companies over the several risks to which the Group is exposed, namely strategical, operating and most importantly the management of the teams, whose protection has always been a key priority

Strategic Risks

Strategic risk management involves monitoring factors such as social, political and macro-economic trends: the evolution of demographics, consumers' preferences, the life cycles of the businesses, the dynamics of the markets (financial, employment, natural and energy resources), geopolitical situation, the activities of competitors, technological innovation, availability of resources, legal and regulatory changes and social scrutiny of the Group's business activities.

The management team uses this information to understand market needs and attemps to identify any opportunities and threats in the industries and sectors in which it operates, namely in terms of potential profitability and growth, but also in terms of both the strategic alignment and appropriateness of its business model in light of current and future conditions.

Operating Risks

Arise from the execution of normal business functions, across the value chain, and focuses on risks generated among the processes through which the Group units operate.

The operational risks cover risks related to category management and sourcing, stock management, cash management, logistics and supply chain and the efficiency in the use of resources and assets as well as their safety and security.

Fraud, money laundering and corruption risks are also considered in the risk assessment for the most relevant operational activities. The adequacy and range of the controls and mitigation measures are also reviewed and reconsidered whenever necessary.

Food Quality and Safety[7]

The Group seeks to provide healthier products and food solutions, and it seeks to ensure and enforce product safety measures in strict compliance with food safety standards.

The Quality and Food Safety Departments of the Companies are responsible for the following areas:

i. prevention, through selection, assessment, and follow-up audits on suppliers;

[7] The actions carried out by the Group for Food Quality and Safety in 2020 are detailed in Chapter 5 ("Corporate Responsibility in Value Creation"), subchapter 4 - "Promoting Good Health through Food".

ii. monitoring, by following the product throughout the whole logistics flow, to analyse compliance with best practice and certification requirements;
iii. monitoring, by analysing the product to check its compliance with Quality and Food Safety requirements; and
iv. training, by carrying out periodic simulations and awareness initiatives.

The Companies are monitored continuously by quality control technicians, to ensure the implementation of procedures and to assess the efficiency of training and the suitability of the facilities and equipment.

Environmental Risks[8]

Ensuring the efficient management of resources, while promoting environmental preservation, is essential for the sustained growth of the Jerónimo Martins Group's businesses. Considering the size and diversity of its Companies, the Group has been conducting studies on the impacts of its activities on the ecosystems' services and the resources they provide, in the following areas:

i. Agricultural management practices focused on water and energy consumption, on biodiversity and economic management;
ii. Risk analysis on fish sold;
iii. Analysis of risks and opportunities associated with the impacts of climate change (following the methodology proposed by the Task Force on Climate-related Financial Disclosures) and water usage; and
iv. Mapping of deforestation commodities, their origins and production methods in Private Brand products and Perishables.

Therefore, the following risk typologies were identified[9]:

- Transition, which may cause an increase in costs in order to comply with environmental legislation and originated by the transition to a low-carbon economy;
- Physical, which may result in shortage of natural resources, such as agricultural products, or disruption of supply chain activities associated with climatic events;
- Reputational, associated with expectations of the Group's stakeholders to reduce carbon emissions and contribute to tackle deforestation.

The probability of occurrence of these situations and their level of impact, including financial risks, as well as their management, is analysed by the Group as part of its risk assessment procedures. Based on these evolutions, measures of adaptation and mitigation are defined in order to maximize differentiating opportunities and to improve the resiliency of our Companies and its businesses, while strengthening the Group's commitment to the Sustainable Development Goals

Physical Security and People Risks

The Security Department is responsible for ensuring that conditions exist to guarantee the physical security of people and facilities.

Physical security and people risk management involves defining and publicising working standards and instructions, carrying out employee awareness initiatives and training, performing audits on the stores, risk assessment in all establishments and performing emergency simulations.

Information Systems Risks

The risks associated to Information Technologies are analysed considering their different components: planning and organisation, development, innovation, operations management, information security and continuity.

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[8] Actions carried out by the Group during 2020, on Environment Protection are detailed in the Chapter 5 ("Corporate Responsibility in Value Creation"), subchapters 5 - "Respecting the Environment" and 6 – "Sourcing Responsibly".
[9] Every year, Jerónimo Martins Group reports its answers to the CDP Climate Change, CDP Forests and CDP Water Security questionnaires (www.cdp.net) presenting a detailed analysis of the different risks identified with potential impact on its businesses.

The risk management of Information Security in the Group is the responsibility of an exclusively dedicated Department and consists of implementing and maintaining an Information Security Management System that ensures confidentiality, integrity and availability of critical business information, performing monitoring and control activities in order to identify and mitigate potential vulnerabilities.

Regulation Risks

Compliance with legislation is provided by the Legal Departments of the Group´s Companies.

Regarding the Holding Company, the Legal Department guarantees the co-ordination and implementation of strategies aimed at protecting the interests of Jerónimo Martins in legal disputes, and it also manages outside advisers.

Compliance in issues related with Personal Data is followed by the Data Protection Officer, supported by the Data Privacy Department, and in cooperation with the Legal Departments of the Holding Company, of the Group Companies and the Information Security Department.

In order to ensure the fulfilment of tax obligations, the Group Fiscal Affairs Department advises the Group's Companies, as well as oversees their tax proceedings.

Financial Risks

<u>Risk Factors</u>

Jerónimo Martins is exposed to several financial risks, namely: price risk; which includes interest and exchange rate risks: transactional risk, which includes credit and liquidity risk; and the risk arising from the Group’s investments portfolio, including various risks such as interest rate, credit, foreign exchange, inflation, political and fiscal.

The management of these risks is focused on the unpredictable nature of the financial markets and aims to minimize its adverse effects on the Company’s financial performance.

Certain types of exposure are managed using financial derivative instruments.

The activity in this area is carried out by the Financial Operations Department. It is responsible, with the cooperation of the financial areas of the Group´s companies, for identifying and risk assessing and for executing the hedging of financial risks, by following the guidelines set out in the Financial Risk Management Policy.

Every quarter, reports on compliance with the Financial Risk Management Policy are presented to and discussed with the Audit Committee.

The information concerning financial risks to which the Group is exposed can be found in note 28 – Financial Risks of Chapter 3 of the Annual Report and Accounts.

54. Description of the Procedure for Identification, Assessment, Monitoring, Control and Risk Management

The Group’s Risk Management framework assumes a continuous process of risk assessment, which is an integral part of the normal decision-making and management processes.
The Risk Management process is aligned with the ISO 31000 international standard recommendations, and seeks mainly to distinguish what is irrelevant from what is material, requiring an active management which involves the assessment of sources of risk, the probability of occurrence of a certain event, and the consequences of its occurrence within the context of the control environment.

The Group prepares and maintains an overall risk profile that lists all relevant operational and strategic risks, as well as the corresponding implemented mitigation and control mechanisms. The list is updated regularly with information from the on-going risk assessment processes.

A global annual review is made under the coordination of the Group's Risk Management Corporate Division, as part of the strategic and operational planning processes, so that the information related to the most relevant risks is duly updated and considered during the planning process. This process triggers the development of the alternatives under analysis as well as the identification of new activities that strengthen the defense of the directed objectives.

55. Core Details on the Internal Control and Risk Management Systems Implemented in the Company Regarding the Procedure for Reporting Financial Information (Art. 245-A/1/m) PSC)

The Board of Directors is highly committed to assuring the reliability of financial reporting and the preparation of the Group's financial statements. This is done by ensuring that the Group has in place adequate policies that provide reasonable assurance that transactions are recorded and reported in accordance with Generally Accepted Accounting Principles (GAAP), and that expenditures are made only when properly authorized.

The financial reporting risk is mitigated by enforcing segregation of duties and by setting preventive and detective controls, which involves limiting access to IT systems, and a comprehensive performance monitoring system.

Additional controls are provided by the Audit Committee oversight and Internal Control Committee reliability assessments over the preparation and disclosure of financial information and by the Group's Planning and Control Department monitoring activities over the performance of each business units and in review of the deviations to the approved plans.

Subsection IV - Investor Assistance

56. Department Responsible for Investor Assistance, Composition, Functions, the Information Made Available by Said Department and Contact Details

Composition

The Investor Relations Office of Jerónimo Martins is comprised as follows:

Office Manager: Cláudia Falcão
Team: Ana Maria Marcão, Hugo Fernandes and Teresa Balsas

Main Roles

The Investor Relations Office of Jerónimo Martins is responsible for communication with all investors - institutional and private, national and foreign - as well as the analysts who formulate opinions and recommendations regarding the Company. The Investor Relations Office is also responsible for matters related to the Comissão do Mercado de Valores Mobiliários (Portuguese Securities and Exchange Commission).

Communication Policy of Jerónimo Martins for the Capital Markets

Jerónimo Martins' policy for communicating to the capital markets aims to ensure a regular flow of relevant information - history, current performance and outlook for the future -, which respects the principles of symmetry and simultaneity and creates a faithful image of the Company's business performance and strategy for investors, shareholders, analysts and the general public.

The financial communication strategy outlined for each year is based on the principles of transparency, rigour and consistency. This ensures that all relevant information is transmitted in a non-discriminatory, clear and complete manner to stakeholders.

Information Provided

Annually, and based on the above-mentioned principles, the Office draws up a Communication Plan for the Financial Market, which is included in the global communication strategy of Jerónimo Martins.

With the objective of transmitting an updated and clear vision of the strategies of the different business areas of Jerónimo Martins to the market, in terms of operational performance and outlook, the Investor Relations Office organises and participates in a series of events so that investors can learn about Jerónimo Martins' various businesses, its strategies and prospects for the future, and simultaneously follow the progress of activities during the year, by clarifying any doubts.

In the year 2020, in the context of the Covid-19 pandemic, there was a special concern in maintaining a set of activities that would guarantee the transparency and completeness of the information, with access to the Investor Relations team and the Management Team through virtual means.

The actions carried out throughout the year made it possible to maintain the level of dialogue that was the benchmark for Jerónimo Martins' stakeholders. Among the organized activities, the following are highlighted:

- Meetings, mainly through virtual instruments, with financial analysts and investors;
- responses to e-mail questions addressed to the Investor Relations Office;
- conference calls;
- release of announcements to the market through the CMVM (Portuguese Securities and Exchange Commission) extranet, through the Jerónimo Martins and Euronext Lisbon websites, and e-mail messages sent to all the Company's investors and financial analysts listed in the database created and updated by the Office;
- presentations to the financial community: presentation of results, roadshows, conferences and Annual General Shareholders' Meeting, virtually;
- visit to the operation in Colombia, hosted by the local management team;
- continuous update of the investor relations webpage on the Company's institutional website.

In order to make information easily accessible to all stakeholders, the communications issued regularly by the Office are available in full on the Jerónimo Martins' institutional website, at https://www.jeronimomartins.com/en/.

The site not only provides, in Portuguese and in English, mandatory information, but also general information about the Group and the Companies that form it, in addition to other information considered relevant, namely:

- announcements to the market about privileged information;
- annual accounts, including the Annual Report on the activities of the Audit Committee, six-month and quarterly reports of the Group;
- economic and financial indicators and statistical data, updated every six or twelve months, in accordance with the Company or business area;
- Jerónimo Martins' most recent presentation to the financial community, and historical collection;
- information about share performance on the stockmarket;
- the annual calendar of Company events, released at the year-end to the following year, including, among others, General Shareholders' Meetings, the disclosure of annual, half-yearly and quarterly results;
- information about Corporate Governance;
- Code of Conduct of Jerónimo Martins;
- Company Articles of Association;
- current Internal Regulations;
- Information regarding the General Shareholders' Meetings;
- Minutes of the General Shareholders' Meetings, or respective extracts;
- Historical agendas and decisions taken at the General Shareholders' Meetings.

Contacts

The Office may be contacted through the Market Relations Representative and the Investor Relations Office Manager, Cláudia Falcão - and via the e-mail address: investor.relations@jeronimo-martins.com.

The main contact information for the Investor Relations Office is as follows:

Address: Rua Actor António Silva, n.º 7, 1649-033, Lisboa
Telephone: +351 21 752 61 05

57. Market Liaison Officer

The Jerónimo Martins' Market Relations Representative is the Investor Relations Office Manager, Cláudia Falcão.

58. Data on the Extent and Deadline for Replying to the Requests for Information Received Throughout the Year or Pending from Preceding Years

Within the scope of issues addressed to the Investor Relations Office, during the course of 2020, 277 contacts with investors were recorded through meetings that took place almost entirely by virtual means, 112 contacts through telephone conferences with investors and 544 requests for information sent via e-mail, or by telephone by investors or financial analysts, to which was given an immediate reply to, or were responded to within an appropriate time for the nature of the request.

Subsection V - Website

59. Address(es)

The Company's institutional website is available in Portuguese and English and can be accessed using the following address:

https://www.jeronimomartins.com/en/

60. Place Where Information on The Firm, Public Company Status, Headquarters and Other Details Referred to in Art. 171 CCC is Available

Information concerning Art. 171 CCC is available on the Jerónimo Martins institutional website through the following link:

https://www.jeronimomartins.com/en/contacts/

61. Place Where the Articles of Association and Regulations on the Functioning of the Boards and/or Committees are Available

The Articles of Association and regulations on the functioning of the boards and/or committees are available on the Jerónimo Martins institutional website through the following link:

https://www.jeronimomartins.com/en/investors/governance/articles-of-association-and-regulations/

62. Place Where Information is Available on the Names of the Corporate Boards' Members, the Market Liaison Officer, the Investor Assistance Office or Comparable Structure, Respective Functions and Contact Details

The information in question is available on the Jerónimo Martins institutional website and may be accessed through the following links:

- Names of the Corporate Boards' Members:

Board of Directors:

https://www.jeronimomartins.com/en/investors/governance/corporate-bodies/board-of-directors/

Audit Committee:

https://www.jeronimomartins.com/en/investors/governance/corporate-bodies/audit-committee/

General Meeting

https://www.jeronimomartins.com/en/investors/governance/corporate-bodies/shareholders-meeting/

Statutory Auditor

https://www.jeronimomartins.com/en/investors/governance/corporate-bodies/statutory-auditor-roc/

- Name of the Market Liaison Officer:
https://www.jeronimomartins.com/en/investors/investor-contacts/

- Information concerning the Investor Assistance Office, respective functions and contact details:
https://www.jeronimomartins.com/en/investors/investor-contacts/

63. Place Where the Documents are Available and Relate to Financial Accounts Reporting, Which Should be Accessible For at Least Five Years and the Half-Yearly Calendar on Company Events that is Published at the Beginning of Every Six Months, Including, Inter Alia, General Meetings, Disclosure of Annual, Half-Yearly and, Where Applicable, Quarterly Financial Statements

The place where the documents in question are available is the Jerónimo Martins institutional website through the following links:

- Financial accounts reporting:
https://www.jeronimomartins.com/en/investors/presentations-and-reports/

- Half-yearly calendar on Company events:
https://www.jeronimomartins.com/en/investors/financial-calendar/

64. Place Where the Notice Convening the General Meeting and All the Preparatory and Subsequent Information Related Thereto is Disclosed

The place where the notice convening the General Meeting and all the preparatory and subsequent information related thereto is disclosed is the Jerónimo Martins institutional website through the following link:
https://www.jeronimomartins.com/en/investors/general-meetings/

65. Place Where the Historical Archive on the Resolutions Passed at the Company's General Meetings, Share Capital and Voting Results Relating to the Preceding Three Years are Available

The place where the historical archive on the resolutions passed at the Company's General Meetings, share capital and voting results relating to the preceding years, including the last three, is available is the Jerónimo Martins institutional website through the following link:
https://www.jeronimomartins.com/en/investors/general-meetings/

Section D – Remuneration

(Report For the Purposes of paragraph 8 of Article 245-C PSC)

Subsection I - Power to Establish

66. Details of the Powers for Establishing the Remuneration of Corporate Boards, Chief Executive and Directors of the Company

Within the terms of Article Twenty Nine of the Company's Articles of Association, the remuneration of the Statutory Bodies is set by the Shareholder's Meeting, or by a Committee nominated by the latter. Within the scope of the latter possibility, the shareholders of Jerónimo Martins decided to nominate the Remuneration Committee to set the remuneration of the Members of the Statutory Bodies.

The Remuneration Committee is elected for a three-year term, being the present term comprised between years 2019-2021.

The remuneration of the remaining Company's management is decided by the respective Board.

Subsection II - Remuneration Committee

67. Composition of the Remuneration Committee, Including Details of Individuals or Legal Persons Recruited to Provide Services to Said Committee and a Statement on the Independence of Each Member and Advisor

At the General Shareholders' Meeting held on 11th April 2019, Jorge Ponce de Leão (Chairman), Chittaranjan Kuchinad and Erik Geilenkirchen were elected to this Committee, for the term in force.

None of the Members of the Remuneration Committee is a member of the Board of Directors of the Company, or has a spouse, family member or relative in such a position, nor do they have relationships with the Members of the Board of Directors that may affect their impartiality in the performance of their duties.

The Remuneration Committee asked the Company, in December 2020, to carry out a remuneration benchmark to ensure that the remuneration levels of the Group's Bodies, specifically the function of Chairman of the Board of Directors and Chief Executive Officer, are appropriate and in line with international market practices, this being the context in which the Group operates. It was emphasized by the Remuneration Committee that such study should be prepared by specialized consultants who offer guarantees of independence, namely, in terms of their respective curricula and portfolio, without which it will not authorize the hiring of such consultants to provide other services to the Company or to companies in controlling or group relationship with it.

Jorge Ponce de Leão, as Chair of the Remuneration Committee, was present by telematics means in the Annual General Meeting of the Company held on 25th June 2020.

68. Knowledge and Experience in Remuneration Policy Issues by Members of the Remuneration Committee

The Members of this Committee have extensive knowledge and international experience in management and remuneration policies, which gives them the necessary skills to perform their duties adequately and effectively.

Jorge Ponce de Leão has a Law degree, having worked in the Labor Law area since the beginning of the 70's as external legal advisor, as well as in-house in some Portuguese companies. He worked as Head of Legal and Tax Services (Jerónimo Martins Group – industrial area), and was appointed Member of the Board of Directors of the Company during the 1990's. He also held management duties in the HR area of Radiotelevisão Portuguesa, was CEO of SAIP SGPS and Chairman of the Board of Directors of ANA – Aeroportos de Portugal.

Chittaranjan Kuchinad has an academic background in statistics (a degree in Statistics / Economics in the University of Bombay, India, and a Masters in Statistics in the Marquette University, United States of America). He has extensive experience in the design and funding of compensation and benefits programs in Europe, Asia/Pacific and Latin America. He started his career as a consultant at Wyatt and at Towers Perrin. He provided services to a broad spectrum of mid-size to large global companies and was the primary consultant to major clients, namely, IBM Asia / Pacific, IBM Latina America, Coca-Cola, Gillette, InchCape and Citibank. He was Director of International Compensation of McDonald's Corporation, Senior Director of Human Resources of Nike, Inc. Asia/Pacific, Executive Vice President of Human Resources and Senior Vice President of Total Pay of Starbucks Coffee Company, Chief People Officer of ASDA (Walmart), of Guess?, Inc., and of Jacobs Douwe Egberts. He has been performing the duties of Chief People Officer of Save The Children.

Erik Geilenkirchen has an academic background in Engineering, having worked for over 30 years in both end responsible HR positions as well as business positions. Working for over 15 years in Asia Pacific, he held the CHRO position for Royal Ahold Asia and for Philips Electronics Asia Pacific, as well as the CEO position for Philips Domestic Appliances. He was the Chief Purchasing Officer for Techtronics in Hong Kong before he joined the Board of one of the largest private family business in Europe owned by the Brenninkmeijer family in Switzerland. Today he runs his own software company called IntelligentBoardRoom, and is on the Advisory Board of EMK Capital, a mid-cap London based private equity firm.

The members of the Remuneration Committee have received during the year information from the several Group's companies as to its businesses, allowing the Committee to ascertain if the existing remuneration policies and strategies defined are aligned with a competitive position in the market, in the scope of the individual performance objectives of the CEO of the Company.

Subsection III - Remuneration Structure

69. Description of the Remuneration Policy of the Board of Directors and Supervisory Boards

The Remuneration Committee reviewed and gave careful consideration to the basic principles that govern the core of the Corporate Bodies Remuneration Policy of the Company, reinforcing and highlighting aspects of the remuneration policy that are critical to the sustainability of the Group's business, namely:

- the international landscape should be the foundation and benchmark for the corporate bodies' competitive remuneration, as it is essential to keep the ability to attract and retain the best talent in an international context;
- the alignment of the remuneration of the corporate bodies' members to their responsibilities, their availability and their competencies put at the service of the Company;
- the target competitiveness level, encompassing the total remuneration package (fixed remuneration and variable components), should be aligned with the practice of the reference market, e.g., European top executives' market, and with internal remuneration policies;
- the importance of rewarding the commitment to the Group's overall strategy and to shareholders' long-term interests, the achievement of superior results and the demonstration of appropriate attitude and behaviours;
- the need to safeguard the interests of the Company.

It was proposed by the Remuneration Committee to maintain the existing policy's principles. The current legal and recommendatory framework continued to be taken into account, as well as the organisational model adopted by the Board of Directors.

With respect to the organisation of the Board of Directors, the Remuneration Committee continued to take into account the following characteristics:

- the existence of a Chief Executive Officer with delegated duties regarding the day-to-day management of the Company, as well as of a Director or Directors to whom the Board have entrusted or may entrust special duties;
- the participation of Non-Executive Directors in Specialised Committees, who are therefore called to devote increased time to Company's affairs.

Given the current organizational model and the adopted principles, the Remuneration Committee considered the measures referred below.

Concerning the remuneration of Directors with executive duties, and to ensure that it is aligned with international market practices, the Remuneration Committee reinforced the importance to maintain a process for defining targets and assessing performance, which should be subject to review and/or update every three years.

The remuneration of the non-executive Directors shall be a fixed amount.

Specifically on what concerns the remuneration of the Chief Executive Officer (CEO), the Remuneration Committee decided to maintain the existence of two remuneration components, fixed and variable. The fixed component of remuneration corresponds to a monthly remuneration paid in 14 monthly installments, the amount of which is determined by the Remuneration Committee taking into account the duties and responsibilities attributed to the CEO of the Company, the performance achieved and the benchmark for similar positions. The variable component is annually determined by the Remuneration Committee, is limited to the maximum amount of twice the value of the fixed annual remuneration, and is based on an annual individual performance evaluation which attends to a framework of key quantitative indicators, in line with the Group business plans and approved by the Board of Directors, and qualitative priorities that are key to the sustainability of the business.

The quantitative key performance indicators account for 50% of the individual performance calculation, and reflect the financial performance related to the Company's growth and the shareholders' return. The financial performance indicators considered include: sales growth, net earnings, Economic Value Added (EVA), and Gearing. The qualitative key performance indicators also account for 50% of the individual performance calculation. The Remuneration Committee evaluates real implementation of transversal projects that are critical to ensure the future business competitiveness and the long-term sustainability, using the following individual performance indicators: strategic direction and allocation of resources/investments; organizational health and talent agenda, and multi-stakeholder relations. The performance and results achieved in the multi-stakeholder relations indicator include a measure by Environmental Social and Governance (ESG) analysts according to the information disclosed on the policies, practices and KPI's.

These dimensions and KPI's are long-term by nature, critical for the future success of the businesses and, as such, can have a timeline that can exceed a year.

The attribution of the annual variable component is determined considering the following criteria: if after review, the individual performance does not meet 100% of the set targets, there will be no variable remuneration payment, and, if the individual performance equals or is above 100% of the targets, the variable remuneration payment may range from 50% to 100% of the maximum variable amount.

Bearing in mind what is said above, a process regarding the CEO performance cycle was properly put in place, which includes an annual performance assessment with quarterly periodic reviews, based on evidence, and on a regular monitoring of the degree of achievement of the indicators and the targets approved by the Remuneration Committee. In accordance with the established procedure, the performance cycle is concluded with the attribution of the variable component in the first quarter of the year following the performance period, after the calculation of the full year results, with its payment still taking place during the first semester.

Together, the fixed and variable components should ensure a competitive remuneration in the international market and drive individual and collective performance, in order to establish and achieve ambitious goals of accelerated growth and appropriate shareholder return. Furthermore, the Committee considers that the Remuneration Policy is aligned with the remuneration practices of comparable publicly traded peers, operating in the global arena. Given the pressures in the marketplace for executive capabilities, the Remuneration Committee analyzes the competitiveness of Jeronimo Martins in this matter from time to time based on appropriate and reliable benchmark studies by independent and credible entities.

Bearing in mind the contribution of the countries and business areas where the Group operates, the Remuneration Committee considers adequate that the payment of fixed and variable components of remuneration to Directors with executive duties be split amongst the Company and its subsidiary companies where such Directors are also members of the management body, according with a ratio determined by the Remuneration Committee.

The Remuneration Committee considers that the remuneration of Directors with executive duties is adequate and allows a strong alignment of their interests with the interests of the Company to the long term. The alignment with the long-term interests of the Company is reinforced by the circumstance that the current Chairman of the Board of Directors and Chief Executive Officer is a member of the family who is the majority shareholder of the Company. For this reason, the Remuneration Committee decided not to have a deferral on the variable remuneration. For the same reason, the Remuneration Committee deems unnecessary to determine the maximum potential amount, in aggregate and/or individual terms of remuneration to be paid to members of Corporate Bodies without prejudice to the above mentioned regarding the proportion between the fixed and the variable amount of executive directors. For the same reasons the said Committee finds unnecessary the inclusion of a clawback mechanism related to variable remuneration.

The Retirement Pension Plan for Executive Directors was approved at the 2005 Annual General Meeting, which is described in point 76, having the Remuneration Committee stated in its declaration for 2020 that this benefit should continue unchanged for this year, having however suggested the adoption of some amendments in order to improve the then current rules of the Pension Plan.

The first of the improvements suggested was to amend the definition of pensionable salary, in order to accommodate the situation of those Participants that, despite not continuing to devote their full time to the Company are not eligible for variable remuneration under the remuneration policy in force, and therefore it was suggested to be added a provision to the said definition foreseeing that, whenever the Participant starts to perform a function that, under the Remuneration Policy in force, does not confer the right to variable remuneration, it will be added to the annual base salary an amount equal to the last variable remuneration earned, updated in the same proportion as the fixed remuneration.

The second improvement suggestion was to allow the Remuneration Committee to decide on extraordinary contributions by the Company on behalf of the Participants, including through the repayment of life insurance policies, which could, inter alia, give more flexibility when dealing with short contributory careers or contributory careers not aligned with the benchmark.

Additionally, the Remuneration Committee suggested to clarify that, without prejudice to acquired rights, the Pension Plan revokes and substitutes, as from the date of its approval, on 30th March 2005, the complementary retirement plan that already existed in the Company.
Such suggestions were contemplated in a proposal to amend the Pension Fund submitted by a shareholder, and favorably voted at the Annual General Meeting held on 25 June 2020.

As established by the Remuneration Committee in 2010, life and health insurance fringe benefits continued for Directors with executive duties.

The remuneration of the members of the Audit Committee as well as the remuneration of Directors with non-executive duties continues to comprise a fixed component only.

The amount paid to Directors with non-executive duties may be differentiated for those who have been assigned functions in Specialized Committees or Supervisory Boards of subsidiaries. With respect to those, the Remuneration Committee considers it appropriate to award a fee per meeting, due to the fact that the duties performed on behalf of these Committees and Supervisory Boards demand additional availability from the respective committee members. An additional fixed remuneration may also be paid to those non-executive directors who are in charge of specific tasks.

The Chairman and secretary of the Shareholders General meeting will keep a per meeting fee.

The Statutory Auditor will be remunerated in accordance with the auditing services agreement signed with the Jerónimo Martins Group, which covers almost all its subsidiaries. This remuneration shall be in line with market practices.
The Company did not enter into any contracts with its Directors which mitigate the risk inherent to the remuneration variability set by the Company, nor is the same aware that any such contracts have been entered into between its Directors and third parties.

The absence of a deferral period for the variable component makes it unnecessary to have mechanisms to prevent the execution of contracts by Executive Directors that subvert the rationale of variable remuneration.

The Remuneration Committee points out that there was no compensation paid to former Directors – executive or not – related to the termination of their appointment, and the Company did not adopt any legal instruments so that the termination of a Director's time in office before its term results, directly or indirectly, in the payment to such Director of any amounts beyond those foreseen by law.

This Remuneration Policy was subject to discussion at the Annual General Shareholders' Meeting held last year.

70. Information on How Remuneration is Structured so as To Enable the Aligning of the Interests of the Members of the Board of Directors With the Company's Long-Term Interests And How It Is Based on the Performance Assessment and How It Discourages Excessive Risk Taking

As results from the Remuneration Policy described in point 69, remuneration is structured in a way that allows alignment between the interests of the Board Members with the long-term interests of the Company.

The existence of fixed and variable components of remuneration and the fact that the definition of the variable remuneration depends of a framework of key quantitative and qualitative business dimensions and key performance indicators (KPI's), being the definition of the variable component of the CEO remuneration based on the achievement of those KPI's foreseen in the Group's business plans approved by the Board of Directors, cause that management's evaluation is made taking into attention the interests of the Company and its shareholders not only in the short term, but also in the middle and long-term.

Within the parameters of the remuneration policy in force, and to ensure alignment with market best practices, the Remuneration Committee deemed adequate to review again the process of defining targets and assess performance for Directors with executive duties, namely the Chief Executive Officer, having followed-up the progress in both qualitative and quantitative targets on a quarterly basis. It also defined clear and measurable qualitative targets, namely by getting access to ESG (Environmental, Social and Governance) reports.

Based on a rigorous and thorough analysis of multiple sources of evidence both internal and independent, the Remuneration Committee followed closely the progress of several performance indicators, both quantitative (sales growth, net earnings, EVA and gearing) and qualitative (strategic direction and resources allocation / investments, organizational health and talent management, and multi-stakeholder relations).

As referred in point 69, the Company did not enter into any contracts with its Directors which intend to mitigate the risk inherent to the variability of remuneration set by the Company.

71. Reference to There being a Variable Remuneration Component and Information on Any Impact of the Performance Appraisal on This Component

The remuneration of Directors with executive duties is comprised of a variable component depending, also, of a performance review depending on the effective delivery of the objectives and targets, measured by the behaviour of the quantitative and qualitative indicators. See points 69 and 70.

72. The Deferred Payment of the Remuneration's Variable Component and Specification of Relevant Deferral Period

There is no deferred payment of the remuneration's variable component. See point 69.

73. The Criteria Whereon the Allocation of Variable Remuneration on Shares is Based, and Also on Maintaining Company Shares That The Executive Directors Have Had Access To, On the Possible Share Contracts, Including Hedging or Risk Transfer Contracts, the Corresponding Limit, and Its Relation to the Total Annual Remuneration Value

The Company does not have any type of plan for attribution of shares to Directors and officers, as defined in no. 3 of Art. 248-B PSC.

74. The Criteria Whereon the Allocation of Variable Remuneration on Options is Based and details of the Deferral Period and the Exercise Price

The Company does not have any plan for the attribution of share purchase options to Directors and officers, as defined in no. 3 of Art. 248-B PSC.

75. The Key Factors and Grounds for Any Annual Bonus Scheme and Any Additional Non-Financial Benefits

See points 69 to 71. Directors with executive duties also receive life and health insurance fringe benefits.

76. Key Characteristics of the Supplementary Pensions or Early Retirement Schemes For Directors and Statement on the Date When Said Schemes Were approved at the General Meeting, on an Individual Basis

At the 2005 Annual General Meeting, a Retirement Pension Plan for Executive Directors was approved.

It is a Defined Contribution Pension Plan, in which the value of the contribution is fixed in advance, the value of the benefits varying depending on the earnings obtained. The Remuneration Committee defines the contribution rate of the Company (which was 17.5% until 30 November 2020, and 25% as from 1 December 2020).

Plan Participants, as defined in the respective regulation, include the Executive Directors of the Company. In the specific case of Executive Directors in office at the time of the 2005 General Meeting, those who opted for the current Pension Plan would forego eligibility for the Alternative Pension Plan, by way of expressly and irrevocably waiving it.

The retirement date coincides with the day itself or the first day of the month following the month in which the Participant reaches normal retirement age, as established into the General Social Security Scheme. A Participant will be considered to be in a state of total and permanent invalidity if recognised as such by the Portuguese Social Security.

The pensionable salary is the gross monthly salary paid by the Company and any of its direct or indirect subsidiary companies, multiplied by 14 and divided by 12. To this fixed monthly amount is added, at the end of each calendar year, a variable amount comprising all the amounts received as variable remuneration from said Company and subsidiary companies.

Whenever the Participant, despite continuing to meet eligibility conditions, starts to perform a function that, under the Remuneration Policy that is in force, does not provide for the existence of variable remuneration, to the mentioned fixed amount will be added, annually, an amount corresponding to the last variable remuneration earned, updated in the same proportion as the fixed remuneration.

Additionally, concerning Directors who were in office at the date of the said 2005 General Meeting, the complementary pension or retirement system regime applies, and under the terms of the respective Regulation, Directors have the right to a Complementary Pension at retirement age, cumulatively, when they: i. are over 60 years old; ii. have performed executive functions; and iii. have performed the role of a Director for more than 10 years. This supplement was established in the 1996 Annual General Shareholders' Meeting and only those Directors that have not opted for the Retirement Pension Plan mentioned above may benefit from this supplement.

The Retirement Pension Plan revoked and substituted, as from the date of its approval, on 30th March 2005, the complementary retirement plan that already existed in the Company without prejudice to acquired rights

Subsection IV - Remuneration Disclosure

77. Details on the Amount Relating to the Annual Remuneration Paid as a Whole and Individually to Members of the Company's Board of Directors, Including Fixed and Variable Remuneration and as Regards the Latter, Reference to the Different Components That Give Rise to Same

The gross remuneration of the Members of the Board in 2020 totaled 1,894,874.96 euros, corresponding 928,000.00 euros to fixed remuneration, 490,000.00 euros to variable remuneration and 476,874.96 euros contributions to retirement pension plan.

In the chart below reference is made, pursuant to paragraph 2 of Art. 245-C PSC, to the gross remuneration paid individually to the Members of the Board of Directors:

Director	Remuneration Paid (euros)		
	Fixed Component	Variable Component *	Retirement Pension Plan
Pedro Soares dos Santos	245,000.00	490,000.00	476,874.96
Andrzej Szlęzak	83,000.00	-	-
António Viana-Baptista	80,000.00	-	-
Artur Stefan Kirsten	80,000.00	-	-
Clara Christina Streit	80,000.00	-	-
Elizabeth Ann Bastoni[1]	90,000.00	-	-
Francisco Seixas da Costa	80,000.00	-	-
José Soares dos Santos[1]	-	-	-
Maria Ángela Holguín Cuéllar	80,000.00	-	-
Sérgio Tavares Rebelo	120,000.00	-	-

* Annual variable remuneration fixed and paid in 2020, following the performance assessment for the year 2019.
[1] Waived the remuneration for the remaining term of office, including 2020.

In the following charts, the provisions of Article 245-C CVM are complied with, with reference to the disclosure of the total remuneration earned by the Members of the Board of Directors, including the amounts paid by subsidiary companies referred to in point 78.

In the chart below reference is made, pursuant to paragraph 2 of Art. 245-C PSC, to the relative proportion of each of the remuneration components of the gross total remuneration paid individually to the Members of the Board of Directors:

Director	Total Remuneration Paid* (euros)		
	Fixed Component (%)	Variable Component** (%)	Retirement Pension Plan (%)
Pedro Soares dos Santos	27.16	54.33	18.51
Andrzej Szlęzak	100	-	-
António Viana-Baptista	100	-	-
Artur Stefan Kirsten	100	-	-
Clara Christina Streit	100	-	-
Elizabeth Ann Bastoni[1]	100	-	-
Francisco Seixas da Costa	100	-	-
José Soares dos Santos[1]	-	-	-
Maria Ángela Holguín Cuéllar	100	-	-
Sérgio Tavares Rebelo	100	-	-

* Includes the relative proportion in terms of fixed and variable components as well as contributions to the Retirement Pension Plan, paid by the Company and by companies in a control or group relationship referred to in point 78.
** Annual variable remuneration fixed and paid in 2020, following the performance assessment for the year 2019
[1] Waived the remuneration for the entire term of office.

In the charts below is provided the information required under the terms of paragraph 2 of Art. 245-C PSC, i.e., the annual variations of the gross remuneration amounts paid individually by the Company, and by the companies referred to in point 78, to the Members of the Board of Directors, as well as of the average remuneration paid to full-time employees of the Company in equivalent terms, in the last five years, and the performance indicators verified:

Chairman & CEO		2015	2016	2017	2018	2019	2020
Pedro Soares dos Santos	Fixed Remuneration (€)	779,298.00	630,000.00	630,000.00	630,000.00	685,000.00	700,000.00
	Variable Remuneration (€)[1]	-	450,000.00	1,080,000.00	990,000.00	1,080,000.00	1,400,000.00
	Contributions to Pension Plan (€)	86,363.00	189,000.00	299,250.00	283,500.00	306,396.00	476,875.00
	Total Remuneration including Pension Plan Contributions (€)	865,660	1,269,000.00	2,009,250.00	1,903,500.00	2,071,396.00	2,576,875.00
	% Change	-	46.6	58.3	-5.3	8.8	24.4

[1] Variable Remuneration paid in a specific year is related to the previous year performance.

Non-Executive Directors		2015	2016	2017	2018	2019	2020
Andrzej Szlęzak	Fixed Remuneration (€)	92,000.00	105,500.00	130,000.00	133,000.00	123,000.00	133,000.00
	% Change	-	14.7	23.2	2.3	-7.5	8.1
António Viana-Baptista	Fixed Remuneration (€)	70,000.00	80,000.00	80,000.00	80,000.00	80,000.00	80,000.00
	% Change	-	14.3	0	0	0	0
Artur Stefan Kirsten	Fixed Remuneration (€)	30,000.00	70,000.00	80,000.00	80,000.00	80,000.00	80,000.00
	% Change	-	133.3	14.3	0	0	0
Clara Christina Streit	Fixed Remuneration (€)	50,000.00	80,000.00	80,000.00	80,000.00	80,000.00	80,000.00
	% Change	-	60	0	0	0	0
Elizabeth Ann Bastoni	Fixed Remuneration (€)	-	-	-	-	80,000.00	80,000.00
	% Change	-	-	-	-	-	0
Francisco Seixas da Costa	Fixed Remuneration (€)	92,000.00	85,500.00	80,000.00	80,000.00	80,000.00	80,000.00
	% Change		-7.1	-6.4	0	0	0
José Soares dos Santos	Fixed Remuneration (€)	213,756.00	-	-	-	80,000.00	-
	% Change	-	-	-	-	-	n.a. [1]
Maria Ángela Holguin Cuéllar	Fixed Remuneration (€)	-	-	-	-	100,000.00	130,000.00
	% Change	-	-	-	-	-	30
Sérgio Tavares Rebelo	Fixed Remuneration (€)	100,000.00	140,000.00	200,000.00	220,000.00	190,000.00	220,000.00
	% Change	-	40	42.9	10	-13.6	15.8

[1] The variation from 2019 to 2020 is not applicable due to the renounce of remuneration presented by the Director.

Company Associates		2015	2016	2017	2018	2019	2020
Total Remuneration[1]	FTE Average Remuneration (€)[2]	83,245.00	103,726.00	99,389.00	102,140.00	102,787.00	105,857.00
	FTE Average Remuneration - % Change	-	24.6	8.2	4.8	4.7	6.5

[1] Includes contributions to the Pension Plan.

[2] Average remuneration for full-time and active employees during the entire year. It encompasses fixed and variable remuneration and Pension Plan contributions.

Jerónimo Martins Group Performance		2015 (%)	2016 (%)	2017 (%)	2018 (%)	2019 (%)	2020 (%)
Key Performance Indicators	Sales Growth (at constant exchange rates)	-	9.8	9.4	6.8	8.4	6.7
	EBITDA growth[1] (at constant exchange rates)	-	11	4.7	3.9	9.3	0.5
	Δ Ordinary Net Earnings attributable to JM[1]	-	12.8	0.2	3.2	8.9	-10.2
	Pre-tax Return on Invested Capital[1]	-	32	32.3	28.5	30.5	29.7

[1] The values of these indicators exclude the application of the IFRS16 accounting standard (in order to be fully comparable over the 5-year period). The ordinary net result refers to the consolidated amount attributable to Jerónimo Martins, SGPS, SA.

78. Any Amounts paid, For Any Reason Whatsoever, By Other Companies in a Control or Group Relationship, or are Subject to a Common Control

Additionally to the amounts referred to in point 77, amounts were paid by other companies in a control or group relationship or subject to a common control to Directors during 2020 totalling 1,565,000.00 euros, being the gross individual amounts paid detailed, pursuant to paragraph 2 of article 245-C PSC, in the chart below:

Director	Amounts Paid (euros)	
	Fixed Component	Variable Component *
Pedro Soares dos Santos[1]	455,000.00	910,000.00
Andrzej Szlęzak[2]	50,000.00	-
María Ángela Holguín Cuéllar[2]	50,000.00	-
Sérgio Tavares Rebelo[2]	100,000.00	-

* Annual variable remuneration fixed and paid in 2020, following the performance assessment for the year 2019.

[1] For exercise of management duties.

[2] For exercise of functions in Supervisory Board

79. Remuneration Paid in the Form of Profit-Sharing and/or Bonus Payments and The Reasons For Said Bonuses or Profit Sharing Being Awarded

The Company did not pay to Directors any remuneration in the form of profit-sharing or bonuses (other than the variable remuneration referred in points 77 and 78, set according to the Remuneration Policy described in point 69).

80. Compensation Paid or Owed to Former Executive Directors Concerning Contract Termination During the Financial Year

No payment was made, nor there is any payment obligation whatsoever, in the event of termination of functions during the term of the Board of Directors.

81. Details of the Annual Remuneration Paid, as a Whole and Individually, to the Members of the Company's Supervisory Board for the Purposes of §2 of Art. 245-C PSC

The gross remuneration paid, during 2020, to the Members of the Audit Committee, in such quality, as a whole was 60,000.00 euros, being the gross individual amounts paid detailed, pursuant to paragraph 2 of Art. 245-C PSC, in the chart below:

Audit Committee	Remuneration Paid (euros)			
	Fixed Component	%	Variable Component	%
Sérgio Tavares Rebelo (President)	20,000.00	100	-	-
Clara Christina Streit	20,000.00	100	-	-
Elizabeth Ann Bastoni	20,000.00	100	-	-

In the chart below is provided the information required under the terms of paragraph 2 of Art. 245-C PSC, i.e., the annual variations of the remuneration amounts paid individually by the Company to the Members of the Audit Committee, in the last five years:

Audit Committee		2015	2016	2017	2018	2019	2020
Sérgio Tavares Rebelo (President)	Fixed Remuneration (€)	16,000.00	16,000.00	20,000.00	20,000.00	20,000.00	20,000.00
	% Change	-	0	25	0	0	0
Clara Christina Streit	Fixed Remuneration (€)	-	12,000.00	20,000.00	20,000.00	20,000.00	20,000.00
	% Change	-	-	66.7	0	0	0
Elizabeth Ann Bastoni	Fixed Remuneration (€)	-	-	-	-	20,000.00	20,000.00
	% Change	-	-	-	-	-	0

The information regarding the annual variations in the average remuneration paid to full-time employees of the Company in equivalent terms, in the last five years, and the performance indicators verified in the same period are referred to in point 77.

82. Details of the Remuneration in Said Year of the Chairman of the Presiding Board to the General Meeting

The remuneration paid by the Company to the Chairman of the Board of the General Shareholder's Meeting in the year was 15,000.00 euros.

Subsection V - Agreements with Remuneration Implications

83. The Envisaged Contractual Restraints for Compensation Payable for the Unfair Dismissal of Directors and the Relevance Thereof to the Remuneration's Variable Component

There are no contractual restraints for the compensation payable in the event of dismissal of Directors without due cause. This matter is regulated by the applicable law.
Likewise, the termination of duties of members of the Company's committees shall be governed by the provisions of the applicable legislation.
See, Point 69.

84. Reference to the Existence and Description, With Details of the Sums Involved, of Agreements Between the Company and Members of the Board of Directors and Managers, Pursuant to Art. 248-B/3 of the Securities Code That Envisage Compensation in the Event of Resignation or Unfair Dismissal or Termination of Employment Following a Takeover Bid (Art. 245-A/1/l) PSC)

There are no agreements between the Company and Members of the Managing Bodies, officers or employees that foresee indemnity payments in the event of resignation, dismissal without due cause, or termination of the labour relationship as a consequence of change in the Company's control.

Subsection VI - Share Allocation and/or Stock Option Plan

85. Details of the Plan and the Number of Persons Included Therein

The Company does not have any plan in force to attribute shares or options to acquire shares.

86. Characteristics of the Plan (Allocation Conditions, Non-Transfer of Share Clauses, Criteria on Share-Pricing and the Exercising Option Price, the Period During Which the Options May be Exercised, the Characteristics of the Shares or Options to be Allocated, the Existence of Incentives to Purchase and/or Exercise Options)

The Company does not have any plan in force to attribute shares or options to acquire shares.

87. Stock Option Plans for the Company Employees and Staff

The Company does not have any plan in force to attribute options to acquire shares.

88. Control Mechanisms for a Possible Employee-Shareholder System Inasmuch as the Voting Rights are not Directly Exercised by Said Employees (Art. 245-A/1/e) PSC)

There is no employee-shareholder system in the Company.

Section E – Related Party Transactions

Subsection I - Control Mechanisms and Procedures

89. Mechanisms Implemented by the Company For the Purpose of Controlling Transactions With Related Parties

Business between the Company and the Members of the Board; Conflicts of Interest

Any dealings that may exist between the Company and its Board Members are subject to the provisions of Art. 397 CCC, and may only be entered into if so authorised by a resolution of the Board of Directors, for which the interested Director cannot vote, and that authorisation must be preceded by a favourable opinion from the Audit Committee.

Taking into account the election of Andrzej Szlęzak (partner in the firm of lawyers Sołtysiński Kawecki & Szlęzak (SK&S), one of the Jerónimo Martins Group's External Legal Counsels) for the position of Director of Jerónimo Martins for the term 2013-2015, the Board of Directors authorized, since 2013, within the terms of paragraph 2 of Art. 397 CCC and following the favourable opinion of the Audit Committee, the maintenance of the contract between the Companies and its subsidiaries and the above-mentioned law firm for the provision of legal services.

In the event of a conflict of interest between a Director, on his own behalf or that of a third party, and the Company, the provisions of the Anti-Corruption Policy referred above in Point 49 are applicable, without prejudice to what is said below.

In these cases, paragraph 6 of Art. 410. CSC is also applicable. Thus, this Director cannot vote on the resolutions that the Board of Directors of the Company may adopt regarding any matter in which there is a divergence between the interest, direct or indirect, of the Director, and the interest of the company, and such Director must inform the Chairman of the Board of Directors regarding such a conflict situation.

Business between the Company and Other Related Parties

Complying, in particular, with Art. 249-A, no. 1 of the PSC, as amended by Law no. 50/2020, of 25 August, in order to allow the Audit Committee to assess whether any existing related parties transactions have been carried out in the ordinary course of business and concluded on normal market terms and also to enable the Audit Committee, whenever required, to issue their prior opinion on any related parties transactions or transactions that may lead to conflicts of interest, the Board of Directors adopted on 17 December 2020, as per the proposal of the Managing Committee and with the favorable opinion of the Committee on Corporate Governance and Corporate Responsibility and with a binding favorable opinion from the Audit Committee, the procedure described below in point 91.

90. Details of Transactions That Were Subject To Control in the Referred Year

In 2020, there were no transactions that would fall into the scope of the criteria foreseen in points 89 and 91 and, consequently, there were no transactions subject to control.

91. A Description of the Procedures and Criteria Applicable to the Supervisory Body When Same Provides Preliminary Assessment of the Business Deals to be Carried Out Between the Company and the Holders of Qualifying Holdings or Entity-Relationships With the Former, as Envisaged in Art. 20 of the Securities Code

According to the procedure adopted by the Company, to which is made reference in point 89, in order to allow the Audit Committee to assess whether any existing related parties transactions have been carried out in the ordinary course of business and concluded on normal market terms and also to enable the Audit Committee, whenever required, to issue their prior opinion on any related parties transactions or transactions that may lead to conflicts of interest, the following rules shall apply.

The Group controller will keep an updated (non-exhaustive) list of the entities that may qualify as Related Parties, having the Group Controller to share every year with the competent functional divisions of the Company and with the CEOs and CFOs of the different Company's subsidiaries the updated definition of Related Parties in accordance with IAS 24, the above mentioned list, as well as a copy of the applicable procedure.

The competent functional divisions of the Company as well as the CEOs and CFOs of the different Company's subsidiaries will report to the Company's Secretary any negotiation in course with a third party (not limited to the list referred to above) that may give rise to a Related Party Transaction (i.e. a transaction between the Company and/or its subsidiaries and a Company's related party).

The report mentioned in the previous paragraph will include:

- the object, purpose and opportunity of the potential Related Party Transaction from the point of view of the Company and/or the subsidiary' business;
- the nature of the potential Related Party Transaction, with the demonstration that its terms and conditions are similar, or at least more favorable, to those that the Company and/or the subsidiary would obtain in comparison to those generally available on the market, or those offered to or by a third party in equivalent circumstances;
- the description of existing relationships with the Related Party, and the interest of the Related Party and other counterparties in the transaction;
- the financial amount involved in the Transaction with the Related Party, as well as in the set of deals eventually carried out with that Related Party in the previous 12 (twelve) months or in the same fiscal year; and
- any other information that may be relevant given the circumstances of the specific transaction.

The Company Secretary will collect all related parties transactions under negotiation and, if necessary, assess together with the Group General Counsel and the Group Controller if said transactions may be considered as carried out in the ordinary course of business of the Company and/or its subsidiaries and concluded on normal market terms.

Any Related Party Transaction that cannot be considered as carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal market terms can only be concluded after being approved by a resolution of the Company's Board of Directors, preceded by an opinion of the Company's Audit Committee, having the Company's Secretary to provide for the intervention of the mentioned corporate bodies, as timely as possible.
Related Party Transactions that may be considered carried out in the ordinary course of business of the Company and/or its subsidiaries and concluded on market terms will follow the normal procedure for approval, under the applicable laws, bylaws, regulations and delegations of powers.

If the Related Party transaction is approved by the Board of Directors and its amount (or aggregated amount) is equal or greater than 2.5% of Consolidated Assets of the Company, the Company will make the public disclosure of the transaction. This disclosure should include:

- The identification of the related party;
- Information on the nature of the relationship with related parties;
- The date and amount of the transaction;
- The reasons for the fair and reasonable nature of the transaction, from the point of view of the Company and its Shareholders, that are not related parties, including minority shareholders;
- The opinion of the Company's Audit Committee.

Transactions (except for consumer transactions) between the Company and/or its subsidiaries and:

- Francisco Manuel dos Santos family members, either directly or through entities in which they hold a financial interest and/or a key management position (not including entities within the scope of the group of companies and joint ventures headed by Sociedade Francisco Manuel dos Santos, SGPS, S.E, to which, nevertheless the procedure described above will apply entirely);
- Persons discharging managerial responsibilities in the Company, either directly or through entities in which they hold a financial interest and/or a key management position,

irrespective of qualifying as Related Parties Transactions and/or despite being carried out in the ordinary course of business of the Company and/or its subsidiaries and concluded on market terms, will always have to be subject to the prior opinion of the Company's Audit Committee (being applicable with the necessary adaptations to Transactions mentioned herewith that do not qualify as Related Parties Transactions, the procedures described above involving the reporting of situations to the Company Secretary, the collection of information by the same, and its approval, except in what refers to the need of intervention of the Board of Directors, unless such intervention is required by applicable laws, bylaws, regulations and delegations of powers).

The provisions hereof are without prejudice of what is foreseen in Art. 397 of the CCC regarding transactions with Directors as referred in point 89.

Every six months, the Company's Secretary will provide the Company's Audit Committee with a detailed report identifying the related parties' transactions that have occurred in the past six months and have not been submitted to such Committee's prior opinion. Such report will include the relevant information referred above.

If the Company's Audit Committee assesses that the procedure above has not been observed, it will immediately inform the Company's Board of Directors of such situation.

Subsection II - Data on Business Deals

92. Details of the Place Where the Financial Statements Including Information on Business Dealings With Related Parties Are Available, in Accordance With IAS 24

The information concerning business dealings with related parties may be found on note 24 – Related Parties of Chapter III.

Part II – Corporate Governance Assessment

1. Details of the Corporate Governance Code Implemented

The Company adopted IPCG's Corporate Governance Code (which is available on IPCG's website at https://cgov.pt/base-de-dados/codigos-de-governo), having considered that the same ensures an adequate level of protection of its shareholders' interests, and company governance transparency.

The Company is also governed by its Code of Conduct and other codes and policies, namely, the Anti-Corruption Policy, whose content is linked to corporate governance matters, and which may be consulted on its website. All of its Corporate Bodies are governed by regulations, which are documented and available on the Company's website at https://www.jeronimomartins.com/en/ .

2. Analysis of Compliance with the Corporate Governance Code Implemented

2.1. Statement of Compliance

The Company complies in its essence with the Recommendations of IPCG in the Corporate Governance Code of 2018 (revised in 2020). It is accepted, however, that there are some recommendations that were not adopted in their entirety as it is better explained below, without prejudice to the explain presented.

The following shows the breakdown of the recommendations contained in IPCG's Code of Corporate Governance (2018 revised in 2020) that were adopted, partially adopted, not adopted and not applicable, as well as reference to the text of the Report where the compliance or justification for not adopting or partially adopting these recommendations may be found.

The Company clarifies that, with regard to the recommendations of multiple significance, referred to in the Table of Multiple Recommendations of the IPCG CGS 2018 revised in 2020, annexed to the Interpretative Note no. 3, which is available at https://cam.cgov.pt/pt/documentos/1350-nota-interpretativa-n-3 , when, in the table below it is stated that a certain recommendation has been adopted by the Company, it is to be understood that the Company considers that all "sub-recommendations" in the scope of such recommendation have been adopted, without prejudice to, in specific cases, the recommendation in question not being applicable *in totum* to the Company, which is identified in the table.

When the Company considers to have partially adopted a certain recommendation, reference is made in the table as to the "sub-recommendations" that the Company considers to have partially adopted and the justification concerning the "sub-recommendations" that were not adopted is disclosed in the subparagraphs of point 2.1., presented below the table.

RECOMMENDATION	STATUS REGARDING THE ADOPTION	REFERRAL TO THE CGR TEXT
Chapter I. GENERAL PROVISIONS		
I.1. Company's relationship with investors and disclosure		
I.1.1. The Company should establish mechanisms to ensure the timely disclosure of information to its governing bodies, shareholders, investors and other *stakeholders*, financial analysts, and to the markets in general.	Adopted	Part I, Section B, Sub-section II, point 21, and Part I, Section C, Sub-section IV, points 56 and 58
I.2. Diversity in the composition and functioning of the company's governing bodies		
I.2.1. Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to	Adopted	Part I, Section B, Sub-section II, points 16 to 19 and 26, Sub-section III, points 31 and 33

RECOMMENDATION	STATUS REGARDING THE ADOPTION	REFERRAL TO THE CGR TEXT
gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.		
I.2.2. The company's managing and supervisory boards, as well as their committees, should have internal regulations — namely regulating the performance of their duties, their Chairmanship, periodicity of meetings, their functioning and the duties of their members —, disclosed in full on the company's website. Minutes of the meetings of each of these bodies should be drawn out.	Adopted	Part I, Section B, Sub-section II, points 22 and 23, 27 and 29, Sub-section III, points 34 and 35, Section C, point 61
I.2.3. The composition and the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.	Adopted	Part I, Section B, Sub-section II, points 23 and 29, Sub-section III, point 35, Section C, Sub-section V, point 62
I.2.4. A policy for the communication of irregularities (whistleblowing) should be adopted that guarantees the suitable means of communication and treatment of those irregularities, with the safeguarding of the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality is requested.	Adopted	Part I, Section B, Sub-section II, point 29, Section C, Sub-section II, point 49
I.3. Relationships between the company bodies		
I.3.1. The bylaws, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information.	Adopted	Part I, Section B, Sub-section II, point 21
I.3.2. Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.	Adopted	Part I, Section B, Sub-section II, points 21 and 29, Sub-section III, points 30 and 35
I.4. Conflicts of interest		
I.4.1. The members of the managing and supervisory boards and the internal committees are bounded, by internal regulation or equivalent, to inform the respective board or committee whenever there are facts that may constitute or give rise to a conflict between their interests and the company's interest.	Adopted	Part I, Section B, Sub-section II, point 29, Section C, Sub-section II, point 49, Section E, Sub-section I, point 89
1.4.2. Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.	Adopted	Part I, Section B, Sub-section II, point 29, Section C, Sub-section II, point 49, Sub-section III, point 54, Section E, Sub-section I, point 89
I.5. Related party transactions		
I.5.1. The managing body should disclose in the corporate governance report or by other means publicly available the internal procedure for verifying transactions with related parties.	Adopted	Part I, Section E, Sub-section I, points 89 and 91

RECOMMENDATION	STATUS REGARDING THE ADOPTION	REFERRAL TO THE CGR TEXT
I.5.2. The managing body should report to the supervisory body the results of the internal procedure for verifying transactions with related parties, including the transactions under analysis, at least every six months.	Not applicable	Part I, Section E, Sub-section I, point 90, and Part II, point 2.1., sub. a)

Chapter II · SHAREHOLDERS AND GENERAL MEETINGS

RECOMMENDATION	STATUS REGARDING THE ADOPTION	REFERRAL TO THE CGR TEXT
II.1. The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.	Adopted	Part I, Section B, Sub-section I, point 12
II.2. The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.	Adopted	Part I, Section B, Sub-section I, points 12 and 14
II.3. The company should implement adequate means for the remote participation by shareholders in the general meeting, which should be proportionate to its size.	Adopted	Part I, Section B, Sub-section I, point 12
II.4. The company should also implement adequate means for the exercise of remote voting, including by correspondence and electronic means.	Adopted	Part I, Section B, Sub-section I, point 12
II.5. The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution — without increased quorum in comparison to the legally established — and in that resolution, all votes cast will be counted without observation of the imposed limits.	Not applicable	Part I, Section B, Sub-section I, point 13
II.6. The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.	Adopted	Part I, Section A, Sub-section I, points 4 and 5, Section B, Sub-section I, point 12

Chapter III · NON-EXECUTIVE MANAGEMENT, MONITORING AND SUPERVISION

RECOMMENDATION	STATUS REGARDING THE ADOPTION	REFERRAL TO THE CGR TEXT
III.1. Without prejudice to question the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.	Not Adopted	Part I, Section B, Sub-section II, point 21, and Part II, point 2.1., sub. b)
III.2. The number of non-executive members in the managing body, as well as the number of members of the supervisory body and the number of the members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed. The formation of such suitability judgment should be included in the corporate governance report.	Adopted	Part I, Section B, Sub-section II, points 17 and 18, Sub-section III, point 31
	Not Applicable Sub-Recommendation III.2.(3)	

RECOMMENDATION	STATUS REGARDING THE ADOPTION	REFERRAL TO THE CGR TEXT
III.3. In any case, the number of non-executive directors should be higher than the number of executive directors.	Adopted	Part I, Section B, Sub-section II, points 17 and 18
III.4. Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to: i. having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or non-consecutive basis; ii. having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years; iii. having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person; iv. having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties; v. having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings, or vi. having been a qualified holder or representative of a shareholder of qualifying holding.	Adopted	Part I, Section B, Sub-section II, points 17 and 18
III.5. The provisions of (i) of recommendation III.4 does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (*cooling-off period*).	Not Applicable	
III.6. The supervisory body, in observance of the powers conferred to it by law, should, assess and give its opinion on the strategic lines and the risk policy prior to its final approval by the management body.	Adopted	Part I, Section B, Sub-section II, point 29, Sub-section III, point 30, Section C, Sub-section III, points 50, 51, 52, 54 and 55
III.7. Companies should have specialised committees, separately or cumulatively, on matters related to corporate governance, appointments and performance assessment. In the event that the remuneration committee provided for in article 399 of the Commercial Companies Code has been created and should this not be prohibited by law, this recommendation may be fulfilled by conferring competence on such committee in the aforementioned matters.	Partially Adopted (Sub-Recommendation III.7. (2))	Part I, Section B, Sub-section II, points 24, 25, 27 and 29, and Section D, Sub-section III, point 69, and Part II, point 2.1., sub. c)

Chapter IV . EXECUTIVE MANAGEMENT		
IV.1. The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors applicable to their performance of executive functions in entities outside of the group.	Partially Adopted (Sub-Recommendation IV.1.(1))	Part I, Section B, Sub-section II, point 21, and Part II, point 2.1., sub. d)

RECOMMENDATION	STATUS REGARDING THE ADOPTION	REFERRAL TO THE CGR TEXT
IV.2. The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: i. the definition of the strategy and main policies of the company; ii. the organisation and coordination of the business structure; iii. matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.	Adopted	Part I, Section B, Sub-section II, point 21
IV.3. In the annual report, the managing body explains in what terms the strategy and the main policies defined seek to ensure the long-term success of the company and which are the main contributions resulting therein for the community at large.	Adopted	Part I, Section B, Sub-section II, point 21

Chapter V · EVALUATION OF PERFORMANCE, REMUNERATION AND APPOINTMENT		
V.1. Annual evaluation of performance		
V.1.1. The managing body should annually evaluate its performance as well as the performance of its committees and executive directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.	Adopted	Part I, Section B, Sub-section II, points 21, 24, 25 and 27, and Section D, Sub-section III, points 69 and 70
V.2. Remuneration		
V.2.1. The company should create a remuneration committee, the composition of which should ensure its independence from the management, which may be the remuneration committee appointed under the terms of article 399 of the Commercial Companies Code.	Adopted	Part I, Section D, Sub-section I, point 66
V.2.2. The remuneration should be set by the remuneration committee or the general meeting, on a proposal from that committee.	Adopted	Part I, Section D, Sub-section I, point 66, Sub-section II, point 67
V.2.3. For each term of office, the remuneration committee or the general meeting, on a proposal from that committee should also approve the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office. The said situation as well as the amounts should be disclosed in the corporate governance report or in the remuneration report.	Adopted	Part I, Section D, Sub-section III, points 69 to 74, Sub-section IV, point 80, and Sub-section V, points 83 and 84
V.2.4. In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders.	Adopted	Part I, Section D, Sub-section II, point 67
V.2.5. Within the company's budgetary limitations, the remuneration committee should be able to decide, freely, on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties.	Adopted	Part I, Section D, Sub-section II, point 67

RECOMMENDATION	STATUS REGARDING THE ADOPTION	REFERRAL TO THE CGR TEXT
V.2.6. The remuneration committee should ensure that those services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee.	Adopted	Part I, Section D, Sub-section II, point 67
V.2.7. Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks.	Adopted	Part I, Section D, Sub-section III, points 69 to 71
V.2.8. A significant part of the variable component should be partially deferred in time, for a period of no less than three years, being necessarily connected to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.	Not Adopted	Part I, Section D, Sub-section III, points 69 and 72, and Part II, point 2.1.e)
V.2.9. When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.	Not Applicable	Part I, Section D, Sub-section III, points 69 and 74
V.2.10. The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.	Adopted	Part I, Section B, Sub-section II, points 17 and 18, Section D, Sub-section III, point 69, and Sub-section IV, points 77 to 79 and 81
V.3. Appointments		
V.3.1. The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out.	Não aplicável	Part I, Section B, Sub-section II, points 16 to 19, and Part II, point 2.1., sub. f)
V.3.2. The overview and support to the appointment of members of senior management should be attributed to a nomination committee, unless this is not justified by the company's size.	Not Adopted	Part II, point 2.1., sub. g)
V.3.3. This nomination committee includes a majority of nonexecutive, independent members.	Not Applicable	Part II, point 2.1., sub. h)
V.3.4. The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.	Not Applicable	Part II, point 2.1., sub. i)

Chapter VI · INTERNAL CONTROL		
VI.1. The managing body should debate and approve the company's strategic plan and risk policy, which should include the establishment of limits on risk-taking.	Adopted	Part I, Section C, Sub-section III, points 50 to 52 and 54

RECOMMENDATION	STATUS REGARDING THE ADOPTION	REFERRAL TO THE CGR TEXT
VI.2. The supervisory board should be internally organised, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body.	Adopted	Part I, Section B, Sub-section III, point 30, and Section C, Sub-section III, points 50 and 52
VI.3. The internal control systems, comprising the functions of risk management, compliance, and internal audit should be structured in terms adequate to the size of the company and the complexity of the inherent risks of the company's activity. The supervisory body should evaluate them and, within its competence to supervise the effectiveness of this system, propose adjustments where they are deemed to be necessary.	Adopted	Part I, Section B, Sub-section III, point 30, and Section C, Sub-section III, points 52 and 55
VI.4. The supervisory body should provide its view on the work plans and resources allocated to the services of the internal control system, including the risk management, compliance and internal audit functions, and may propose the adjustments deemed to be necessary.	Adopted	Part I, Section B, Sub-section III, point 30, and Section C, Sub-section III, point 52
VI.5. The supervisory body should be the recipient of the reports prepared by the internal control services, including the risk management functions, compliance and internal audit, at least regarding matters related to the approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.	Adopted	Part I, Section B, Sub-section III, point 30, Section C, Sub-section III, points 50, 51, 55, and Section E, Sub-section I, point 91
VI.6. Based on its risk policy, the company should establish a risk management function, identifying (i) the main risks it is subject to in carrying out its activity; (ii) the probability of occurrence of those risks and their respective impact; (iii) the devices and measures to adopt towards their mitigation; (iv) the monitoring procedures, aiming at their accompaniment.	Adopted	Part I, Section C, Sub-section III, points 50 to 54
VI.7. The company should establish procedures for the supervision, periodic evaluation, and adjustment of the internal control system, including an annual evaluation of the level of internal compliance and the performance of that system, as well as the perspectives for amendments of the risk structure previously defined.	Adopted	Part I, Section B, Sub-section III, point 30, and Section C, Sub-section III, points 50, 52 and 55

Chapter VII · FINANCIAL STATEMENTS AND ACCOUNTING		
VII.1. Financial information		
VII.1.1. The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgments, relevant disclosure and its consistent application between financial years, in a duly documented and communicated form.	Adopted	Part I, Section B, Sub-section III, point 30, and Section C, Sub-section V, point 61
VII.2. Statutory audit of accounts and supervision		
VII.2.1. By internal regulations, the supervisory body should define, according to the applicable legal regime, the monitoring procedures aimed at ensuring the independence of the statutory audit;	Adopted	Part I, Section B, Sub-section III, points 30 and 37
VII.2.2. The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the	Adopted	Part I, Section B, Sub-section III, points 30 and 37, Sub-section V, points 46 and 47

RECOMMENDATION	STATUS REGARDING THE ADOPTION	REFERRAL TO THE CGR TEXT
powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.		
VII.2.3. The supervisory body should annually assess the services provided by the statutory auditor, their independence and their suitability in carrying out their functions, and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.	Adopted	Part I, Section B, Sub-section III, point 30, Sub-section V, point 45

In light of the text of the recommendations, the following recommendations, also referenced in the table above, were not fully complied with. The corresponding explanations are detailed below.

a) With reference to Recommendation I.5.2., it is not applicable to the Company, given the wording of paragraph 1 of Art. 249-A PSC, added by Law no. 50/2020, of 25 August, which transposed Directive (EU) No. 2017/828 into national law. The periodic verification of transactions with related parties is now a duty of the Company's supervisory body and not of the respective management body.
The aforementioned understanding was also accepted in Interpretative Note no. 3, of IPCG's Executive Commission for the Accompaniment and Monitoring ("CEAM").

b) As to Recommendation III.1, it is explained that the coordination of Non-Executive Directors in the Company is made by means of a Mechanism for Coordinating the Activities of Non-Executive Directors. Without prejudice to the mandatory duty of general surveillance of such Directors, under Art. 407, paragraph 8 CCC, the Company has created a disclosure mechanism that requires that Executive Directors or the Chairman of the Executive Committee, as the case may be, disclose relevant information to Non-Executive Directors regarding the performance of the delegated powers or the special duty conferred upon them. Said Mechanism also foresees that any information request presented by any Non-Executive Director, within their respective functions, should be answered, and that Non-Executive Directors may also meet in ad hoc meetings, as well as a duty over the Company Secretary, to timely provide Non-Executive Directors with the definitive agenda of the meetings and respective preliminary documentation of Board Meetings and of the Specialized Committees that they are part of. The Company Secretary shall also ensure, according to such Mechanism, the delivery to Directors who so request, of a copy of the meetings of the Managing Committee or that of any other Corporate Bodies. The above explanation has already been accepted by IPCG's CEAM in past years.

See, point 21 of Part I, Section B, Sub-section II.

c) With reference to Recommendation III.7, the Company does not have a Nomination Committee for senior management for the reasons explained below in subparagraph g).

d) What concerns Recommendation IV.1 it is explained that the Company complies with it partially, considering that, although a Regulation of the Board of Directors exists, it is not therein regulated the performance of executive functions by executive directors in entities outside of the Group. However, the objective of the Recommendation at stake is achieved considering that the Company is a family company, being that also the case of the family holding companies Arica Holding, B.V., Sociedade Francisco Manuel dos Santos, SGPS, S.E. and Sociedade Francisco Manuel dos Santos, B.V. that the Company's Chief Executive Officer is a member of the family that holds the majority of the share capital of the Company, what is foreseen in the Company's Regulation of the Board of Directors in force, the content of the current Delegation of Powers to the Chief Executive Officer and the legal obligations that impend over directors, e.g., duties of loyalty and, in particular, the duties of care that the same have to comply with, under Art. 64 CCC.

See, point 21 of Part I, Section B, Sub-section II.

e) With reference to Recommendation V.2.8., it should be noted that the Company's Remuneration Policy does not provide for the deferred payment of all or part of the variable component of remuneration, and the

Remuneration Committee believes that it has found, thusfar, the mechanisms that allow the alignment of the interests of the Executive Directors with the long-term interests of the Company and the shareholders, enabling the sustained growth of the Company's business and the corresponding value creation for the shareholders. It has to be noted that the role of executive director of the Company has been performed by members of the family that holds the majority of the share capital of the Company and, therefore, the long-term alignment of interests between the executive management and the Company is naturally ensured.

See, point 69 of Part I, Section D, Subsection III.

f) Regarding Recommendation V.3.1., it was not applicable to the Company in the year 2020, considering that the 2019-2021 term is in progress, and there were no elections to any of the Company's corporate bodies.

g) Concerning Recommendation V.3.2., it has to be said that the Jeronimo Martins Group has been through a period of high growth, currently developing operations in three countries, and employing over 100,000.00 individuals. The Company's Human Resources Division developed the necessary studies and has implemented the appropriate mechanisms in order to manage its workers, at all levels, and to make available the necessary tools to the companies of the Group, both at the initial hiring and subsequently, in career management. Considering, additionally, the notorious family dimension of the Company, the Human Resources Policy and, the selection and hiring acquires special importance and requires special attention by the Chief Executive Officer, himself a member of the controlling family.

See, point 21 of Part I, Section B, Sub-section II ("Human Resources"), and the explanation in subparagraph d) above.

h) Concerning Recommendation V.3.3., see the explanation made in the previous subparagraph.

i) Concerning Recommendation V.3.4., see the explanation made in subparagraph i).

3. Other Information

There is no other data or additional information, which is relevant for understanding the corporate governance model and practices adopted.

Jerónimo Martins

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CORPORATE RESPONSIBILITY IN VALUE CREATION

NON-FINANCIAL REPORT

Corporate Responsibility in Value Creation

1. Our Approach

As a food specialist, the Jerónimo Martins Group believes it can influence practices and processes that have a relevant impact on the environment and on people. To create value in a sustainable and socially responsible way, the Group promotes the adoption of good environmental and social practices, while implementing high quality and food safety standards in its operations and in its value chain.

The more than 225 years of existence of Jerónimo Martins reflect the responsible way in which it develops its businesses, for the medium and long terms. To this end, the Group applies its Corporate Responsibility strategy – consisting in five pillars, which are transversal to all the Companies – and aims at responding to the challenges and opportunities identified by its stakeholders[10], the Sustainable Development Goals and the Global Compact Principles, both defined by the United Nations[11]:

I – Promoting Good Health through Food

We focus on the quality and diversity of the food products sold by the Group's Companies. In addition, our central concern is to guarantee food safety, namely the availability, accessibility and sustainability of the products sold.

II – Respecting the Environment

The Group is working with the purpose of reducing the environmental impacts of its operations and supply chains every day, seeking to improve efficiency and adapting measures and technologies with a smaller ecological footprint. There are three priority action areas: fighting climate change, preserving biodiversity and responsible waste management.

III - Sourcing Responsibly

The guiding principles of our Companies' purchasing strategy are to ensure the quality and food safety of the products sold, promoting the integration of ethical, social and environmental criteria throughout the supply chain, and favouring long-lasting and close business relationships.

IV - Supporting Surrounding Communities

The Group seeks to contribute towards fighting hunger and malnutrition in the communities where its Companies operate, as well as helping to break cycles of extreme poverty and social exclusion, by supporting projects and causes among the weakest groups in society: children and young people, and senior citizens in need.

V - Being a Benchmark Employer

The Group seeks to stimulate the socio-economic development of the markets where it operates by creating employment, promoting balanced wage policies and a stimulating and positive working environment, in a firm commitment to its employees, who have access to social responsibility programmes in the health, education and wellbeing areas, extendable to their families.

[10] The 10 main material topics are mentioned in the sub-chapter 2. - "Stakeholder Engagement", also available at www.jeronimomartins.com .
[11] The subchapter 11 - "Table of Indicators", in the end of this Chapter, shows the link between each of the reported indicators and both the Sustainable Development Goals and the Global Compact principles to which they contribute.

Jerónimo Martins Group remains in the main ESG indices

The Group's performance across all Corporate Responsibility pillars continues to be recognized by a wide range of stakeholders, including environment, social and governance (ESG) analysts.

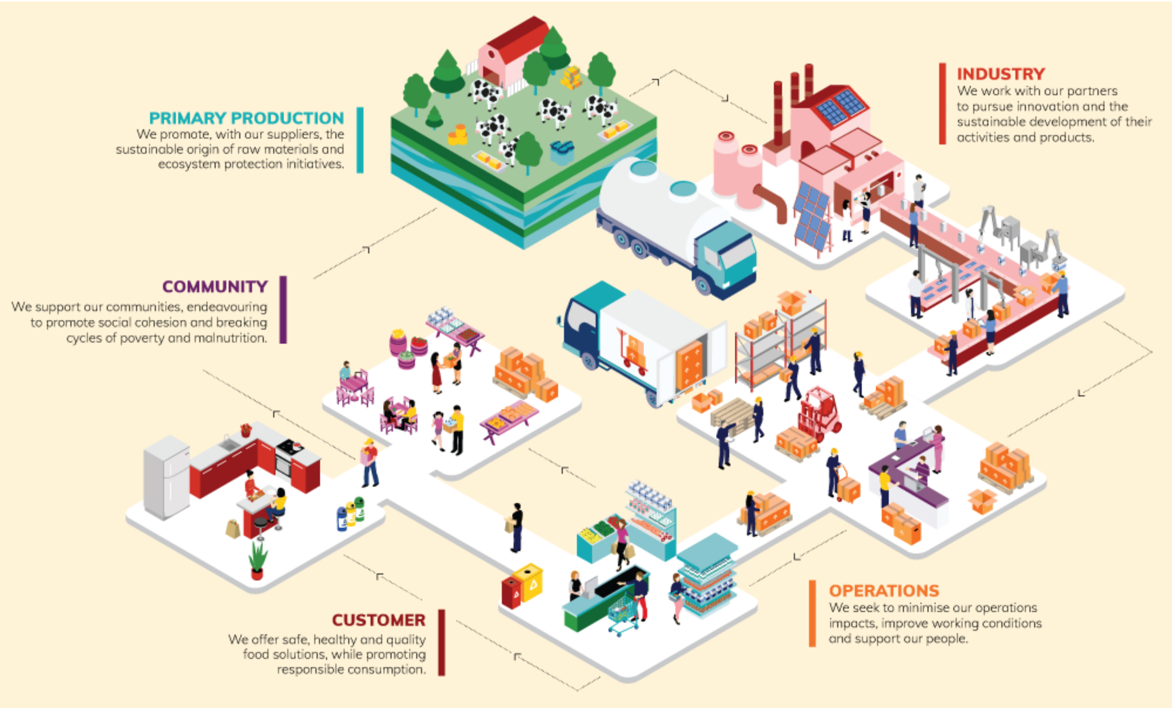
In 2020, the Group was - for the first time - included in the Bloomberg Gender Equality Index, which evaluates the performance of 380 listed companies committed to promoting gender equality through the development of policies, programmes and the transparency with which they communicate. Jerónimo Martins was the only Portuguese company in its sector included, which is only represented by 25 companies from all over the world.

The Group also kept its assessment on the CDP Forests theme, obtaining the "A-" score (Leadership) for the four commodities assessed (palm oil, soy, beef and paper and wood) by the second year in a row, being the food retail company with the best global score. Jerónimo Martins also ensured its inclusion in the themes Water Security - achieving level "B" (Management) - and Climate, maintaining the Leadership level, with an "A-". The CDP assessment encompassed more than 9,600 companies from all over the world, representing half of the global market capitalisation.

Also in 2020, the Group was again included in the FTSE Russell indices: FTSE4Good Developed Index, FTSE4Good Europe Index and FTSE 4Good Developed Minimum Variance. The same happened in the STOXX Global ESG Leaders, STOXX Global ESG Environmental Leaders, Ethibel Excellence Investment Registers, Ethibel Sustainability Index Excellence Europe, Euronext Vigeo Eurozone 120 and Euronext Vigeo Europe 120 Indexes, among others, having integrated the Eurozone ESG Large 80 in 2020.

Jerónimo Martins ended the year in more than 90 ESG indices. These identify the companies that best manage ESG risks and are used, for example, in structured investment products and as benchmarks. These inclusions are the result of the recognition of the Group's commitments, actions and results in the sustainability area and in the long-term development of its businesses.

Business Model and Relation with Sustainable Development



2. Stakeholder Engagement

The Group promotes a regular dialogue with its stakeholders, in order to identify, prioritise and manage sustainability aspects that have a significant impact on society and on the business. For this purpose, different communication channels are used according to each type of stakeholder.

Stakeholders	Interfaces	Communication Channels
Shareholders and Investors	Investor Relations Department.	Corporate website, e-mail, Annual Report, corporate magazine, financial releases, meetings, conferences, roadshows, app Jerónimo Martins IR, Investor's Day and shareholders' meetings.
Analysts	Investor Relations Department, Communications and Corporate Responsibility Department.	Corporate website, e-mail, Annual Report, corporate magazine, financial releases, meetings, conferences, app Jerónimo Martins IR, and Investor's Day.
Official Bodies, Supervising Entities and Local Councils	Investor Relations Department, Tax Departments, Legal Departments, Communications and Corporate Responsibility Department.	Corporate website, e-mail and post, corporate magazine and meetings.
Suppliers, Business Partners and Service Providers	Commercial, Marketing, Quality and Private Brand Development, Food Safety, Environment, Regional Operations, Technical, Expansion, IT Departments and Ethics Committee.	JM Direct Portal, follow-up visits, quality and food safety audits, social and environmental audits, business meetings, direct contacts and corporate magazine.
Employees	Human Resources Departments, Training School, Ethics Committee and Employee Assistance Services.	Employee Assistance Services (telephone line, post and e-mail), internal magazines, Intranet, Internal Social Responsibility website, internal app O Meu Pingo Doce (My Pingo Doce), operational and management meetings, interpersonal relationships, annual performance appraisal, training sessions and internal climate surveys.
Customers and Consumers	Customer Services, Customer Ombudsman and Ethics Committee.	Phone lines, e-mail, corporate website, social media channels and post.
Local Communities	Communications and Corporate Responsibility Department, Stores and Distribution Centres.	Follow-up visits, meetings, protocols and partnerships/patronage, social impact surveys.
Journalists	Communications and Corporate Responsibility Department.	Corporate website, press releases, press conferences, meetings, Annual Report and corporate magazine.
NGOs and Associations	Communications and Corporate Responsibility Department.	Follow-up visits, meetings, partnerships/patronage and corporate magazine.

The Group and its Companies are also members of several organisations and national and international initiatives in the Corporate Responsibility area, which allow for the monitoring of trends in these dimensions, the definition of strategic priorities and the optimization of the management and reporting processes[12].

The review of material aspects to consider in the Corporate Responsibility strategy and reporting[13] is carried out every three years and follows the requirements of the Global Reporting Initiative (GRI) in its GRI Standards version.

As a result of the Group's ongoing engagement with its stakeholders, and of the analysis carried out in 2019, it was possible to identify the ten following material topics[14], in descending order of importance:

- Food quality and safety;

[12] For further details on the way we engage with stakeholders and on the organisations of which we are part of, please go to the Responsibility area at www.jeronimomartins.com.
[13] For further details on the materiality process and its latest assessment, conducted in 2019, please go to the Responsibility area at www.jeronimomartins.com.
[14] The report on the Group's performance on each of these issues can be found throughout this Chapter, in the area dedicated to each of the strategic pillars that embody our commitment to sustainable development and in the "Responsibility" area at www.jeronimomartins.com.

- Reduction of packaging materials and use of sustainable materials;
- Ethics and transparency;
- Fighting food waste;
- Respect for Human and Labour Rights;
- Mission, Vision and Strategy;
- Offering affordable products;
- Support of social projects;
- Respect for Human and Labour Rights in the supply chain;
- Incorporation of the circular economy principles.

In order to ensure the compliance, disclosure and reinforcement of its Corporate Responsibility Principles, the Group also counts on the work developed by the Committee on Corporate Governance and Corporate Responsibility[15], which works closely with the Board of Directors and with the Ethics Committee[16]. Additionally, the Sustainability Committees, which have been in place since 2019 in all Food Distribution, Specialised Retail and Agribusiness Companies, aim at ensuring the correct managing of priorities and the alignment between the Group's Corporate Responsibility policies and the Companies' practices. Some of the topics discussed within the scope of these meetings include nutritional reformulation strategies, along with the development of differentiated solutions in Private Brand products, the fight against climate change, plastic pollution and deforestation, animal welfare and support to the surrounding communities, among others.

The Group's page on the professional social network LinkedIn registered more than 214 thousand followers at the end of 2020, remaining as an important communication channel to promote the Group's activities, including the actions carried out under the five Corporate Responsibility pillars. In this context, and over the course of 2020, 74 posts related to Corporate Responsibility were published, generating more than 2 million impressions[17].

[15] The Corporate Responsibility Principles are described in the "Responsibility" section, page "Our Responsibility Strategy" at www.jeronimomartins.com.
[16] The responsibilities of each of these Committees are described at www.jeronimomartins.com, in the "Investors" area.
[17] This metric refers to the number of times each post was displayed to LinkedIn users.

3. 2020 Highlights

I – Promoting Good Health Through Food

- Nutritional reformulations of Private Brand and Perishables products made it possible to prevent 2,468 tonnes of sugar, 184 tonnes of saturated fat, 28 tonnes of fat and 58 tonnes of salt from entering the market;
- Lactose-free references increased by 30% in Portugal and Poland altogether and the offer of products for vegetarians and/or vegans was expanded with another 78 products;
- In Poland, all food products aimed at children are free of preservatives, sweeteners, glucose-fructose syrup, phosphates, monosodium glutamate, hydrogenated vegetable oils and of the polyglycerol polyricinoleate emulsifier (E476);
- We developed the “Dieta Mediterrânica à Portuguesa” conference (Portuguese Mediterranean Diet) within the scope of Pingo Doce's 40th anniversary, which aimed to promote a healthier and more sustainable food pattern, and launched the “Juliana” brand that celebrates the Mediterranean traditions and flavours;
- We performed around 13 thousand internal audits on the Group's infrastructures, complemented by around 148 thousand analysis of work surfaces and manipulators, among others, and around 60 thousand food product analysis;
- More than 108 thousand training hours in hygiene and food safety reached around 35 thousand employees, in a total of more than nine thousand sessions.

II – Respecting the Environment

- The Group's carbon footprint, per 1,000 euros of sales, decreased by 37.9% compared to 2017, meeting the reduction target for the 2018-2020 triennium;
- 148 new ecodesign packaging projects were implemented, contributing to the annual savings of more than 3,700 tonnes of packaging materials. Since its beginning, in 2010, this project prevented the use of about 27,500 tonnes of materials, such as plastic or cardboard;
- Ara's two new Distribution Centers are the first in the Group to take advantage of waste water that, after treatment, is stored in reservoirs for later use in irrigating green spaces and in toilets. In 2020, 2,089 m^3 of these waters were reused, helping to reduce water consumption through recycling.
- As part of its commitment to promoting the circular economy, Biedronka placed guiding pictograms for waste separation on its Private Brand packaging and its components, to raise consumer awareness about correct recycling practices. Also in 2020, the Company eliminated PVC – a plastic that presents difficulties in the recycling process and can contaminate other plastics of greater value – in more than 40 Private Brand references;
- Pingo Doce and Recheio eliminated microplastics from their entire Private Brand range in personal hygiene, cosmetics and detergents categories, in a total of 520 products with these characteristics;
- The Group maintained the “A-” score at CDP Climate 2020, continuing at the “Leadership” level and responded for the second time to the CDP Water Security theme in 2020, having obtained an overall “B” score, corresponding to the “ Management" level.

III – Sourcing Responsibly

- Around 90% of all food products sold by the Group were sourced from local suppliers, keeping this ratio above our 80% target;
- More than 200 Private Brand and Perishable products and/or packaging with sustainability certificates were launched, reaching a total of 659 references with these characteristics (95 more references compared to 2019);
- About 45% of the Group's Private Brand fresh eggs sold in 2020 were classified as “cage-free” (barn eggs, free-range eggs or organic eggs), an increase of 13 p.p. compared to 2019, contributing to the goal of progressively increasing this proportion to 100% by 2025;
- Support to the Forest Management Plan in the Açor mountain range (Portugal) which aims to preserve and enhance the landscape devastated by forest fires. The initiative will cover an area of 2,500 hectares in the interior of the country, where trees of fire-resistant species will be planted, creating new sources of income for local populations, contributing to the reforestation of this area and restoring the biodiversity of forests;

- The Group updated its Sustainable Fishing Strategy, in order to ban the purchase and sale of species classified as "Endangered" whenever they do not come from 100% aquaculture and/or from stocks sustainably produced and/or do not have a sustainability certificate;
- For the second year in a row, Jerónimo Martins obtained a global score of "A-" in the CDP Forests 2020, for all evaluated commodities: palm oil, soy, beef and paper and wood, being the only food retailer in the world to obtain the leadership level for all commodities.

IV – Supporting Surrounding Communities

- The support offered by the Group was approximately 47.6 million euros, an increase of 10% compared to 2019. More than two million euros were exclusively allocated to support the surrounding communities in the fight against the pandemic;
- More than 18.6 thousand tonnes of food products were donated, which represents an increase of 19% compared to 2019, in a continuous quest to fight food waste, hunger and malnutrition. In Poland, the food donations programme to social institutions was extended, having reached 1,941 stores, an increase of 18% regarding 2019;
- With the latest editions of the Children's Literature Prize, Biedronka and Pingo Doce strengthened their commitment to promoting reading habits in children. Since its launch, the total amount invested in prizes for authors and illustrators has reached 650 thousand euros, with around 445 thousand books sold;
- The "Czas na Pomaganie Seniorom 65+" (Time to Help Seniors 65+) programme brought together more than 5,600 senior citizens who cannot do their shopping alone during the pandemic period and more than 11,800 volunteer citizens;
- The fifth edition of the Eco-Schools "Healthy and Sustainable Food" programme, which aims to raise awareness among students of all education levels on nutrition and the sustainability of agri-food production, had more than 760 projects submitted;
- The partnership between Jerónimo Martins Colombia, Caritas Polska and Caritas Colombia has supported more than 1,100 vulnerable families in Villa del Rosario and Cúcuta, two villages in the northern region of Santander near the Venezuela border, through the delivery of more than 9,400 baskets with essential food products.

V – Being a Benchmark Employer

- We created 2,782 jobs to a total of more than 118 thousand employees, representing a net increase of 2.4% compared to 2019;
- Around 16 million euros were invested in personal protective equipment and protective barriers, among others, to ensure employees' safety in the Covid-19 pandemic context;
- During social quarantine periods, the Group supported workers and their families, through the Social Emergency Funds, the Psychological Support Line and the Employee Support Services and supported the purchase of more than a thousand tablets and computers for employees' children;
- 189 million euros were awarded in bonuses – of which 30 million as extraordinary measures to recognise employees for their work during the pandemic – a 38% increase compared to 2019. 13,520 employees were promoted;
- The pay gap between men and women was reduced by 6 p.p. to 3%. Also in this dimension, Jerónimo Martins joined the "Target Gender Equality" programme of the United Nations Global Compact;
- The investment in support initiatives to employees under the areas of Health, Education and Family Wellbeing amounted to around 20 million euros.

4. Promoting Good Health through Food

4.1. Introduction

We are aware of the influence that a Group like ours can have in behavioural change and how it can contribute to societies with more responsible lifestyles. We therefore have a permanent concern with the quality of ingredients, the nutritional profiles of our products, and safety in food preparation in all the decisions we take to improve our offer and deliver innovation that is relevant and valued by consumers. In short, we work to guarantee food quality, diversity and safety without ever compromising on taste.

By observing societies where the excess intake of sugar, salt, fat and saturated fat has resulted in an increased prevalence of diseases such as obesity, diabetes, osteoporosis and cardiovascular ones, we know that it is imperative that we cut down the use of these ingredients.

The preference of millions of consumers for our Private Brands provides a basis on which we seek to contribute to healthier eating habits by making nutritionally balanced and less processed products accessible to all. Consumers with specific dietary requirements or preferences, such as allergies and intolerance to certain ingredients, also find a wide range of solutions in our stores.

This strategy is in line with the priorities defined in the United Nations Sustainable Development Goals for 2030 and with the expectations of our stakeholders.

4.2. Quality and Diversity

The implementation of the Product Quality and Safety Policy[18] aims to continuously and sustainably improve the development and monitoring processes of Private Brand (food and non-food) and Perishable products. This policy is built on some of the following principles and practices:

- application of complementary standards, due to possible oversights in applicable legislation in force in the countries where we operate and to scientific proof in decision making;
- engagement with stakeholders to proactively understand their expectations, consumption trends and to establish/strengthen partnerships;
- prohibiting animal testing and applying the precautionary principle as to Genetically Modified Organisms (GMO) and nanotechnology;
- commitment to replacing microplastic with biodegradable materials that do not pose risks to the food chain and ecosystems, and testing packaging materials that will come into contact with food;
- prioritising traceability and the existence of robust procedures for defending, mitigating and managing product safety risks;
- transparent and straightforward communication on product labelling beyond that required by law, in order for the consumer to make a more informed purchasing decision.

In addition, the Group's Nutritional Policy[19] complements the commitments undertaken by the Companies for Private Brand food products and is in line with the recommendations of the World Health Organization, among others. The dimensions covered by this policy are nutritional profile, ingredients, labelling, serving sizes, continuous improvement, and communication. The Nutritional Policy is built on:

- restrictions as to use of colouring, preservatives and other superfluous synthetic additives;
- maximum accepted quantities of food additives and of nutrients such as salt, sugar and fat in the products for children;
- nutritional reformulation strategies;
- diversity of the offer and development of products for people with specific nutritional requirements or preferences, and within specific age groups;
- packaging materials allowed for contact with foodstuffs;
- labels that include clear and straightforward information for consumers on health, nutrition and serving sizes, and promote healthy eating habits;
- product monitoring plans that include sensory tests, audits and laboratory controls.

[18] The Policy is available to all consumers and other stakeholders on Jerónimo Martins' corporate website, under "Responsibility", sub-section "Promoting Good Health through Food" at www.jeronimomartins.com.
[19] The Policy is available to all consumers and other stakeholders on Jerónimo Martins' corporate website, under "Responsibility", sub-section "Promoting Good Health through Food" at www.jeronimomartins.com.

The guidelines for the development of Private Brand products and Perishables also reinforce the principles listed in the two aforementioned policies, specifying, for example, plant-based-products and products for people over the age of 55. In 2020, the updating of requirements to continuously improve products and production processes focused on new labelling criteria to make nutritional profiles easier to read and interpret and limiting the amount of fructose (from corn)/glucose syrups and soy lecithin.

4.2.1. Launches

In 2020, and despite the disruption brought by the pandemic, we continued to invest heavily in launching Perishables and Private Brand products to meet the needs of consumers and to encourage responsible eating habits.

Poland

The following Biedronka Private Brand are of note:

- 17 gluten-free products, such as sauces (mayonnaise, garlic sauce and tartar sauce) that are also suitable for vegans;
- 37 clean label[20] products, for example, two FruVita fruit yoghurt references (made with 70% yoghurt and 30% fruit) and four Marinero herring references (rich in Omega-3 fatty acids). The Company has been working on clean labelling, for example in the cold meats category, in which Biedronka does not add sodium glutamate, phosphates or other additives commonly used in the food industry to guarantee conservation or to enhance flavour and colour (known by the acronym "E"). This commitment has led Biedronka to restrict 47% of the additives approved by the European Union and Polish legislation, something that involves investment in innovative equipment and methods;
- three lactose-free references (such as the Tutti cheese with vanilla and the Donatello *peperoni pizza*, also without gluten);
- Ten Vitanella products such as cherry or blackberry-filled cereals, made with 37% wheat flour, containing natural flavouring and no colouring.

Aktiplus LGG® yoghurts

Five new Aktiplus yoghurts containing *Lactobacillus rhamnosus*, LGG® bacteria were rolled out. As these products are a first in the Polish private brand market, Biedronka also created a website (https://dobrebakterielgg.pl/) to raise awareness of the benefits of eating probiotic yoghurts containing lactic acid bacteria, namely for the digestive system, and of vitamins B6 and D to improve immune response.

These yoghurts were also awarded the Silver Medal in the 2020 edition of Consumers' Choice from among 253 products in the "Best Product" Category, chosen by the consumers interviewed by the GfK Institute.

Biedronka also introduced 20 organic products for consumers who prefer foods produced using sustainable methods, without the use of phytopharmaceuticals (e.g. Go Bio Greek Kalamata and green olives, jams and ultra-pasteurised milk with 3.5% fat from the same brand), offering a total of 85 references in the year.

In the vegan category – products that do not contain GMO in their composition, among other legally required criteria[21] –, 68 Private Brand references were introduced into the market. Among which the Go Vege organic tofu (made from water, soy and calcium), a source of protein low in saturated fat and an alternative to dairy products. Also of note are seven hamburger references, including the chicken-style burger, the beetroot and millet burger, and the chickpea falafel, all marketed under the Go Vege brand.

[20] Products with fewer ingredients and that tend to lack chemical, synthetic and highly processed ingredients, usually used in the production of certain categories of products, in accordance with legal provisions.
[21] The claims regarding suitability for vegan consumption must comply with certain criteria, such as compliance with the Polish Agriculture and Rural Development Regulation on food labelling, which may be labelled "Certified Vegan" or "Suitable for Vegans"; the absence of animal-based ingredients in the production process; good production practices so as to minimise cross contamination with non-plant-based ingredients; and be GMO free.

We pay particular attention to products dedicated to children, so that all products consumed mainly by these audiences are free of preservatives, sweeteners, glucose-fructose syrup, phosphates, monosodium glutamate, hydrogenated vegetable oils and the polyglycerol polyricinoleate emulsifier (E476).
Launches in the Perishables category include:

- three new fish products – the Marinero Alaska Pollock fillets with vegetables, butter and herbs, and two Czas na Grill (It's Barbecue Time) fish products: rainbow trout with lemon and parsley, and seasoned salmon fillets with spices;
- chilli and lemon marinade chicken fillets with mango *lassi* (Indian specialty consisting of a blend of yoghurt, water and spices), and apricot yoghurt;
- *shashlik* (Slavic specialty) turkey kebabs with courgette and *paprika*;
- blackcurrants and redcurrants, grown in Poland and a natural source of vitamin C and magnesium, "cotton candy" seedless grapes, and the Japanese *shimeji* mushrooms.

Five new fresh organic products were also added to Biedronka's offering, including grapes, kiwis, carrots and chicken, finishing the year with a total of 37 references. Fresh organic bread was also introduced in more stores, with 438 stores now selling this bread, 216 more than in 2019.

Portugal

During the year we launched:

- Ten gluten-free products, such as the Pura Vida *spaguetti*;
- 11 lactose-free references, including the Amanhecer chocolate and strawberry ice creams;
- two Skyr yoghurt references, a raspberry and white mulberry yoghurt and an elderflower and orange yoghurt, rich in protein and calcium, with no added sugar or colouring, and fat free;
- Pingo Doce and Amanhecer Private Brands stir-fried vegetables with quinoa, an easy-to-cook meal for vegans, rich in fibre and protein, gluten-free and low in saturated fats;
- Pingo Doce and Amanhecer cubed *flamengo* cheese snack, a product designed with the younger audiences in mind. Made in Portugal, it has 38% less salt than the average salt content of other cheese snacks on the market[22], is rich in vitamin B12, calcium and phosphorus, and is a source of vitamin A;
- Amanhecer vegetable lasagne with no cheese, made specially for egg-vegetarians (include eggs in their diet but not dairy), low in saturated fat and with no colouring, preservatives or flavour enhancers.

In the Pura Vida range, designed to make functional food products accessible to everyone, we kept over 100 references available on the market.

New organic products arrived on the market under the Pingo Doce brand, with organic production certification: two *Kombucha* fermented tea references (raspberry and coconut), unique in Private Brands in Portugal, both without preservatives, gluten-free and made in Portugal. In 2020, 30 new Go Bio references hit the market including high-fibre millet (also gluten-free), rice sesame tortitas and red and green lentils – bringing the range's items to 63.

There were 117 items on sale with biological certification in Private and Perishable Brands.

The Go Vege range saw an increase in its offer in ten new products suitable for vegetarian and vegans consumers, among which the dried tomato and cranberries *pate* stand out, and three burger references (beet, pepper and carrot), totalling 14 references in the end of the year.

New Bakery products were rolled out in the Perishables category, most noteworthy of which are the breads made with:

- wheat, rye, whole oatmeal and yellow linseed (pre-baked in a wood oven);
- beetroot and sesame seeds, with no colouring;
- corn and sunflower;
- pumpkin, walnuts and raisins.

[22] Based on data from November 2018.

In a year in which the time spent in store and the frequency of visits decreased due to the severe restrictions imposed by the fight against the pandemic in a context of a state of emergency that has been renewed multiple times, the Meal Solutions and Take Away areas focused on offering a more convenient assortment to customers through the Grab & Go format and home deliveries of healthy food products and solutions.
In this regard, the Pingo Doce restaurants introduced dishes inspired by the principles of the Mediterranean Diet, namely in what regards vegetable consumption, such as whole wheat *penne* pasta with goat cheese (source of protein) and chicken with buckwheat and vegetables (low in fat and saturated fat, and rich in protein). Dishes with vegetables made especially for children were also introduced, such as steak parmigiana, steak and mushrooms, and hake fillet with mashed potatoes.

Product launches in the Soup category also followed the Mediterranean Diet, most notably four soup references with no added salt and low in saturated fat: cream of vegetables, cream of legumes, cream of pumpkin, and cream of carrot with the first three being available to customers of the HoReCa channel for the first time. A new salad variety was added to the Salads offering, namely the *bulgur* salad with chicken and vegetables (low in saturated fat).

In the Desserts category, the *chia* pudding with strawberries and the traditional oatmeal are of note.

For vegetarians, and in addition to the vegetable-only dishes, Pingo Doce launched new dishes low in saturated fat, including *moussaka* (a traditional Mediterranean and Middle Eastern dish) with vegetables and a tomato crumble, beans with tofu and mushrooms (rich in protein), and the onion burger. At Christmas, and for the first time, we offered a vegetarian dish: soy *strogonoff*.

Colombia

Two Petit Choc almond and raisins chocolate references were launched, made from 100% Colombian cacao, and the Solei mango, pear and apple pouches – all aimed at younger audiences – with no colouring or artificial flavours.

The De La Cuesta semi-skimmed gluten-free milk with added vitamins A and D3 (which regulates the absorption of calcium and phosphorus and contributes to the normal functioning of the immune system) and the sliced bread rolls – multi-grain and wholemeal – both from Amapan brand, were other references launched.

4.2.2. Reformulations

Across the three countries, we reviewed the recipes of 150 food products[23] in all three countries (78 in Poland, 71 in Portugal and one in Colombia) with regard to ingredients considered critical for public health: sugar, salt and fats.

The reformulation strategy focuses on foods that:
- are consumed mostly by children;
- contain high levels of salt, sugar, fat, saturated fat, and/or superfluous additives;
- are consumed in large quantities and, as such, their reformulation might have a positive impact on public health;
- might be perceived as being healthy, but whose nutritional profile needs to be adjusted;
- are low in fibre, vitamins and minerals;
- have ingredients that could potentially cause allergic reactions.

Total reformulations

In 2020, the Group prevented the entry into the market of:

- 2,468 tonnes of sugar;
- 184 tonnes of saturated fat;
- 28 tonnes of fat;
- 58 tonnes of salt.

Poland

A total of 78 products were reformulated according to the guidelines in the Group's Nutritional Policy.

[23] Includes Perishables.

Biedronka reformulated the sugar content of 61 products, reducing a total of 2,294 tonnes. The sugar in 22 soft drinks, iced teas and juices, including those from the Miami brand for children, was reduced by between 8% and 55%, corresponding to over one thousand tonnes less sugar in the market. Also of note are the 23 Fruvita yoghurts, with a reduction of between 9% and 38% in sugar content, thus avoiding around 722 tonnes of sugar, and five Miami cereal references for children, which saw a 3% to 15% cut in sugar, corresponding to more than 97 tonnes avoided.

The salt content of 33 products was reduced by between 7% and 56%, notably in 14 Top Chips references. Overall, the reformulations resulted in about 36 tonnes less salt intake via these products.

The fat content of five products was reduced by between 3% and 29%, resulting in more than 28 tonnes less fat in the market. The Vital Fresh beetroot salad saw its fat content cut by 15% and the Fasti Gouda and Emmental cheeses and ham now have 29% less fat.

On top of complying with Commission Regulation (UE) 2019/649 as regards limiting trans fats (other than those naturally present in ingredients of animal origin) to a maximum of 2 g per 100 g of fat in food by 2021, Biedronka went a step further and committed to removing partially-hydrogenated vegetable oils as a source of trans fats before the deadline. In 2020, 100%[24] of products no longer contained this fat.

Also in 2020, the removal of superfluous additives, such as monosodium glutamate (E621) from 13 products (including several Top Chips references), the thickeners in four products such as Culineo tomato sauces and the artificial colouring in the Miami vanilla-filled cereals, was completed. Also of note in the year was the reformulation of confectionery ingredients, with the removal of titanium dioxide (E171, referred to in the industry as the “perfect white”) from five products. In four of these articles the bright blue colouring (E133) was also removed, having 11 baby food products been removed their colouring and artificial flavour enhancers.

Portugal

The recipes of 31 products of the Pingo Doce, MasterChef and Amanhecer brands were reformulated to reduce sugar content, resulting in more than 173 tonnes less sugar in the market. Most noteworthy were the iced teas (more than 160 tonnes for an average reduction of around 10% per product) and the *Bolas de Chocolate* and *Chocolocos* chocolate cereals (more than 11 tonnes for an average reduction of more than 4% per product), both popular among children and adolescents.

The salt content of two products was reformulated: the recipe for the Pingo Doce and Amanhecer Private Brand Batata Frita Palha Fina matchstick chips saw the salt content of each product cut by more than 6%. This value is equivalent to a reduction of more than 0.4 tonnes in salt intake.

With regard to saturated fat, the quantities in 11 products were reformulated by removing saturated oils or replacing them with other healthier oils. Most noteworthy are the Batatas Fritas Palha Fina matchstick chips and the Lisas Light low-fat plain crisps, which saw the palm oil removed and resulted in more than 150 tonnes less saturated fat in the market, that is, 81% less saturated fat in the matchstick chips and 77% less in the low-fat plain crisps. We also replaced the palm oil in four references with sunflower oil: the Tostas de Trigo wheat toast and Tostas Integrais wholemeal toast, with around six tonnes of fat avoided, and the Pipocas Doces sweet popcorn, very popular among children and adolescents, corresponding to a total of 24 tonnes less saturated fat.

In line with the maximum amounts internally defined and in Commission Regulation (EU) 2019/649 of 24 April 2019, which establishes a maximum of 2 grams of artificial trans fat per 100 grams of fat used by April 2021, we adjusted the amount of fat used at our Fresh Dough Factory to ensure that the maximum permitted amount was complied with in all the products we make and ahead of the legal deadline.

Within the context of the Portuguese government's Integrated Strategy for the Promotion of Healthy Eating (EIPAS), the following progress in Pingo Doce's commitments is of note:

- in the context of reducing salt content:

[24] The last revised reference will go on sale during 2021.

  - in the Meal Solutions and Take Away soups by up to 0.3g/100g in 2023. We cut the salt in 18 references (whose average was 0.7g/100g of product), equivalent to less 1.4 tonnes in the market;
  - in own-made bread up to a maximum of 1g/100g in 2021. 14 recipes made in-store and at the Fresh Dough Factory were modified, reaching the target ahead of schedule (an estimated more than 19 tonnes of salt were avoided);
  - in the top four best-selling meals, to reach the target of 0.9g/100g by 2023. According to the analyses carried out in 2020 of the most sold meals, the salt content was equal to or below the maximum amount established;
  - in chips and snacks by 12% by 2022. The baseline[25] of the weighted average of the products on the market was determined during the year and stood at 1.25g/100g. The average salt in products sold by the Group's Companies is 0.7%, that is, below the baseline amount.

- in the context of reducing sugar content:
  - in fruit nectars by 2023 (the average total sugar content by 7% and average added sugar content by 14%). The baseline[26], for every 100ml of product, of the products on the market was 8.66g/100 ml. The average sugar content of the products sold by the Group's Companies is 2.0% above this baseline amount, that is, 8.84g/100ml, the references being subject to a recipe review in the coming years;
  - added to chocolate milk by 10% by 2022 (average sugar content). The baseline[27], for every 100ml of product, of the products on the market, was 8.20g/100ml, the same as the average sugar content of the products sold by the Group's Companies;
    - in the soft drinks category, with a 10% reduction in the weighted average by 2022. The baseline[28], for every 100 ml of product, of the weighted averages of the products on the market was 5.94g/100 ml. The average sugar content of the products sold by the Group's Companies is 2.2% below the baseline amount, that is, 5.81g/100ml.

Colombia

We cut the salt content in the Barbacon Chorizo Santarrosano by 28%, corresponding to 0.35 tonnes less salt in the market.

In the Almond Valley almond drink, the carrageenan (E407) was removed, a substance extracted from red algae with food preservation properties and used as an emulsifier, which can potentially cause inflammation in the digestive system, being replaced by carob gum.

Also, Lacrem's non-dairy instant coffee creamer saw the artificial colourings being replaced by beta-carotene. The fruit content of the Solei pear, apple and mango nectars was increased by 0.6 p.p. to 18%.

Products' Nutritional Reformulations

	Biedronka	Pingo Doce[29]	Recheio	Ara	Total
Reformulated products[30]	78	53	18	1	150
Salt	33	33	1	1	68
Sugar	61	16	15	0	92
Fat	5	0	0	0	5
Saturated fat	0	6	5	0	11
Quantities avoided (tonnes)[31]					
Salt	36	21.3	0.1	0.35	58
Sugar	2,294	125	49	0	2,468

[25] The nutritional composition at 31 March 2018 is considered as the starting point for the reformulation process.
[26] The nutritional composition at 31 March 2018 is considered as the starting point for the reformulation process.
[27] The nutritional composition at 31 March 2018 is considered as the starting point for the reformulation process.
[28] The nutritional composition at 31 March 2018 is considered as the starting point for the reformulation process.
[29] Includes Perishable products.
[30] A product may have its recipe revised for more than one ingredient. The method of unique counting, not references, is done for this purpose.
[31] The number of tonnes removed is obtained using the following calculation method: the quantities of these ingredients present in the formula of the references covered multiplied by the number of units bought or sold in the year.

	Biedronka	Pingo Doce[29]	Recheio	Ara	Total
Fat	28	0	0	0	28
Saturated fat	0	145	39	0	184

Non-food products

Some substances have been removed to prevent potential impacts on consumer health and/or ecosystems. In Poland, we removed the allergenic fragrances in cosmetic products (Lucca Cipriano men's deodorants and colognes), replaced the preservatives in 35 household cleaning and textile products, and removed the microplastics (nylon and polyethylene) in eight Be Beauty and Niuqi cosmetic products.

We also rolled out more responsible products for consumers, such as the nine Be Beauty products certified free from animal-derived ingredients, and introduced unique products in the Polish private brand market – two varieties of Pinio micellar foaming cleanser recommended by Centrum Zdrowia Dziecka (Children's Health Centre) containing no less than 98% natural ingredients (a ratio of natural ingredients 6 p.p. higher than the benchmark), micellar water, and using vegan-friendly formulas; and the Dada Anti-Atopic children's wipes with a formula that does not cause inflammatory skin reactions, and which is recommended by Polskie Towarzystwo Chorób Atopowych (Polish Society of Atopic Diseases).

In Portugal, highlight to three new Be Beauty sunscreen references free from oxybenzone and octinoxate compounds – chemicals that block out ultraviolet sun rays. These chemicals are said, among other things, to be harmful to coral reefs and marine life, so that its absence from the formulas justifies the "Reef Friendly" claim on sunscreens for children and their families.

4.2.3. Promoting Healthier Choices

Our continuous efforts to properly align the Group's offer with the consumer needs led to the implementation of projects to adjust the serving sizes of Private Brand products and to provide straightforward information on packaging.

Among the priorities set in this regard are the product format, the voluntary indication of the number of servings in each package, information on the average time the product must be consumed once opened (e.g. mayonnaise, milk and jams), and to only mention, when possible, one expiry date to avoid confusing consumers over other printed dates (such as production batches), thereby helping to ensure a more efficient use of the products and fighting food waste.

In 2020, these principles were applied to the following products:
- Heil red berry cereal bars, in bags, at Ara;
- Solei fruit pouches – mango, apple and pear – also at Ara.

Product Information

In addition to the technical and legal information on the package (nutritional composition and full nutrition tables with values per 100g and per serving), the Group voluntarily includes more straightforward nutritional information on the front of packages to enable consumers to make a more informed purchasing decision.

The Group's Packaging Manuals include the disclosure of the characteristics and benefits of Private Brand products on the labelling, complying with technical and legal requirements, namely on the nutritional composition, and presenting full nutrition tables, with values per 100g and per serving.

In Portugal, the following are of note:
- use of the "Sem OGM" ("GMO Free") symbol for products consisting mainly of only one ingredient that could potentially have been genetically modified. By the end of 2020, this symbol was maintained on 22% of the total references in question;
- use of the calorie icon for 91% of alcoholic beverage references (unchanged from 2019);

- use of a symbol on alcoholic beverages that discourages consumption by pregnant women, which is placed on 100% of the references (an increase of 0.9 p.p. compared to 2019);
- use, for the first time, of a symbol that discourages the consumption of alcoholic beverages before driving (the "safe driving" icon is placed on 12% of references);
- maintenance of the icons for products that are a source of Omega-3, lactose-free, gluten-free, without added sugar and without fat;
- maintenance of the identification of Pingo Doce charcuterie products that have less fat and salt according to the requirements of the "Escolha Saudável" ("Healthy Choice") programme, in collaboration with the Portuguese Heart Foundation.

In Poland, the following are of note:

- indication of fibre in the nutrition table, on the back of packages;
- use of the European logo on organic products, in compliance with Council Regulation (EC) No. 834/2007 and Commission Regulation (EC) No. 889/2008 on organic production, labelling and control;
- use of specific symbols based on own criteria and that required, among others, by Polish legislation for vegan and vegetarian consumers in launches and reformulations for consumers with specific dietary requirements or preferences (68 products were labelled and the "Suitable for Vegans" ;
- maintenance of the icons for products that are a source of Omega-3, lactose-free and gluten-free;
- use of symbols, on alcoholic beverages, to indicate calorie count (60% of references included the calorie count), pregnancy warnings (8% of references) and responsible driving (17% of references).[32]

With regard to GMO, new legislation entered into force in 2020 regarding the labelling of products containing usually modified ingredients such as maize, rapeseed, soy and beetroot[33]. In addition to requirements for suppliers, the Group's Companies also perform laboratory analyses to comply their Product Quality and Food Safety Policy so as to disclose the presence of GMO when they cannot be avoided, within the method's quantification limit of 0.1% (more demanding than the 0.9% threshold stipulated in EU mandatory labelling rules).

Complying legal national requirements, symbols identifying the absence of GMO were placed on 12 Biedronka products, such as the Pastani pastas, increasing to 40% the number of labelled plant-based references among the products that could potentially contain soy and corn (representing more than 50% of ingredients in its composition).

We maintained the partnership with Polskie Stowarzyszenie Osób z Celiakią i na Diecie Bezglutenowej (Polish Association of Celiac Disease Sufferers and Gluten-Free Diet) to monitor the production and roll out of gluten-free products, ensuring both the absence of cross-contamination and the certification of the final product.

In Colombia, voluntary adoption of nutritional indications of the recommended daily ingredients continued, displaying on the front of packages the values for calories, fat, sodium, sugar and protein.

Information in other media

For over ten years, product development and communication at Pingo Doce has been following the principles of the Mediterranean Diet, classified as an Intangible Cultural Heritage of Humanity by UNESCO.

Besides product packaging, which includes cooking advice and suggestions of side dishes with fruit and vegetables, the Pingo Doce website and the bi-monthly magazine "Sabe Bem" ("Tastes Good"), with an average print-run of 150 thousand copies are also some of the means used for communicating this diet, by sharing recipes that encourage the reuse of leftover food.

[32] The comparison with the previous year is not presented because the 2019 values were reviewed as a result of products' delisting.
[33] The labeling applies in two dimensions: "GMO free" (for foods of plant origin and foods composed of more than one ingredient, excluding products of animal origin and feed, free from genetically modified organisms) and "Produced without the use of GMOs "(For products of animal origin and foods composed of more than one ingredient, free from genetically modified organisms).

The website also includes a list of lactose-free and gluten-free products to help consumers in their choice. These lists are updated every month by Pingo Doce's nutrition team, based on the analytical control of its Private Brand products.
During the lockdown periods, Pingo Doce focused on targeted customer communication to promote healthy eating habits. We launched two initiatives: #SabeBemEstarConsigo (#ItsNiceBeingWithYou), sharing easy and practical recipes and cooking tips to help plan daily meals, and #ReceitaDoDia (#RecipeOfTheDay), a daily event on Pingo Doce's Facebook and Instagram pages for cooking balanced meals and sharing tips on how to prevent waste and substitute ingredients with what is available at the consumers' home. By the end of May these recipes and tips had reached over 4.2 million people.

Mediterranean Diet, the Portuguese way

As part of celebrating Pingo Doce's 40th anniversary in 2020, the Jerónimo Martins Group held a conference to mark World Food Day (16 October) to debate how the principles of the Mediterranean Diet are applied to Portuguese eating habits and how they could be better adopted by consumers.

Reinforcing the message that this is a healthy diet, that improves the immune system – especially important during a health crisis – and is affordable and sustainable, several experts from different areas of expertise discussed this topic in an event scientifically sponsored by the Portuguese Directorate-General for Health (DGS – Direção-Geral da Saúde), curated by the Faculty of Nutrition and Food Sciences of the University of Porto and which had institutional support from the Lisbon City Council (within the framework of Lisbon European Green Capital 2020).

With a limited in-person audience due to the pandemic-related restrictions, the event was streamed live, totalling around eight thousand views.

The conference was accompanied by the launch of the "Juliana" brand, celebrating the Mediterranean Diet philosophy and flavours in a tribute to the heritage and benefits of the Portuguese way of living this diet.

Based on various regional soups and on the women who helped reveal ancestral secrets about a gastronomic culture that is so much more than just food, a documentary was produced and a photo exhibition was held in Terreiro do Paço, one of Lisbon's most emblematic squares.

Over the lockdown periods, the Jerónimo Martins Group's editorial website Be The Story also published several articles about eating healthy during the pandemic and the precautions consumers should take when going shopping to reduce their exposure to the virus.

It was also created a more intuitive visual identity for the Meal Solutions and Take Away products in order to communicate the freshness of the ingredients used in Pingo Doce's kitchens. The "Comida Fresca – A Verdade dos Ingredientes" ("Fresh Food – The Truth of Ingredients") symbol started to be placed in soups, main dishes, salads and desserts.

Biedronka continued the "Świeżoznawcy" campaign, related to the quality of fresh produce, particularly fruit and vegetables, and bakery products. The campaign is based on two action pillars: internally, training operational departments and preparing information for dissemination; externally, through a dedicated web page that, in addition to promoting its in-store offering, shares the Company's quality culture and tips on how to store fruit and vegetables to help fight waste of perishable products.

Więcej świeżości w codzienności

The Company also published 240 articles in various media outlets, leaflets and on the Biedronka website describing the nutritional profiles and quality of Private Brand products and Perishables, and their health benefits. An additional 66 articles were published through internal channels for employees.

In Colombia, most noteworthy was the "Se Siente Bién" ("Feel Good") campaign, carried out by member companies of The Consumer Goods Forum to encourage people to eat healthy. The campaign received an average of 19.3 million views of posts published on social media, in email campaigns and in the internal channels of the participating companies.

4.2.4. Partnerships and Support

The Group holds regular talks with public and private benchmark institutions to learn and share knowledge about food, nutrition and health.

In Portugal, Pingo Doce is an active member of the Portuguese Association of Retailing Companies (APED), participating and contributing also in the technical committees dedicated to food quality. In this regard, of note is the Company's participation in the European Commission's EUREMO study to collect data on the ingredients and nutritional content of a range of processed foods in 15 European countries – launched in 2019 and expected to be concluded by the end of 2021.

The Group also maintained its partnerships with organisations aiming to contribute towards a healthy diet, such as:

- the Portuguese Directorate-General for Health (DGS), within the scope of the National Programme for Healthy Eating (PNPAS), with Pingo Doce providing 86 recipes on the Mediterranean Diet. Two articles by the DGS were also published in the "Sabe Bem" magazine, and shared on the PNPAS Nutrimento blog (at nutrimento.pt);
- the Portuguese Association of Celiac Disease Sufferers, to identify and publicise gluten-free products;
- the Portuguese Heart Foundation, to identify cold meat products that are low in fat and salt, using the symbol "Healthy Choice";
- the Portuguese Association of Nutritionists, to sponsor the Nutrition and Food Conference.

In Poland, besides the agreements previously established for publishing information on a healthy diet and the more straightforward identification of specific food products, the following initiatives were carried out:

- support for the fifth National Nutrition Conference hosted by the National Health Institute and the National Centre for Nutrition Education related to the new nutritional model for the Polish people;
- the second edition of the "Nasz Pstrąg" ("Our Trout") campaign, launched in 2018, designed by the Polish Trout Breeders Association and financed by the European Union to promote the production and consumption of trout from aquaculture. Biedronka, as one of the campaign partners, marketed trout products to consumers and included information on labels that trout are a source of Omega-3 fatty acids;
- deepening of the partnership with Instytut Matki i Dziecka (Institute of Mother and Child), with which Biedronka has been collaborating since 2012, to develop products for children, launching the magazine "Dada & Rodzina" (Dada [Biedronka's exclusive brand of baby products] and Family) with information on child and maternal nutrition. Additionally, the public platform epozytywnaopinia.pl remained active, providing families access to information on hygiene products, clothing, textiles and children feeding accessories approved by the Institute as to their safety;
- Biedronka joined the "Celuj w Zdrowie" ("Scoring for Health") programme, for the 2019/2020 academic year, to fight childhood obesity by promoting physical activity and nutrition, in partnership with the Legia Warsaw Football Club Foundation. 260 children between the ages of nine and ten

learned to read product labels, to identify ingredients and to understand the calorie count and fat content of products.[34]

In Colombia, Ara continued to participate in the ICONTEC working groups (Colombian Institute of Technical Standards) to discuss the Best Practices Guide for the Production of green coffee.

4.3. Quality and Food Safety

We continually invest in the certification and monitoring of our processes, facilities and equipment. To do so, we not only count on our Quality and Food Safety technicians, but also work with external auditors and independent and accredited laboratories.

In 2020, we conducted 12,764 internal audits (including follow-up audits) of the Group's infrastructures, complemented by 147,589 analyses of work surfaces and product manipulators, among others, and 59,869 food product analyses.

4.3.1. Certifications

During 2020, the following certifications were renewed or extended to new infrastructures:

- ISO 22000:2005 on the storage and distribution processes of animal and plant-based food products in all 16 Distribution Centres in Poland, and on the Private Brand food product development process at Biedronka's head office;
- FSSC 22000 v.5 (which includes ISO 22000:2018) for the Soup Factory in Poland, within the scope of ready-to-eat after heating and individualized packaging;
- ISO 9001:2015 for the Development of Private Brands in Portugal and Post-Launch Product Follow-Up/Supplier Follow-Up;
- HACCP in accordance with the Codex Alimentarius for the Pingo Doce Central Kitchens (with regard to Food Safety), 16 Recheio stores, the Recheio Masterchef Food Service platforms in Porto and Lisbon, and for the Azambuja, Vila do Conde, Alfena and Algoz Distribution Centres (with regard to Food Safety);
- Food Safety Management System, according to the EN ISO 22000:2005 Portuguese standard, in 21 Recheio stores and in the Recheio Masterchef Food Service platform in Tavira.

In 2020, all the Polish Distribution Centres renewed their certification for handling organic products, according to Council Regulation (EC) No. 834/2007.

4.3.2. Audits

In addition to internal audits, we also audited the suppliers of Perishables and Private Brand products, the results of which are available in sub-chapter 6."Sourcing Responsibly".

Poland

Audits were conducted at Biedronka stores and at the Distribution Centres, by both internal and external auditors, to check the suitability of facilities, equipment and procedures.

Stores and Distribution Centres	Biedronka			Distribution Centres		
	2020	2019	Δ 2020/2019	2020	2019	Δ 2020/2019
Internal Audits	6,376	4,899	+30%	35	29	+21%
Follow-up Audits	150	79	+90%	0	0	-
External Audits	135	73	+85%	20	27	-26%
HACCP Performance*	85%	86%	-1 p.p.	90%	95%	-5 p.p.

*At Biedronka, HACCP implementation is evaluated based on own 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.

[34] For more information, see sub-chapter 7. "Supporting Surrounding Communities", section 7.5. "Other Support".

In order to adapt risk assessments to the in-store processes (finishing of bakery products, meat counters, juicers), we revised the HACCP plan throughout the year. New criteria for in-store HACCP[35] audits were also implemented.
More stores were audited in 2020 than in 2019 resulted in a 30% increase in internal controls[36]. Follow-up audits, conducted in stores whose internal performance score is below 70% following initial audits, increased as a need for tightened control during the pandemic.

External control increased significantly, due to reinforced monitoring of the risks associated with the pandemic infection, and to the fact that 216 new stores now have organic bread in their assortment, bringing to 438 the total number of stores with this offer. The external controls were carried out by AgroEko, an independent entity duly authorised by official bodies.

In the Distribution Centres, the increase in internal audits and the decrease in external audits is justified by the anticipation of the calendar in 2019, making it unnecessary to repeat them in 2020. The decrease in the performance rating can be explained by the implementation of stricter criteria in areas identified as critical by both internal and external audits, and whose weighting in the final result was greater.

ISO 22000 certification was renewed for 16 Distribution Centres as to the storage and distribution of products. The head office also maintained its certification for Private Brand food product development. Certification is issued by DNV-GL.

We use external, accredited laboratories to analyse work surfaces, equipment, product manipulators, raw materials, products finished in store and water, in order to control microbiological risks. A total of 26,579 analyses were carried out, almost three times more than in 2019, as a result of the increase in the number of stores with meat counters, which required more analyses to be carried out.

With regard to raw materials/products finished in store, such as roast chicken, orange juice and the cutting up of fruit, the offer was limited due to consumer's change of consumption patterns because of the pandemic, resulting in fewer analyses within this scope.

Number of Analyses/Samples Collected	2020	2019	Δ 2020/2019
Work surfaces	13,160	3,418	+285%
Manipulators	12,415	2,915	+326%
Raw materials/Finished product	556	642	-13%
Water	448	176	+155%
Total	**26,579**	**7,151**	**+272%**

Portugal

Audits of Pingo Doce, Recheio and Distribution Centres:

Stores and Distribution Centres	Pingo Doce			Recheio			Distribution Centres		
	2020	2019	Δ 2020/2019	2020	2019	Δ 2020/2019	2020	2019	Δ 2020/2019
Internal Audits	516	888	-42%	43	85	-49%	24	33	-27%
Follow-up Audits	2,590	1,505	+72%	271	211	+28%	35	39	-10%
External Audits	33	35	-3%	10	15	-27%	1	8	-88%
HACCP Performance*	80%	84%	-4 p.p.	88%	87%	+1 p.p.	82%	91%	-9 p.p.

[35] The Hazard Analysis and Critical Control Points (HACCP) system is designed to prevent potential risks that cause harm to consumers, by eliminating or reducing hazards and thereby ensuring food is safe to eat.
[36] In Poland, internal audits, including follow-up audits, of stores (except meat counters, which are audited by the Quality and Food Safety team) are carried out by independent, external auditors, such as Diversey and Det Norske Veritas (DNV-GL). In the Distribution Centres, internal audits are carried out by the Biedronka team, and external certification audits in the scope of ISO 22000 are performed by an external entity (DNV-GL).

*At Pingo Doce, as at Recheio, HACCP implementation is assessed using their own reference standards, based on the Codex Alimentarius and which are appropriate for the operating realities of the Companies.

In the case of the stores, the pandemic caused the audits to focus on the quality of products on display, the hygiene and cleanliness of stores, and often on operational support (selection, product verification, and restocking), resulting in a significant decrease in the number of internal (assessment) audits and an increase in follow-up audits. The decrease in external audits was also the result of the measures imposed by the state of emergency experienced throughout 2020.

The decline in the HACCP performance of the stores is also linked to the decrease in the number of audits conducted compared to 2019, which influenced the final average result.

In the Distribution Centres, the decrease in internal and follow-up audits was due to the adjustment of planning in relation to previous performance. Audits are now annual, instead of six-monthly, and started to include non-certified Distribution Centres. The decrease in HACCP performance is therefore explained by the inclusion of non-certified Distribution Centres in the new audits.

A total of 112,259 Food Quality and Safety analyses were also performed in the Pingo Doce and Recheio stores and in the Distribution Centres, among other structures, such as the Fresh Dough Factory and the Central Kitchen facilities. Performed by accredited external laboratories, these analyses include work surfaces, perishable and in-store product handlers, as well as water and atmosphere analyses. The 13% increase compared to 2019 comes from the inclusion of new Pingo Doce stores (13 more) under the analytical control plan and the reinforcement of the risks control associated with the pandemic.

Number of Analyses/Samples Collected	2020	2019	Δ 2020/2019
Work surfaces	50,448	42,091	+20%
Manipulators	18,654	17,966	+4%
Raw materials/Finished product	36,655	34,353	+7%
Water	6,502	4,732	+37%
Total	**112,259**	**99,142**	**+13%**

Colombia

Audits were carried out in the Ara stores and in the Distribution Centres by independent, external entities (Diversey and Ecolab).

Stores and Distribution Centres	Ara			Distribution Centres		
	2020	2019	Δ 2020/2019	2020	2019	Δ 2020/2019
Internal Audits	1,816	1,740	+4%	5	3	+67%
Follow-up Audits	901	414	+118%	2	4	-50%
Good Hygiene and Quality Practices*	84%	80%	+4 p.p.	98%	87%	+11 p.p.

* The compliance rate shown refers to the score obtained on good practices, in which the criteria aim to guarantee the quality and safety of the products according to the law, evaluating the operation itself and the control system and procedures. The criteria include, among others, hygiene and quality control aspects of (i) the facility conditions for handling the product, such as temperature; (ii) packaging; and (iii) organic waste management procedures.

The increase in internal audits was due to the expansion of Ara stores in the country and to the corresponding number of visits by independent, external Quality and Food Safety experts.

Follow-up audits are conducted by internal Quality and Food Safety teams and by external providers, depending on previous performance results and based on internal risk metrics. As such, more attention was paid to the implementation of priority corrective measures. The internal teams also conducted unscheduled ad hoc audits (894) at a time during which the movement of people was restricted. Regular auditing procedures were gradually resumed where possible.

The improvements in food safety performance were due to the monitoring of stores, as well as the investment made in training operational teams, including those responsible for districts.

A total of 8,751 analyses were performed on work surfaces, perishable food manipulators, products handled in store, and water. The 154% increase compared to 2019 can be explained by a change in the analytical control plan for stores: in 2019, samples were only collected from what were considered to be critical stores[37] (around 40%), while in 2020 it was decided that samples would be collected from all Ara stores twice a year, to improve their performance.

Number of Analyses/Samples Collected	2020	2019	Δ 2020/2019
Work surfaces	2,780	1,045	+166%
Manipulators	1,221	473	+158%
Raw materials/Finished product	1,244	498	+150%
Water	3,506	1,424	+146%
Total	**8,751**	**3,440**	**+154%**

4.3.3. Analyses

The products sold are also checked as to their safety and quality. The analyses are performed in external, accredited laboratories, with the Group carrying out:

– 44,006 analyses on Private Brand food products, 2% more than in 2019;
– 15,861 analyses on Perishables, 34% more than in 2019.

Poland

Number of Analyses/Samples Collected	2020	2019	Δ 2020/2019
Private Brand – Food	14,452	14,061	+3%
Private Brand – Non-Food	1,052	903	+17%
Subtotal Private Brand	**15,504**	**14,964**	**+4%**
Fruit and Vegetables	3,572	1,540	+132%
Meat and Fish	971	790	+23%
Bakery	210	695	-70%
Eggs	63	391	-84%
Subtotal Perishables	**4,816**	**3,416**	**+41%**
Total	**20,320**	**18,380**	**+11%**

In the case of Biedronka's Private Brands, the increases are due to a greater number of suppliers covered and to the increase of products sold as a result of the expansion of operations.

The analyses increase in the non-food category is in line with planned. Biedronka maintained its quality control procedures for the home and garden products, furniture and textiles, and footwear included in its offering. Composition, performance tests and functionality tests are analysed by certification body Intertek during two stages of production. TÜV Rheinland and Dekra also assess non-food products before they enter the market.

The increase in the analyses of Perishables, in the Fruit and Vegetables and Meat and Fish categories, is due to additional testing research on microorganisms to poultry and swine products, to new suppliers and to new countries of production.

Also of note is:

[37] Critical stores are those whose performance is below 60% – minimum internal approval threshold –, and at which critical non-conformities were identified in audits by official bodies. Also includes areas with the concentrated presence/risk of pests, based on the surrounding conditions (sewer maintenance or climate conditions linked to humidity and average temperatures).

- the setting of maximum limits of pyrrolizidine alkaloids[38] for the Private Brands tea and herbal infusion category. The legal limit was established only by the end of 2020, so Biedronka determined a limit of <400µg/kg for herbal infusions and of <150µg/kg for teas[39] was set for suppliers during the year;
- the setting of maximum limits of perchlorate[40], set by the European Commission Regulation (EU) No. 2020/685, in the Private Brand tea and herbal infusion product ranges, among others, at ≤0.75mg/kg;
- the increased inclusion and analysis time of fruit and vegetables, which now controls more than 770 pesticides in just 24 hours;
- the setting of more restrictive microbiological limits for poultry and the establishment of new requirements regarding good production and hygiene practices for slaughtering and meat cutting;
- the updating of the Basic Quality Requirements Handbook for Perishable products. We updated the specific requirements for the Fish and Meat (poultry, pork and beef) category and included requirements for the Bakery category in the handbook, compliance with which is compulsory for all Biedronka suppliers. A risk assessment was also carried out on the entire Meat assortment to cover food fraud.

Portugal

Number of Analyses/Samples Collected	2020	2019	Δ 2020/2019
Private Brand – Food*	17,814	17,247	+3%
Private Brand – Non-Food	4,214	4,415	-5%
Subtotal Private Brand	**22,028**	**21,662**	**+2%**
Fruit and Vegetables	2,790	2,900	-4%
Meat	1,154	1,171	-1%
Fish	1,480	1,197	+24%
Bakery	510	947	-46%
Meal Solutions	5,046	2,152	+134%
Subtotal Perishables	**10,980**	**8,367**	**+31%**
Total	**33,008**	**30,029**	**+10%**

*Including routine analyses on the presence of gluten, genetically modified organisms, lactose, denomination of species, control analyses and extra analyses.

The 3% increase in analyses of Private Brand food products is essentially due to the strengthening of analytical controls for risk assessment.

With regard to Private Brand non-food products, the decrease was mainly due to fewer articles on sale.

The increase in Perishable analyses, compared to 2019, relates to the Fish and Meal Solutions categories. The first case is explained by the increase of Private Brand cod products and the rise in frozen products' control. As regards to the Meal Solutions category, the increase is the result of the confirmation of the expiry dates of the products at the new Central Kitchen (in Aveiro), the kick-off of soups supply to Pingo Doce stores in Madeira, and through Recheio Masterchef and Recheio stores as part of the new project to supply ready-to-eat food to professionals in the HoReCa channel. Regarding the Bakery category, the decrease relates to the fact that the monitoring of the nutritional information provided on the labels of the products made in-house was already carried out in 2019, there being no need for identifying it in 2020.

[38] Substance produced by plants to whose exposure in food, according to EFSA experts, is a possible concern for human health, in particular for frequent and high consumers of tea and herbal infusion, and especially for children and lactating women. Pyrrolizidine alkaloids can have carcinogenic, mutagenic (causing changes in genetic code) and teratogenic (causing deficiencies during gestation) effects.
[39] µg/kg: micrograms (one gram is equal to one million micrograms) per kilogram of product.
[40] A substance in pesticides and that can accumulate over time in the soil of EU countries or found in imports from third countries. It can potentially suppress iodine absorption and the formation of thyroid and pancreatic neoplasia – the European Union concluded that the chronic dietary exposure to perchlorate is of potential concern, in particular for the high consumers in the younger age groups of the population with mild to moderate iodine deficiency.

Colombia

Number of Analyses/Samples Collected	2020	2019	Δ 2020/2019
Private Brand – Food	11,740	11,951	-2%
Private Brand – Non-Food	3,119	2,834	+10%
Subtotal Private Brand	**14,859**	**14,785**	**+0.5%**
Fruit and Vegetables	36	39	-8%
Meat	29	27	+7%
Fish	0	3	-100%
Bakery	2	0	+100%
Subtotal Perishables	**67**	**69**	**-3%**
Total	**14,926**	**14,854**	**+0.5%**

The increase in analyses of non-food Private Brand products is in line with the volume of products sold in the regular assortment (94 more products than in 2019), being also the result of the expansion of the store network in the country.

With regard to Perishables, total analyses carried out were lower than in 2019, but in line with the control plan. The increase in the Meat and Bakery categories is explained by the growth of the number of references in sale and by the risk assessment of suppliers, to ensure greater quality control for consumers.

The decreases in the Fish category are the result of opting for supplier-brand frozen products, rather than Exclusive Brand products, which is why analyses were not carried out. In Fruit and Vegetables, the decrease is explained by the results extracted from the risk assessment of suppliers and products occurred in 2019, frow which specific suppliers and products were considered to be a critical priority.

4.3.4. Training

Training in Poland was provided to 19,107 employees and a total of 26,416 training hours, corresponding to increases of 18% and 0.17%, respectively. These actions took place in 3,199 events, almost five times more than in 2019, thanks to the reduction in the size of the training groups, as a result of the restrictions associated with social distance, whenever physical presence was a possibility. When not, virtual training sessions were conducted. Topics covered included:

- food safety systems, as per international HACCP and ISO22000 standards;
- good food defence practices, to prevent and fight the intentional adulteration of food;
- good food hygiene and production practices;
- food temperature control;
- the handling of organic products.

In Portugal, we provided 31,874 training hours, in 4,895 sessions, to 7,573 employees. This corresponds to a decrease of 33%, 50% and 28%, respectively, due to the suspension of face-to-face training, taking into account the restrictions imposed by the pandemic. Digital alternatives were also created. Topics included:

- the food safety management system implemented in the Companies, focusing particularly on the Perishables categories and the Central Kitchens and Meal Solutions;
- the requirements under the International Food Safety (IFS) and British Retail Consortium (BRC) standards;
- the microbiology of food;
- food hygiene and safety during the opening and refurbishing of restaurants and stores (in particular the Pingo Doce & Go franchised stores or similar);
- good practices in the handling of perishable products.

In Colombia, a total of 50,394 training hours were provided to 8,062 employees. The training volume and number of participating employees increased 29% and 38%, respectively, as a result of an increase in online training sessions in a year that required physical distancing. Online training enabled us to share more content with more employees.

Topics covered in the training sessions covered the quality aspects of perishable products, the handling of fruit and vegetables, good production and hygiene practices, and the in-store finishing of products such as roast chicken and bakery products.

	Training Volume[41]		Training Initiatives		Employees Trained	
	2020	2019	2020	2019	2020	2019
Group	108,684	113,177	9,243	11,652	34,742	32,498
Portugal[42]	31,874	47,779	4,895	9,808	7,573	10,538
Poland[43]	26,416	26,369	3,199	549	19,107	16,136
Colombia[44]	50,394	39,029	1,149	1,295	8,062	5,824

[41] Training volume = number of people trained x number of Hygiene and Food Safety training hours.
[42] Pingo Doce, Recheio, Jerónimo Martins Agro-Alimentar, Hussel and Jerónimo Martins Restauração e Serviços.
[43] Biedronka.
[44] Ara.

5. Respecting the Environment

5.1. Introduction

According to the 2021 edition of the Global Risks Report[45], published by the World Economic Forum, the three highest likelihood risks of the next ten years are all environmental. We are more likely to continue to see extreme weather conditions, climate action failure and human-led environmental damage than infectious diseases. Among the highest impact risks are infectious disease, followed by climate action failure and other environmental risks, such as biodiversity loss and natural resources crises.

One of the mechanisms for addressing these risks is the European Green Deal[46], which aims at making the European Union more sustainable by moving to a clean and circular economy. The Jerónimo Martins Group shares these concerns and we therefore strive to improve efficiency in our activities and in our supply chain to reduce our environmental impact. The Group's Environmental Policy[47] sets out the main priorities: preserving biodiversity, fighting climate change, and responsibly managing waste.

Environmental Audits and Environmental Certification

Bearing in mind the reduction of the Group's ecological footprint, the implementation of the Environmental Management Systems (EMS) adopted in compliance with ISO 14001 was extended to manufacturing units[48], therefore joining the Distribution Centres. At Biedronka, 16 Distribution Centres have their EMS certified according to this standard. Pingo Doce and Recheio continue to have this certification for four Distribution Centres and, in 2020, the EMS of the Fresh Dough Factory was also certified according to ISO 14001. In total, 58% of the Distribution Centres and manufacturing units (21 out of 36) are certified according to ISO 14001. The goal is to have at least 60% of our facilities with this certification.

We audit our stores, warehouses, Distribution Centres and other operational units to ensure compliance with environmental management procedures and to identify opportunities for improvement. In 2020, we carried out 6,059 environmental audits (5,545 at Biedronka, 352 at Ara, 155 at Pingo Doce and seven at Recheio), 19% more than in 2019. The average score was 91%, up 4 p.p. compared to 2019. Corrective actions are defined whenever the score obtained is less than 100%.

5.2. Preserving Biodiversity

According to the fifth edition of Global Biodiversity Outlook, published in 2020 by the Convention on Biological Diversity[49], if nothing changes from the current scenario, the trajectory of decline in biodiversity and ecosystem services[50] will continue beyond 2050. This decline is due to the increasing impacts of land and sea use change, overexploitation of resources, climate change, pollution and invasive alien species.

Reversing this trend depends on actions such as:

- scaling up efforts to conserve and restore biodiversity (in extent and effectiveness);
- keeping the average temperature rise below 2°C and close to 1.5°C;
- taking steps to control invasive species, pollution and the exploitation of biodiversity;
- making agricultural methods more efficient and reducing their impact;
- adopting healthier diets and reducing food waste.

In a scenario in which approximately 30% of the 128 thousand assessed species are already threatened with extinction, urgent action is needed[51].

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[45] The World Economic Forum's Global Risks Report 2021 was published in January 2021 and is available at http://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2021.pdf.
[46] Launched in December 2019, the European Green Deal is available at ec.europa.eu/info/strategy/priorities-2019-2024.
[47] Available for consultation under "Responsibility" at www.jeronimomartins.com.
[48] The Group's manufacturing units include the fresh dough factory (1), the central kitchens (2), the soup factory (1) and the Terra Alegre dairy factory (1).
[49] Available at https://www.cbd.int/gbo/gbo5/publication/gbo-5-spm-en.pdf.
[50] According to the World Resources Institute (2003), ecosystem services are the benefits provided by nature and include: (i) provisioning services, such as food and water; (ii) regulating services, such as flood regulation, drought, soil degradation and disease; (iii) supporting services, such as soil formation and nutrient cycles; and (iv) cultural services, such as recreational, spiritual, religious and other non-material benefits.
[51] More information available at www.iucnredlist.org.

As the Group's expertise lies in the sale of perishable products, such as Meat, Fish, Fruit and Vegetables, we recognise that our business activities impact biodiversity and ecosystem services. We are aware how important it is to reverse the decline in biodiversity and have designed policies and strategies to map and mitigate these impacts:

- upstream, and in partnership with our suppliers, we carry out awareness-raising and monitoring initiatives, such as the sustainable agriculture project and the initiatives to fight deforestation;
- in our operations, we promote, for example, the protection of wild fish species (through the Group's Sustainable Fishing Strategy), introduce products and services with a better environmental and social profile (e.g. certified sustainable products), and endeavour to implement sustainable practices in the production of beef, milk and aquaculture;
- downstream, among consumers and the general public, and in partnership with research centres and/or Non-Governmental Organisations[52], we promote awareness campaigns and projects for the conservation of the ecosystems, habitats and species on which our activities depend and/or which are impacted by them.

These initiatives are described in this sub-chapter and in sub-chapter 6. "Sourcing Responsibly".

In 2020, we donated more than 195 thousand euros to support projects, in Portugal, Colombia and Poland, focused on restoring natural habitats, protecting biodiversity, and raising environmental awareness, most notably:

Institution	Project	Description
Associação Natureza Portugal (ANP - Portuguese Nature Association) in association with the World Wildlife Fund (WWF)	"Green Heart of Cork"	Project supported by Jerónimo Martins since 2013. Contributed to obtaining certification (FSC®) for 30 thousand hectares of cork wood forest, including a High Conservation Value Area of 1,302 hectares.
conTREEbute	Tree planting initiative	Ara's support helped conTREEbute plant 616 trees of nine different species in the humid zone of Gualí, Cunidinamarca, in Colombia (one tree for every store operating at the end of 2019). This volunteer project contributes to expanding the ecological corridor that is being implemented and run by the Funza municipality.
Czysta Polska	"Clean Tatra Mountains" campaign	In Poland, Biedronka joined the "Czyste Tatry" (Clean Tatra Mountains) campaign for the second year in a row, led by NGO "Czysta Polska". Nearly half a tonne of waste and 5 m^3 of paper were cleared by 2,500 volunteers.
Arka Foundation	Tree planting initiative	Based on a protocol established between Biedronka and the Arka Foundation, ten thousand trees were planted in the Beskid Niski region in 2020, an area for which a forest management plan has been designed.
Lisbon Zoo	Sponsorship of the ring-tailed lemur	Pingo Doce has supported this project since 2015, covering maintenance expenses associated with this species.
Liga para a Protecção da Natureza (LPN - Portuguese League for Nature Protection)[53]	ECOs-Locais	Project supported by Pingo Doce since 2011. In 2020, four on-site initiatives ("Workshop on insects", "Cleaning the banks of the Albufeira Lagoon", "Peddy Paper on the Tagus Estuary" and "Peddy Paper on Biodiversity in the Monsanto Forest Park") and three online initiatives were launched ("Floresta Autóctone" [Native Forest], "Caça às Beatas" [Hunting Cigarette Butts] and "Natal mais Sustentável" [A More Sustainable Christmas] to encourage the active civic engagement of citizens.
Oceanário de Lisboa (Lisbon Oceanarium)	Oceanário de Lisboa (Lisbon Oceanarium)	The support Pingo Doce has been providing since 2003 has aided the activities carried out by the Oceanarium.

[52] To learn more about these actions, see this section and section 5.5. "Awareness Campaigns", as well as sub-chapter 6. "Sourcing Responsibly", and section 6.3. "Promotion of More Sustainable Production Practices".
[53] Through its "Bando do Bosque" ("Forest Gang") campaign, Pingo Doce also supported the Literacy for Forest Preservation programme. For more information, see sub-chapter 7. "Supporting Surrounding Communities"", section 7.5. "Other Support".

Institution	Project	Description
ProAves	Save the Macaws project	Launched in 2019 with support from Ara, the project now includes the protection of five macaw species (*Ara severuss*, *Ara chloropterus*, *Ara ararauna*, *Ara militaris* and *Ara ambiguus*) in two nature reserves (Tití Cabeciblanco in Antioquia and El Dorado in Magdalena).
Quercus	"SOS Pollinators" Campaign	Project supported by Jerónimo Martins since 2014. In 2020, five online beginners training courses on family beekeeping with an average duration of 3.5 hours/session were held with a total of 67 participants. Besides these online sessions, ten beekeeping demonstrations were held at schools across the country. The pollinator theme was included in Portuguese television network RTP's "Minuto Verde" (Green Minute), in four daily broadcasts, with an estimated 400 thousand viewers, and in episodes on RTP Play. On 8 October, the SOS Pollinators Facebook page was relaunched.
Sociedade Portuguesa para o Estudo das Aves (SPEA - Portuguese Society for the Study o f Birds)	"À Descoberta da Biodiversidade na Lagoa Pequena" (Discovering Biodiversity in Lagoa Pequena)	Project supported by Pingo Doce under its "Conserving Biodiversity" pillar that held five awareness-raising initiatives and recreational activities (Plants, teas and pigments; The night's treasures; Feeling the nature of Lagoa Pequena; Lagoon by moonlight: evening access; Building nest boxes) at Lagoa Pequena Interpretive Centre, in Sesimbra, with a total of 99 participants.

act4nature Portugal and Business for Nature

The Group joined act4nature Portugal, an initiative promoted by BCSD Portugal* in which member companies make shared and individual commitments to protect the environment. As a member of the Steering Committee of this initiative, the Group subscribes to all its commitments to biodiversity protection and has set the following priority actions:

- fighting deforestation, aimed at stopping deforestation and converting areas of high conservation value in our supply chains and inviting our suppliers to make the same commitments in their chains. To this end, we endeavor to contribute to the reduction of carbon emissions linked to deforestation, the conservation of the biodiversity in these habitats, the fight against forced labour, and respect for human rights. Our focus is on the four commodities most associated with deforestation: palm oil, soy, paper and wood, and beef;
- preserving the marine ecosystem, in which we include our Sustainable Fishing Strategy and initiatives to fight plastic pollution;
- promoting sustainable farming, which encompasses our sustainable farming project and the commitment to selling certified sustainable products (e.g. FSC®, organic farming and UTZ);
- fighting climate change, which includes a pledge to reduce the greenhouse gas emissions linked to our business activity and fighting food waste;
- conserving biodiversity, through awareness-raising and conservation projects;
- monitoring and disclosure, making the reporting of our progress on each of the commitments made measurable and transparent.

The Group also joined Business for Nature, a global coalition of over 530 companies that are committed to reversing nature loss by inviting governments to implement five recommendations: adopt targets to reverse nature loss; align, integrate and enforce policies for nature, people and climate; value and embed natural capital in decision making and disclosure; reform subsidies and incentive mechanisms; and join forces for nature and empower everyone to act.

* Business Council for Sustainable Development Portugal

5.3. Fighting Climate Change

Despite the Covid-19 pandemic, global carbon emissions continued to increase in 2020, according to the World Meteorological Organization[54]. The same organisation warns that the trajectory in emissions is expected to continue, which means that this forecast increases the risk of climate change and its impacts beyond the observed period.

This information confirms what had already been published by the Intergovernmental Panel on Climate Change (IPCC), warning of the need to limit warming to 1.5°C[55] above pre-industrial levels and of the degradation of natural systems[56], stressing the need to significantly reduce carbon emissions and to advance climate change adaptation and mitigation.

In the European Union, the energy policies implemented by Member States are expected to promote the transition to carbon neutrality by 2050 and a reduction of at least 55% in greenhouse gas (GHG) emissions by 2030 (compared to 1990) in several sectors, including energy, buildings, transportation and agriculture. In Colombia, in December 2020 commitments were made to reduce GHG emissions by 51% by 2030 (compared to 2015) and to achieve carbon neutrality by 2050.

Our strategy to fight climate change includes implementing reduction measures in our operations (as regards energy consumption and carbon emissions linked to, for example, refrigeration gases used in our cooling and air conditioning systems) and in our supply chains, by sharing best farming practices with our suppliers and encouraging them to make a commitment to fighting deforestation[57].

In 2020, we were once again assessed with "A-" in the CDP (Disclosure Insight Action) Climate theme, positioning the Group at the "Leadership" level, closer to reaching the maximum score ("A"). This programme assesses our performance in terms of climate-related matters, including transparency in information reporting and risk management.

5.3.1. Task Force on Climate-related Financial Disclosures (TCFD)

In 2020, the Jerónimo Martins Group began implementing the TCFD recommendations[58] to enhance the identification and quantification of financial risks and opportunities associated with climate change. The Group recognises that climate change is one of the major environmental, social and financial risks that organisations currently face and that adaptation and mitigation measures may represent opportunities for differentiation and to contribute to strengthening the resilience of its Companies and businesses, while strengthening the Group's commitments to the Sustainable Development Goals (SDG), in particular SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action).

In this regard, we consider the following dimensions:

Governance

Climate-related risks and opportunities are one of the three priorities of the Group's Environmental Policy and are an integral part of its Responsibility Strategy, both at its operations level and in its supply chain. The Committee on Corporate Governance and Corporate Responsibility[59] works with the Board of Directors by assessing and submitting corporate responsibility and sustainability proposals, including mitigation of the effects of climate change. These issues are also followed up on in regular meetings of the Sustainability Committees of each Company.

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[54] In 2020, the World Meteorological Organization published a provisional report on the "State of the Global Climate 2020", available at https://library.wmo.int/doc_num.php?explnum_id=10444.
[55] The IPCC "Global Warming of 1.5°C" report, published in 2018, is available at www.ipcc.ch/sr15.
[56] The "Climate Change and Land" and "The Ocean and Cryosphere in a Changing Climate" reports, both available at www.ipcc.ch/srccl and www.ipcc.ch/srocc,respectivamente.
[57] To learn more about these initiatives, see sub-chapter 6. "Sourcing Responsibly", section 6.3. "Promotion of More Sustainable Production Practices".
[58] TCFD is an initiative promoted by the financial sector that helps businesses quantify and disclose climate-related financial risks and opportunities, and their respective action plans.
[59] More information available at https://www.jeronimomartins.com/pt/investidor/governo-sociedade/comissoes-especializadas.

Strategy

In this approach, a sample of 30 food product groups relevant to our business were selected in all the geographies where we operate: Poland, Portugal and Colombia. The sample covers the four stages of the value chain – production, processing, logistics and establishments – and includes an analysis of several risk categories for a time horizon until 2030, considering two scenarios:

- average temperature increase between 4.0°C e 6.1°C (scenario RCP 8.5[60]) – meaning that the efforts to limit average warming fail;
- average temperature increase below 2.0°C (scenario RCP 2.63 estimates global warming of between 1.3°C and 1.9°C), in line with the Paris Agreement.

An analysis of the scenarios made it possible to evaluate the Group's exposure to physical climate risks, such as (i) temperature changes, (ii) increased precipitation, (iii) extreme weather events, and (iv) rising sea level. In addition to these risks, other risks and opportunities linked to the transition to a low-carbon economy as well as market and reputational were also assessed.

Findings

The analysis of the selected product groups revealed that the major risks and opportunities for our businesses are related to the source of the ingredients we use in Private Brand and Perishable products(e.g. extreme cold and changes in precipitation), transformation processes (e.g. transition risks, where an increase in energy costs associated with the Paris Agreement targets are considered) and logistics processes (e.g. extreme cold and rising sea level).

As regards establishments, the risks and opportunities are mainly linked to energy transition risks.

The findings of the first assessment will be materialised in concrete actions to continue activities already under way (e.g. acquisition of renewable energy certificates, installing equipment with natural refrigerant gases and with a low global warming potential, fighting deforestation and the sustainable agriculture project) to mitigate the potential negative impacts and maximise opportunities identified for Jerónimo Martins' businesses. In this context, mapping potential future changes – whether negative or positive – in the supply chain is, therefore, essential.

Risk management

The following risk typologies have been identified as a result of climate change, water usage and commodities linked to deforestation[61]:

- transition risks, which may represent an increase in costs incurred with complying with environmental legislation in the framework of the transition to a low-carbon economy;
- physical risks, which may result in the scarcity of some natural resources, such as agricultural products, or a climate-related disruption of the supply chain;
- reputational risks, associated with stakeholders' expectations regarding the reduction of carbon emissions and the Group's contribution to fighting deforestation.

The likelihood of any of these situations occurring and the level and management of the respective impact, including financial, is analysed by the Group as a regular part of its risk assessment processes.

Metrics and targets

Every three years, the Jerónimo Martins Group defines environmental commitments and their associated metrics[62]. For the three-year period 2021-2023, in the case of greenhouse gas emissions, we pledged to reduce the Group's carbon footprint (scopes 1 and 2) by at least 40% (per 1,000 euros of sales), compared to 2017, thus contributing to the goals established under the Paris Agreement. The Group also made other commitments under its strategy to fight climate change and related to improving energy efficiency: fighting

[60] The Representative Concentration Pathways (RCP) scenarios were developed by the Intergovernmental Panel on Climate Change (IPCC) and are projections of emission trajectories based on the concentration of human-caused greenhouse gases.
[61] The Group publicly discloses the risks and opportunities linked to these areas in its response to the CDP Climate, Forests and Water Security questionnaires, and on its website: www.jeronimomartins.com
[62] See sections 9. "Commitments for 2018-2020" and 10. "Commitments for 2021-2023" of this chapter.

deforestation, the sustainable use of water, fighting food waste, improving the efficiency of downstream logistics operations, the ecodesign of packaging, and fighting plastic pollution.

Progress

Implementing TCFD recommendations will strengthen the climate change strategy already implemented in the Group.

5.3.2. Carbon Footprint

Our scope 1 and 2 greenhouse gas (GHG) emissions corresponded to 892,244 tonnes of carbon dioxide equivalent (CO_2e) in 2020, a reduction of 1.2% year-on-year, mostly as a result of a reduction in the consumption of electricity and heating in Poland, as well as the respective emission factors[63]. For the same reason, the specific value dropped from 0.0485 to 0.0462 tonnes of CO_2e/1,000 euros in sales, meeting the Group's target of a 5% carbon emissions' reduction for every 1,000 euros in sales.

Carbon Footprint (t CO_2e/thousand euros)	2020	2019	Δ 2020/2019
Specific value (scopes 1 and 2)	0.0462	0.0485	-4.7%

Carbon Footprint (t CO_2e/thousand euros)	2020	2019	Δ 2020/2019
Overall Carbon Footprint (scopes 1 and 2)[64] by GHG	**892,244**	**903,261**	**-1.2%**
▪ Carbon dioxide (CO_2)	773,081	787,632	-1.8%
▪ Methane (CH_4)	13,775	11,153	+23.5%
▪ Hydrofluorocarbons (HFC)	102,609	104,309	-1.6%
▪ Perfluorocarbons (PFC)	0	0	-
▪ Nitrous oxide (N_2O)*	2,779	167	+1,564.1%
▪ Sulphur hexafluoride (SF_6)	0	0	-
Overall Carbon Footprint (scopes 1 and 2)			
▪ Biedronka	767,590	804,630	-4.6%
▪ Hebe	9,321	11,074	-15.8%
▪ Pingo Doce[65]	34,459	29,810	+15.6%
▪ Recheio	5,354	5,806	-7.8%
▪ Ara	57,662	36,686	+57.2%
▪ Agribusiness	17,858	15,255	+17.1%
Carbon Footprint (scope 1 – direct impacts)	**223,315**	**212,304**	**+5.2%**
▪ Leakage of refrigeration gases	102,620	104,338	-1.6%
▪ CO_2 usage	23,874	20,988	+13.8%
▪ Fuel consumption	66,778	54,755	+22.0%
▪ Light vehicle fleet	16,861	21,247	-20.6%
▪ Enteric emissions (cattle)	13,182	10,976	+20.1%
Carbon Footprint (scope 2 – indirect impacts)	**668,929**	**690,957**	**-3.2%**
▪ Electricity consumption (location-based)	825,476	831,491	-0.7%
▪ Electricity consumption (market-based)	655,894	674,212	-2.7%
▪ Heating (location-based)	13,035	16,745	-22.2%
Carbon Footprint (scope 3 – other indirect impacts)	**27,511,251**	****24,212,175**	**+13.6%**
▪ C1. Purchased products and services	27,278,988	23,965,515	+13.8%
▪ C5. Waste produced in operations	31,639	46,166	-31.5%
▪ C6. Work travel	1,139	2,306	-50.6%
▪ C9. Downstream transport and distribution	185,662	179,118	+3.7%
▪ C14. Franchise[66]	13,823	19,070	-27.5%

* In 2020, we began reporting other GHG for market-based electricity besides CO_2, which explains the significant increase in N_2O compared to 2019.

** Value corrected to account for the value of C1 emissions (purchased products and services).

[63] The amount of greenhouse gas emissions linked to a particular activity can be calculated based on different factors, such as electricity consumption or fuel use in the light vehicle fleet. Thus, the electricity generated mainly from renewable energy sources produces less greenhouse gases compared to an energy mix based on greater use of fossil fuels, such as coal.

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

[65] To calculate the environmental indicators reported in this sub-chapter, the Distribution Centres, central buildings and trucks used in the distribution of goods were accounted for at Pingo Doce.

[66] This parameter includes franchising and similar models.

Notes: The carbon footprint of the different activities (under the Group's operational control and which account for 99.9% of turnover) is calculated using the three levels of the World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol and the World Resources Institute (WRI) method: direct, indirect and third-party impacts. The values shown took the following into account: (i) refrigerant gases and enteric emissions from livestock – emission factors defined by the IPCC; (ii) fuel and heating – defined by Direcção-Geral de Energia e Geologia (Portuguese Directorate-General for Energy and Geology), by Unidad de Planación Minero Energética (Colombian Unit of Mining and Energy Planning) and by Krajowy Ośrodek Bilansowania i Zarządzania Emisjami (Polish Centre for Emission Balance and Management); (iii) electricity – defined by the International Energy Agency (location-based electricity), by suppliers (market-based electricity in Portugal), by the Association of Issuing Bodies (market-based electricity in Poland), and by Unidad de Planeación Minero Energética (market-based electricity in Colombia); (iv) fuel used in the light vehicle fleet and C1, C6 and C9 emissions – defined by the Greenhouse Gas Protocol, and; (v) waste – emission factors defined by the UK Government GHG Conversion Factors for Company Reporting. The emission factors defined by IPCC for stationary combustion, refrigerant gases and the enteric emissions from livestock and those defined by the Greenhouse Gas Protocol for fuel used in the light vehicle fleet were used to calculate the Scope 1 carbon footprint by GHG. As regards the breakdown of Scope 2 emissions, the percentages of each GHG were considered in the emission factors defined by the International Energy Agency.

5.3.3. Water and Energy Consumption Management

The more efficient management of water and energy use is also part of a set of initiatives that are included in the Group's strategy to fight climate change. This concern is addressed in our refurbishment projects and in the construction of new infrastructures, most notably the implementation of:

- energy control and management systems;
- refrigerated displays and freezers fitted with doors and covers that prevent the waste of energy;
- more efficient lighting technologies (such as LED) and installation of skylights;
- installation of renewable energies[67];
- water saving systems: flow regulators, taps with timers, regulating sensors for ice machines and rainwater harvesting for our irrigation systems and to wash equipment.

As a result of these measures, since 2015 we have been able to avoid the emission of more than 265 thousand tonnes of CO_2e, with an associated investment of more than 190 million euros and a return period of 5.9 years, under the usual 7 to 8 years benchmark for these types of investments.

And because reducing water and energy consumption also means adopting good practices and individual behaviours, we invest in projects to raise awareness among our employees. With the Water and Energy Consumption Management Teams project, launched in 2011 in the Pingo Doce and Recheio stores, we were able to reduce water consumption by 494,902 m^3 and energy consumption by 47,902,211 kWh, corresponding to a savings of over 6.2 million euros[68].

The Let's Go Green project, created in 2015 for office buildings in Portugal, has already been implemented in the head offices of Biedronka and Ara. This project aims at encouraging employees to adopt good practices in the use of energy, water and paper and raise awareness of the importance of proper waste disposal. In 2020, a large portion of head office employees worked from home. For this reason, the results are not comparable and cannot be effectively attributed to the adoption of good practices.

Water withdrawal and reuse

Total withdrawal (megalitres/million euros)	2020	2019	Δ 2020/2019
Overall specific value	0.247	**0.264	-6.4%
Specific value (Distribution)	0.145	0.155	-6.5%
Specific value (Agribusiness)	35,211	44,873	-21.5%

Total withdrawal (megalitres)	2020	2019	Δ 2020/2019
Water withdrawal by source*	**4,765.16**	****4,925.23**	**-3.3%**
▪ Municipal and private supply system	4,448.24	**4,647.24	-4.3%
▪ Groundwater	291.63	**268.85	+8.5%
▪ Surface water (including rainwater)	25.29	**9.14	+176.7%

[67] See "Renewable Energies" table in this sub-chapter.
[68] Amount calculated based on regular reporting and internal benchmarking.

Total withdrawal (megalitres)	2020	2019	Δ 2020/2019
Water withdrawal by business unit			
▪ Pingo Doce	1,484.29	**1,664.21	-10.8%
▪ Recheio	88.36	**111.34	-20.6%
▪ Biedronka	870.32	**838.34	+3.8%
▪ Hebe	17.37	17.49	-0.7%
▪ Ara	265.16	181.00	+46.5%
▪ Agribusiness	1,978.12	2,049.82	-3.5%
▪ Franchised stores[66] (Biedronka and Pingo Doce)	61.54	**63.03	-2.4%

* Total withdrawal volume corresponds to freshwater.
** Values corrected to separate franchised stores, to adjust withdrawal volumes (Recheio and the Pingo Doce Distribution Centres) and to separate the volumes of some withdrawals by the Agribusiness.

Recycled water (megalitres)	2020	2019	Δ 2020/2019
Total recycled water*	2.09	0	-

* Only at Ara.

In 2020, water from the municipal supply system or private suppliers accounted for more than 93% of the total withdrawn for our activities. In groundwater withdrawal, for which we hold the required licences, it is only used for less demanding operations, such as irrigation and cooling systems.

Despite the reduction in water withdrawal recorded by the Group in 2020, Biedronka and Ara saw their withdrawal volumes increase by 3.8% and 46.5%, respectively. In Biedronka's case, the increase was mainly due to the extension of the operating hours of many of its stores (as a result of the pandemic) and the opening of 113 new stores, whereas at Ara the increase was mostly related to the banner opening 47 new stores and two Distribution Centres.

As regards Pingo Doce, Recheio and Hebe the reduction in water withdrawal is related to the operating of stores being shortened during lockdown periods. In the agribusiness area, more intense rainfall in 2020 resulted in less need for irrigation.

As regards the reuse of water, around 25 megalitres of rainwater was collected at the four Distribution Centres (one in Portugal and three in Colombia) for use in cooling systems, irrigation and washing the outside of trucks, 177% more than in 2019.

Water reuse at Ara

At the Monteria and Pereira Distribution Centres, we cut water consumption by reusing water. These two sites are the first of the Group's facilities to reuse wastewater which, once treated, are stored in tanks for later use in the irrigation of green spaces and for toilet flushing. In 2020 alone, 2,089 m^3 of treated wastewater were reused.

Water discharge

Total discharge (megalitres)	2020	2019	Δ 2020/2019
Wastewater disposal by type of destination*	**2,434.40**	****2,477.62**	**-1.7%**
▪ Municipal sewage	2,369.42	**2,415.81	-1.9%
▪ Environment	64.98	**61.81	+5.1%
Wastewater disposal by business unit			
▪ Pingo Doce	1,187.43	**1,331.37	-10.8%
▪ Recheio	70.69	**89.08	-20.6%
▪ Biedronka	696.26	**670.67	+3.8%
▪ Hebe	13.89	13.99	-0.7%
▪ Ara	212.13	144.80	+46.5%
▪ Agribusiness	204.77	177.29	+15.5%
▪ Franchised stores[69] (Biedronka and Pingo Doce)	49.23	**50.42	-2.4%

* It is estimated that the volume rejected corresponds to less than 0.5% of freshwater.
** Values corrected for the inclusion of franchised stores[69] and rectification of withdraw volumes (Recheio and Pingo Doce Distribution Centres).

The discharge of wastewater into the natural environment – properly treated before disposal – accounts for 2.7% of the total volume of wastewater produced by the Group.

[69] This parameter includes franchising and similar models.

Water consumption

Total consumption (megalitres)	2020	2019	Δ 2020/2019
Water consumption by business unit	**2,330.75**	**2,447.63**	-4.8%
▪ Pingo Doce	296.86	332.84	-10.8%
▪ Recheio	17.67	22.27	-20.7%
▪ Biedronka	174.06	167.67	+3.8%
▪ Hebe	3.47	3.50	-0.9%
▪ Ara	53.03	36.20	+46.5%
▪ Agribusiness	1,773.35	1,872.54	-5.3%
▪ Franchised stores (Biedronka and Pingo Doce)	12.31	12.61	-2.4%

Note: According to the Global Reporting Initiative formula, water consumption is the difference between water withdrawal and water discharge.

The Group's water consumption decreased 4.8% compared to 2019, in line with the reduction in water withdrawal.

In 2020, and for the second consecutive year, we answered the CDP Water Security theme, which assesses the management of water as a critical resource. The Group achieved a score of "B" (Management)[70], in line with the assessment obtained in 2019.

To determine the exposure of the Group's activities to the risk of the shortage of drinking water, a water stress test by level is conducted every year associated with the Group's water withdrawal. To this end, the physical locations of the establishments of the Companies are mapped and the World Resources Institute (WRI) "Aqueduct: Baseline Water Stress" model is followed. The analysis shows that, in 2020, 2,373.29 megalitres of water withdrawn (49.8% of the total volume) has an "extremely high" or "high" water stress level. In terms of water disposed, the volume for both risk levels is of 555.23 megalitres (22.8% of the total).

It is the Agribusiness (cereal crops for cattle feeding) that is more exposed to the risk of water shortage, being this issue immaterial to our operations in Poland and Colombia. To mitigate these risks, the Group Companies invest in practices and technologies that enable the rational use of water (e.g., investing in more efficient equipment, rainwater harvesting and water reuse) and prevent water quality degradation by ensuring the proper treatment (or pre-treatment) of wastewater. Non graded products or by-products of the food industry are regularly incorporated into animal feed. Without this use, these products would risk being wasted. In this way, they are used for milk and meat production. These products also reduce the dependence on cereals and have high moisture levels, which leads to a reduction in water consumption by the animals.

Water stress level (megalitres)	Water withdrawal		Water discharged	
	Municipal and private supply system	Groundwater and surface water	Municipal sewage	Environment
▪ Low	527.69	29.84	425.58	19.43
▪ Low to medium	329.17	0.00	264.49	0.00
▪ Medium to high	1,313.26	190.14	1,127.81	40.30
▪ High	1,773.23	66.15	105.85	0.00
▪ Extremely high	503.12	30.79	444.13	5.25
▪ Drought	0.00	0.00	0.00	0.00
▪ No data	1.77	0.00	1.56	0.00

Energy consumption

Total consumption (GJ/thousand euros)	2020	2019	Δ 2020/2019
Specific value	0.374	0.373	+0.3%
Specific value (except franchising[69])	0.367	0.366	+0.3%

[70] The Group publicly discloses its answers on its website www.jeronimomartins.com (Responsibility > Respecting the Environment > Climate Change).

Total consumption (GJ)	2020	2019	Δ 2020/2019
Energy consumption by type (except franchising)	**7,074,142**	**6,813,773**	**+3.8%**
▪ Electricity*	5,633,497	5,492,450	+2.6%
▪ Fuel	1,305,566	1,156,457	+12.9%
▪ Heating	135,079	164,866	-18.1%
100% renewable electricity	1,635,797	1,801,003	-9.2%
Energy consumption by business unit	**7,221,732**	****6,943,939**	**+4.0%**
▪ Biedronka	4,379,043	**4,110,531	+6.5%
▪ Hebe	81,284	89,517	-9.2%
▪ Pingo Doce[71]	1,728,825	**1,779,611	-2.9%
▪ Recheio	207,198	**217,987	-4.9%
▪ Ara	575,322	524,857	+9.6%
▪ Agribusiness	102,470	91,270	+12.3%
▪ Franchised stores[69] (Biedronka and Pingo Doce)	147,590	**130,166	+13.4%

* Includes electricity generated from renewable sources for self-consumption (e.g. photovoltaic panels).
** Values corrected to separate franchised stores[69] and to adjust Recheio's energy consumption.

Biedronka, Ara and our Agribusiness consumed more electricity compared to 2019. In Biedronka's case, the increase is explained by the extension of the operating hours and the opening of 113 new stores, while Ara's increase in energy consumption is due to opening of 47 new stores and two new Distribution Centres. The increase in the franchise or similar models' category is due to the opening of 10 new locations in Biedronka and Pingo Doce.

The increase in energy consumption at Agribusiness is related to the greater use of fans to improve animal welfare in all of the Best Farmer barn areas and, at the same time, to the increase in Terra Alegre's dairy production.

Pingo Doce and Recheio, on the other hand, consumed less energy because of the measures implemented to limit the number of people allowed in stores (which, for example, led to freezers being opened less often). At Hebe, there was a decrease in the operating hours at certain times in 2020 and its number of stores decreased after the HebeApteka pharmacy chain was phased out.

Renewable energy

Technology	No. buildings	Energy (kWh/year)	Saving* (t CO_2e/year)
Photovoltaic cells for self-consumption	**15**	**4,461,594**	**1,842**
▪ Pingo Doce[71]	6	3,573,511	1,392
▪ Recheio	1	627,085	244
▪ Biedronka	8	260,998	206
Lamp posts and security system powered by photovoltaic panels and/or wind turbines	**7**	**32,619**	**13**
▪ Pingo Doce[71]	1	263	0.1
▪ Recheio	4	11,301	4
▪ Biedronka	1	1,659	2
▪ Agribusiness	1	18,396	7
Solar collectors to produce hot water used for heating water and/or in the air conditioning system	**14**	**1,441,020**	**562**
▪ Pingo Doce[71]	7	1,305,240	509
▪ Recheio	7	135,780	53
Geothermal heat pumps (Biedronka)	**15**	**1,634,392**	**1,288**

* These values reflect the update in the electricity emission factor (market-based).

With an increased focus on the photovoltaic projects, the investment in renewable energy led to the generation of around 7.6 million kWh[72], 38% more than in 2019. Also, since July 2018 the Group has been investing in purchasing electricity from renewable energy sources to power the operations of its banners in

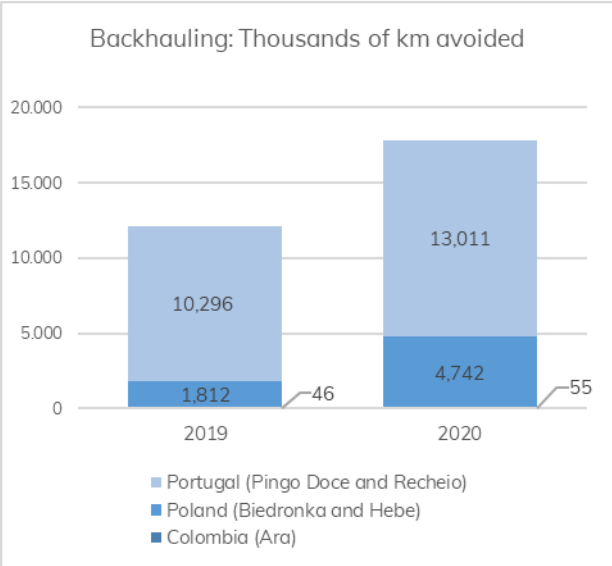
[71] To calculate the environmental indicators reported in this sub-chapter, the Distribution Centres, central buildings and trucks used in the distribution of goods were accounted for at Pingo Doce.
[72] This investment corresponds to a saving in electricity costs of approximately 480,000 euros per year.

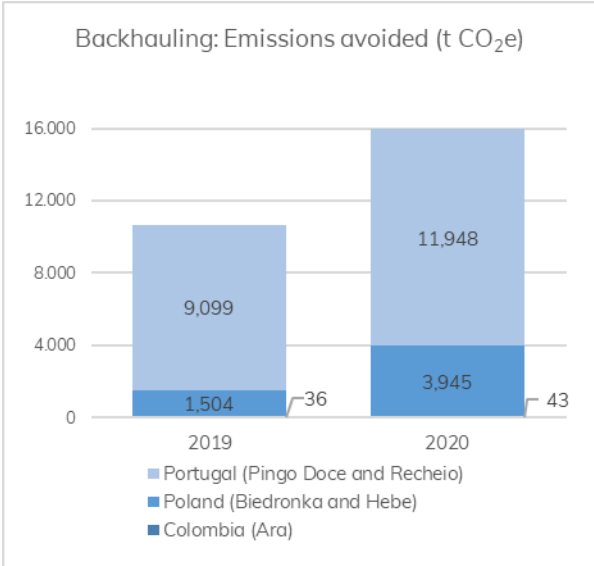
Portugal, by acquiring RECS certificates (Renewable Energy Certificate System). In 2020, the purchase of these certificates corresponded to around 180 thousand tonnes of CO_2. In total, 23% of the energy consumed by the Group comes from renewable sources, a consumption which decreased in absolute value compared to 2019, as a result of the lower electricity consumption at Pingo Doce and Recheio.

5.3.4. Reduction of Environmental Impacts from Logistics Processes

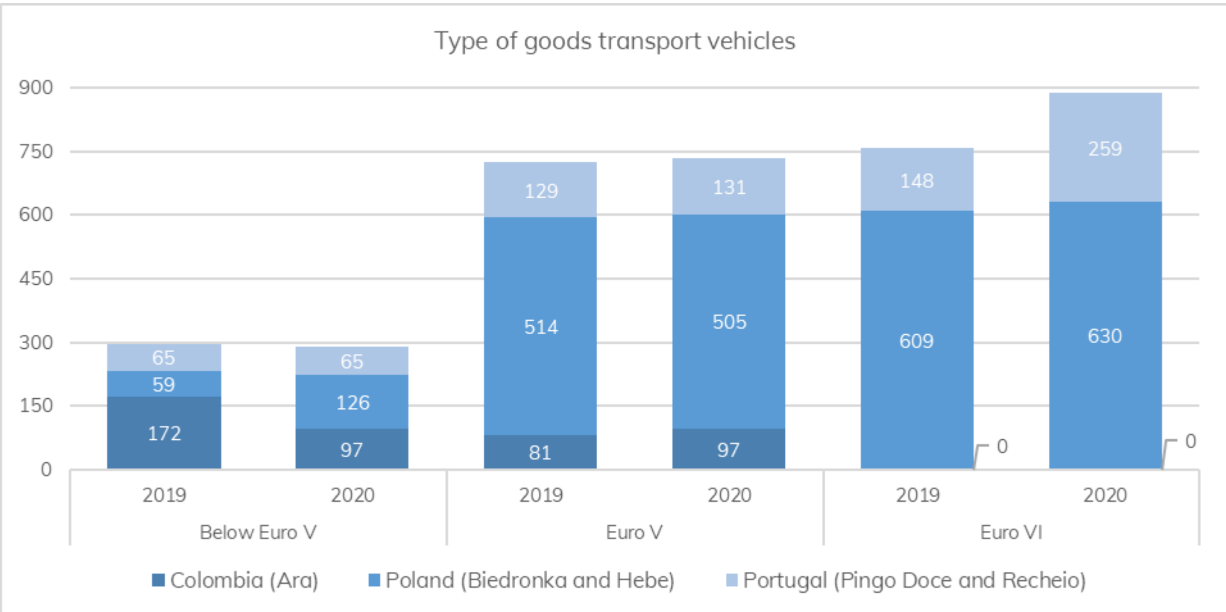
The efficient management of logistics processes also means reducing environmental impacts. That is why we have been developing and implementing several measures, such as the optimisation of distribution routes or the investment in more efficient vehicles.

Our backhauling operations[73]





Breakdown of goods transport vehicles according to the Euro standards



[73] After delivering products to our stores, the return route includes stopping by the facilities of the Group's suppliers to pick up goods and take them to the Distribution Centre.

Additionally:

- at Pingo Doce and Recheio, the fronthauling[74] project resulted in a saving of 94,329 km and avoided the emission of 83 tonnes of CO_2e;
- at Ara, the project to transport non-palletised goods to optimise transport loads between our suppliers' facilities and our Distribution Centres resulted in a saving of 1,091,111 km, while avoiding the emission of 1,712 tonnes of CO_2e;
- also at Ara, the by-truck project resulted in a saving of 65,832 km and avoided the emission of 51 tonnes of CO_2e by using trailers to transport goods between the Distribution Centres in two regions and the farthest stores;
- the fleet that supplied Pingo Doce and Recheio stores now has Frigoblock™ technology installed, which uses the vehicle's engine power to keep cargo chilled. This technology was installed in two vehicles in the first half of the year. An estimated annual reduction of 8 tonnes of CO_2e is expected per vehicle.

5.3.5. Management of Refrigeration Gases

Temperature control is essential to ensuring food quality and security and, consequently, the preservation of food, thus preventing waste. To reduce the carbon emissions linked to the refrigerants used in cooling and air conditioning, we use leak control technologies and increasingly more natural refrigerant gases. These actions are in line with the commitments to reduce greenhouse gas emissions that we have voluntarily subscribed, including The Consumer Goods Forum's resolution to promote the use of natural refrigerant gases.

Below are some of the actions we have been implementing:

- replacement of fluorinated gases with natural refrigerants (e.g. carbon dioxide and ammonia) in cooling plants;
- in Portugal, the Alfena Distribution Centre has cooling and refrigeration equipment running on CO_2 (ice machines, freezers and fridges in the canteen);
- 1,535 Biedronka stores, 270 Pingo Doce stores, 39 Recheio stores and platforms and 250 Ara stores have freezers running solely on propane.

Establishments using natural refrigerant gases in their cooling systems

Establishments	Number of establishments		Progress*	
	2020	2019	2020	2019
Stores	1,429	1,005	31%	25%
Distribution Centres and Manufacturing Units	20	15	56%	45%

*Progress in relation to The Consumer Goods Forum resolution.

We are also seeking to ensure that new stores and those undergoing major refurbishments use refrigeration equipment with low global warming potential fluids – for heating, ventilation and air conditioning installations – and 100% natural refrigerant gases – for industrial refrigeration installations.

5.4. Main Consumption of Materials and Waste Management

According to the Ellen MacArthur Foundation[75], a circular economy is based on the elimination of waste and pollution from the product design stage, keeping products and materials in (continuous) use, and regenerating natural systems.

In 2020, we joined the Portuguese Plastics Pact, the Polish Plastics Pact – through Biedronka – and the design working group of The Consumer Goods Forum's Plastic Waste Coalition of Action. We are also a signatory of the New Plastic Economy Global Commitment, led by the Ellen MacArthur Foundation. Under these initiatives, the following commitments to be achieved by 2025 are worthy of note:

[74] After delivering products to our Distribution Centres, our suppliers' return route to their facilities includes stopping by the Group's stores to deliver goods.

[75] A foundation that works a multitude of players in society to accelerate the transition to a circular economy. More information available at https://www.ellenmacarthurfoundation.org/.

- ensuring that 100% of Private Brand plastic packaging is reusable or recyclable;
- incorporating at least 25% of recycled content in Private Brand plastic packaging;
- reducing specific plastic consumption by 10%, compared to 2018, measured in tonnes of plastic packaging for every million euros of turnover.

5.4.1. Materials Used and Reduction Initiatives

When developing products and packaging, we work with our suppliers to help reduce the amount of materials used, encourage the use of recycled materials, and ensure the recyclability of our Private Brand and Perishables assortment.

Main materials used

Total consumption (tonnes/million euros)	2020	2019	Δ 2020/2019
Specific value	25.48	*25.97	-1.9%

Total consumption (tonnes)	2020	2019	Δ 2020/2019
Materials consumption	**491,593**	***483,998**	**+1.6%**
▪ Biedronka	387,713	*387,537	+0.1%
▪ Hebe	855	1,349	-36.6%
▪ Pingo Doce[76]	62,965	*61,236	+2.8%
▪ Recheio	12,039	*11,642	+3.4%
▪ Ara	28,021	22,234	+26.0%
Private Brand product packaging	**465,188**	***446,065**	**+4.3%**
▪ Paper and cardboard	187,828	*156,505	+20.0%
▪ Cardboard packaging for liquid products[77]	14,949	*13,931	+7.3%
▪ Plastic	132,280	*141,545	-6.5%
▪ Glass	100,257	*110,226	-9.0%
▪ Steel	18,915	*17,017	+11.2%
▪ Other materials**	10,959	*6,841	+60.2%
Service packaging	**10,526**	**10,727**	**-1.9%**
▪ Plastic	7,469	8,071	-7.5%
▪ Paper and cardboard	2,548	2,236	+14.0%
▪ Other materials**	509	420	+21.2%
Other consumption	**15,879**	**27,206**	**-41.6%**
▪ Office paper	802	877	-8.6%
▪ Promotional leaflets	15,077	26,329	-42.7%

Recycled materials (tonnes)	2020	2019	Δ 2020/2019
Recycled materials (packaging*)**	**152,563**	**125,378**	**+21.7%**
▪ Biedronka	121,621	102,289	+18.9%
▪ Hebe	39	18	+116.7%
▪ Pingo Doce[76]	22,341	17,100	+30.6%
▪ Recheio	2,478	2,354	+5.3%
▪ Ara	6,084	3,617	+68.2%
Packaging materials* **			
▪ Paper and card	145,706	122,715	+18.7%
▪ Plastic	6,857	2,663	+157.5%

* Amounts corrected based on updated calculations.
** Includes aluminium, wood and other materials.
*** Includes Private Brand packaging and service packaging.

The consumption of materials per sales volume decreased, despite the absolute increase due to the expansion of our operations. There is also a decrease in the number of promotional leaflets produced by all Companies, resulting in an overall decrease of the paper used by the Company. 2020 saw an increase of

[76] To calculate the environmental indicators reported in this sub-chapter, the Distribution Centres, central buildings and trucks used in the distribution of goods were accounted for at Pingo Doce.
[77] Corresponds to composite packaging used to package products such as juices, milks and creams, and other products.

1.6% in absolute terms and a reduction of 1.9% for every million euros in sales, compared to the previous year.

As regards service and Private Brand products packaging, in 2020 we incorporated at least 32% of recycled materials in our cardboard/paper and plastic packaging – the two materials we use most –, corresponding to around 152,.600 tonnes of these materials, 21.7% more than in 2019. Specifically with regard to paper/cardboard packaging, around 72% of materials used are recycled.

Single-Use Plastics (SUP)

Total consumption (tonnes/million euros)	2020	2019	Δ 2020/2019
Specific value	8.43	*9.28	-9.2%

Total consumption (tonnes)	2020	2019	Δ 2020/2019
SUP consumption by Company	**162,709**	***172,971**	**-5.9%**
▪ Biedronka	119,568	*133,751	-10.6%
▪ Hebe	119	103	+15.5%
▪ Pingo Doce	23,614	*22,723	+3.9%
▪ Recheio	4,933	*4,891	+0.9%
▪ Ara	14,475	*11,503	+25.8%
SUP consumption by category			
▪ Private Brand packaging	132,280	*141,545	-6.5%
▪ Service packaging	7,469	8,072	-7.5%
▪ Check-out bags	8,262	9,833	-16.0%
▪ Pallet wrapping film	2,846	*2,563	+11.0%
▪ Rubbish bags	11,304	10,173	+11.1%
▪ Other SUP**	548	785	-30.2%

* Amounts corrected based on updated calculations.
** Includes cutlery and stirrers for drinks, plates and bowls, cups, straws and cotton buds (all SUP includes Private Brand, exclusive brands and own consumption, with the exception of cotton buds).

Incorporation of recycled plastic in SUP (tonnes)	2020	2019	Δ 2020/2019
Recycled plastic	**16,182**	**10,900**	**+48.5%**
▪ Biedronka	6,222	6,536	-4.8%
▪ Hebe	1	0	-
▪ Pingo Doce	8,714	3,342	+160.7%
▪ Recheio	817	685	+19.3%
▪ Ara	428	337	+27.0%
Recycled plastic			
▪ Packaging*	13,202	8,815	+49.8%
▪ Rubbish bags and other SUP	2,980	2,085	+42.9%

* Includes Private Brand packaging, service packaging, check-out bags and pallet wrapping film.

In terms of single-use plastics (SUP), there was a general reduction, compared to 2019, in almost all categories, with the exception of rubbish bags and wrapping film, as a result of Companies' efforts to anticipate the targets for reducing the consumption of single-use plastic. In 2020, plastic accounted for 31% of all materials that make up the four packaging categories (Private Brand packaging, service packaging, check-out bags and wrapping film), which have already incorporated 13,202 tonnes of recycled plastic, corresponding to 9% of single-use plastic in these categories.

Fighting plastic pollution

In 2020, we replaced the plastic straws of our Private Brand Pingo Doce and Recheio 200 ml milk cartons, produced at our Terra Alegre dairy factory, with paper straws. In early 2021, we did the same with the 200 ml Private Brand juices sold by the Group's Food Distribution Companies in Portugal. This change corresponds to a reduction of 15 tonnes of single-use plastic per year.

The new range of Pingo Doce Private Brand household accessories (e.g. buckets, brooms and mops), launched in 2020, incorporates varying percentages of recycled plastic, thus helping to avoid the consumption of 5.1 tonnes of virgin plastic per year. Also in 2020, Pingo Doce and Recheio doubled the recycled plastic content used in their Private Brand rubbish bags, which are now entirely made of recycled plastic. This change helps to reintroduce more than 1,700 tonnes of post-consumer recycled plastic into the economy per year, thus avoiding the consumption of an equivalent amount of virgin plastic.

At Biedronka, we replaced the plastic straws of two of the banner's Private Brand juices with paper straws, removed the plastics spoons from a yoghurt and replaced the plastic fork offered with a ready-to-eat salad by a wooden fork. In total, this helps to avoid the use of 18 tonnes of single-use plastic per year.

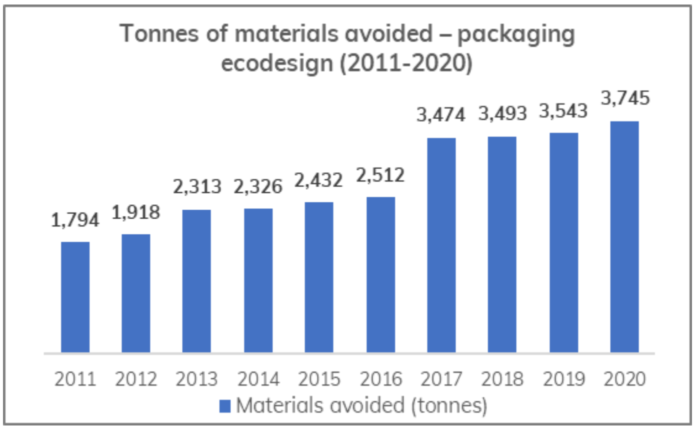
The products in the Pingo Doce, Recheio and Biedronka personal care, cosmetics and detergents categories do not include microplastics (tiny pieces of plastic purposefully added to exfoliants or other cleansing and cleaning products) in their formulations.

See also the feature box on "Packaging ecodesign".

Promoting the Sustainable Use of Materials

Ecodesign of packaging

The Group has been developing several partnerships with its suppliers to reduce the environmental impact and to optimise the costs of the production, transport and management of the packaging waste of our Private Brand products. This is the case of the packaging ecodesign, project which, between 2018 and 2020, aimed at implementing 20 projects per year. In 2020 alone, we implemented 148 packaging ecodesign projects (78 at Biedronka, 36 at Pingo Doce, 14 at Hebe, 10 at Recheio and 10 at Ara).



Since 2011, 534 references have had their packaging redesigned under this project, thus avoiding the use of about 27,500 thousand tonnes of materials. We also introduced 143 products with FSC® certification for its packaging and were able to avoid the emission of around 4,500 tonnes of carbon linked to transporting the products.

Packaging ecodesign – highlights

- In the first half of 2020, Biedronka created guiding pictograms for the separation of packaging waste to raise the awareness among consumers of the importance of properly recycling packaging and its components, launching in April, the first of its Private Brand products labelled with these recycling symbols;
- Biedronka eliminated the PVC used in 44 Private Brand references;
- Pingo Doce launched the Ultra Pro concentrated bleach tablets, thus helping to reduce more than 97% of plastic per liter of bleach;
- Ara reduced the amount of plastic (PET) in the preform of its Private Brand water bottle by 12%, avoiding the use of more than 7.5 tonnes of plastic per year;
- The cardboard of the packaging of 14 Hebe Private Brand references is now FSC® certified, that is, it comes from responsibly managed forests.

Reusable packaging

We strive to reuse materials in our operations wherever possible:

- at Pingo Doce and Recheio, 39.1 million reusable plastic boxes for Perishables were used;
- at Ara, we use reusable transportation boxes for bottled water and Fruit and Vegetables (more than 4.2 million units, 50% more than in 2019);
- at Biedronka, 27.5 million reusable transportation boxes were used for Bakery products.

In all, we avoided using more than 35 thousand tonnes of single-use packaging.

Since 2018 Pingo Doce, in partnership with the New Water Project, has offered its customers a solution to refill reusable plastic bottles. At the end of 2020, the ECO bottle was available in 138 stores, thus avoiding the consumption of 73 tonnes of plastic.

Biedronka and Pingo Doce have launched reusable polyester produce bags to encourage consumers to reduce their use of single-use plastic bags.

Promoting bulk sales

Bulk sales accounted for nearly 51 thousand tonnes of food products at Ara, being available in 548 stores (83% of all stores), where at least one of the products covered are sold (rice, sugar, lentils and beans). The bulk sale of sweets and dried fruits accounted for about 27 thousand tonnes at Biedronka (available in 100% of stores) and 235 tonnes at Pingo Doce (available in 53% of stores).

Reusable check-out bags and solutions

Material used by type of solution	2020	2019	Δ 2020/2019
Reusable paper check-out bags – **tonnes**	**731**	**211**	**+246.4%**
▪ Biedronka	632	99	+538.4%
▪ Hebe	0	0	-
▪ Pingo Doce	99	111	-10.8%
▪ Recheio	0	1	-100.0%
▪ Ara	0	0	-
Reusable bags* – **tonnes**	**7,849**	**9,411**	**-16.6%**
▪ Biedronka	5,546	6,903	-19.7%
▪ Hebe	43	51	-15.7%
▪ Pingo Doce	2,055	2,286	-10.1%
▪ Recheio	5	5	0.0%
▪ Ara	200	166	+20.5%
Plastic check-out bags - **tonnes**	**422**	**423**	**-0.2%**
▪ Biedronka	0	0	-
▪ Hebe	0	3	-100.0%
▪ Pingo Doce	0	0	-
▪ Recheio	0	0	-

Material used by type of solution	2020	2019	Δ 2020/2019
▪ Ara	422	420	+0.5%
*Trolleys – **units***	**31,959**	**31,876**	**+0.3%**
▪ Biedronka	0	0	-
▪ Hebe	0	0	-
▪ Pingo Doce	31,080	25,576	+21.5%
▪ Recheio	444	1,042	-57.4%
▪ Ara	435	5,258	-91.7%

* Includes different sized resistant bags and materials that can be used multiple times.

We started phasing out the use of free plastic check-out bags in our Companies in 2007. In addition, the plastic bags that are now available in Biedronka and Pingo Doce stores contain 85% post-consumer recycled plastic (as against 80% in 2019), thus helping to avoid the use of around 5.9 thousand tonnes of virgin plastic. These plastic bags are "Blue Angel" certified, which is used to distinguish products with a higher environmental performance. In Ara's case, the increase in the sale of plastic bags is linked to the expansion of its operations. The decrease in the quantity of plastic bags coincided with an increase in the sale of paper bags, which reflects its launch in Biedronka stores.

The reduction in the number of trolleys sold in Ara and Recheio stores is likely to be the result of the increased reuse of trolleys to pack and carry products. Pingo Doce saw a significant increase due to the growing preference for reusable carrier bags and the use of trolleys for shopping, prompted by the pandemic situation. In Ara's case, the sale of reusable bags continued to grow as a result of increased customer demand (the fees charged for single-use bags in Colombia has driven the demand for reusable solutions). Also noteworthy is the increased use of post-consumer recycled plastic in reusable bags – by all Group Companies – from an average of around 60%, in 2019, to 74% in 2020, totalling more than 6 thousand tonnes. As regards paper bags, recycled content is 50%, corresponding to 365 tonnes.

5.4.2. Waste Management

In 2020, the Group's businesses produced 522,531 tonnes of waste, 0.7% more than in 2019.

Waste produced (tonnes/million euros)	2020	2019	Δ 2020/2019
Specific value	27.08	27.83	-2.7%

Waste produced (tonnes)	2020	2019	Δ 2020/2019
Quantity by type of waste	**522,531**	**518,712**	**+0.7%**
▪ Cardboard and Paper	320,562	302,422	+6.0%
▪ Plastic	12,386	10,963	+13.0%
▪ Wood	2,119	2,447	-13.4%
▪ Organic	93,441	102,793	-9.1%
▪ Unsorted	79,723	86,567	-7.9%
▪ Cooking Oil and Fats	182	220	-17.3%
▪ Waste from Effluent Treatment	8,850	8,667	+2.1%
▪ Hazardous Waste	648	375	+72.8%
▪ Other Waste	4,620	4,258	+8.5%
Total Amount			
▪ Biedronka	397,070	388,204	+2.3%
▪ Hebe	865	958	-9.7%
▪ Pingo Doce	90,882	97,718	-7.0%
▪ Recheio	6,205	6,624	-6.3%
▪ Ara	25,439	23,049	+10.4%
▪ Agribusiness	2,070	2,159	-4.1%

Fighting food waste

In line with target 12.3 of the Sustainable Development Goals on Responsible Consumption and Production, Jerónimo Martins is committed to, by 2030, reduce by half the food waste[78] generated by its activities. The goal for the 2021-2023 period is to limit the amount of food waste to 16.1 kg per tonne of food sold.

In 2020, food waste resulting from the Group's activities increased by 5% compared to 2019. A total of 16.9 kg of food was wasted per tonne of food sold. This increase is largely due to the significant investment made by our Companies in the Perishables area. These unprocessed products are more sensitive to handling and temperature, and have a shorter shelf life, which contributes to increasing our food waste footprint. In addition, customers adjusted the frequency of their store visits due to the pandemic, also contributing to this increase. Perishables account for about 70% of all food waste in the Group.

Kg of food lost and wasted/tonne of food sold	2020	2019	Δ 2020/2019
Food waste	**16.9**	**16.1**	**+5.0%**
Destination*			
▪ Animal feed and biological processing	2.5	2.5	-
▪ Anaerobic digestion, composting and controlled combustion	10.3	**9.5	+8.4%
▪ Landfill, incineration in wastewater treatment systems	4.1	4.1	-

* According to the World Resources Institute Food Loss and Waste Protocol, food not used for human consumption is considered food waste.
** Amount corrected based on updated calculations.

We have long been developing strategies to reduce food waste and were the first retailer in Portugal to calculate and publicly disclose its food waste footprint. We work together with suppliers and farmers to reduce food waste from the most upstream stage of our operations. One of the initiatives we implemented is the purchase of non-graded food, – the nutritional profile of which is the same as graded products – thereby ensuring these products are integrated into the food chain and reach the consumers' tables. Non-graded food is incorporated into the soups we produce in Portugal and Poland or in 4th range products (washed and pre-cut ready-to-use vegetables) and is also sold at a reduced price in Recheio stores. In 2020, we made sure that over 13,300 tonnes of these products, also known as "ugly" fruit and vegetables, were put into the market.

In our operations, we developed several initiatives, among which:

- the markdown project, launched in 2019 at Pingo Doce and in 2020 at Biedronka, through which food products that are about to expire are sold at discounted prices, helped prevent 4.7 thousand tonnes of food from being wasted in 2020;
- training employees to identify, select and separate safe food to be donated to charities;
- improved management and reuse of food in Pingo Doce stores, such as:
  - bread that can no longer be sold, but which is still safe and suitable for consumption, is ground in store and sold or used to make breaded products for takeaway, thus preventing 187 tonnes of food waste;
  - roasted chicken that is not sold, but which is still suitable for consumption, is shredded and used for pizzas, salads and sandwiches sold at the takeaway counter or in trays as shredded chicken. Piglet meat is also shredded and used for sandwiches. These initiatives helped prevent 98 and 6 tonnes of food waste, respectively;
  - larger fruit (such as melons, watermelons, cantaloupe melons, papayas and pineapple) is cut into halves to avoid waste in stores and in consumers' homes, as it encourages customers to purchase only the desired quantity;
- donation of 18.7 thousand tonnes of food to charities[79], 19% more than in 2019.

Jerónimo Martins Agro-Alimentar sources sub-products from the food industry and non-graded vegetables for incorporation into the cattle feed. In 2020, more than 10.8 thousand tonnes of these products were introduced into animal feed, 20% more than in 2019.

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[78] Food waste values were calculated based on the World Resources Institute's Food Loss and Waste protocol. The calculation assumptions are available under "Responsibility" at www.jeronimomartins.com.
[79] Information about food donations is available in this chapter, under sub-chapter 7. "Supporting Surrounding Communities".

Waste recovery and destination in operations

In 2020, the Group's waste recovery rate stood at 85.8%, up 1 p.p. compared to the previous year. 13.7% of total waste was sent to a landfill.

Waste recovery rate	2020	2019	Δ 2020/2019 (p.p.)
Overall Value	**85.8%**	**84.8%**	**+1.0**
Biedronka	91.7%	90.1%	+1.6
Hebe	76.7%	80.2%	-3.5
Pingo Doce	65.2%	65.4%	-0.2
Recheio	69.3%	74.0%	-4.7
Ara	71.6%	80.2%	-8.6
Agribusiness	96.8%	98.5%	-1.7

Waste management methods	2020	2019	Δ 2020/2019 (p.p.)
Recovery*	85.8%	84.8%	+1.0
Landfill	13.7%	14.7%	-1.0
Incineration (without energy recovery)	0.0%	0.2%	-0.2
Other destinations without recovery	0.5%	0.1%	+0.4

*Includes sending waste for recycling, organic recovery and incineration with energy recovery.

Customer waste recovery

We strive to raise awareness among employees, customers and surrounding communities to the importance of correctly separating waste, and provide the necessary infrastructures[80] to do so at our store networks:

- the network of Pingo Doce recycling bins is available at 425 stores, around 97% of the store network, and the implementation of second-generation recycling bins[81] was extended to 101 stores during 2020;
- 98% of the Biedronka stores have recycling bins for the collection of small electrical appliances, used batteries and, in most of the cases, fluorescent lamps;
- battery collection bins are available to Ara customers at 581 stores (88% of the store network). These bins are also available in all Recheio and Pingo Doce stores;
- at Pingo Doce, the recovery of coffee pods resulted in more than 4,950 euros raised for charities selected by our stores;
- Pingo Doce is a partner in pilot projects to encourage consumers to return PET plastic bottles. Automated collection machines had been installed in seven stores by the end of 2020, resulting in the collection of 1.4 million PET bottles (38 tonnes). We also started collecting aluminium cans at four collection points and glass bottles at one of them installed at the end of the year.

Waste dropped off by customers in recycling bins at stores

Waste collected in stores (tonnes)	2020	2019	Δ 2020/2019
Pingo Doce	**446.81**	**337.56**	+32.4%
Used batteries	5.47	8.98	-39.1%
WEEE[82] (including fluorescent light bulbs)	101.14	76.97	+31.4%
Used Cooking Oil	101.79	99.14	+2.7%
Coffee pods	238.41	152.47	+56.4%

[80] For more detailed information about how many and what type of recycling bins are available to our customers, please refer to the "Responsibility" area at www.jeronimomartins.com.
[81] The second generation of recycling bins are wheeled to make them easier to move. The surfaces are easier to sanitise, the lids have compartments to prevent theft and the size of the different modules, which are smaller than the previous model, enables them to be installed also in smaller stores.
[82] WEEE – Waste Electrical and Electronic Equipment.

Waste collected in stores (tonnes)	2020	2019	Δ 2020/2019
Recheio	**0.00**	**0.34**	-100.0%
Used batteries	0.00	0.34	-100.0%
Biedronka	**253.40**	**283.41**	-10.6%
Used batteries	212.58	146.72	+44.9%
WEEE[82] (including fluorescent light bulbs)	40.82	136.69	-70.1%
Ara	**0.80**	**0.26**	+207.7%
Used batteries	0.80	0.26	+207.7%

In 2020, only Pingo Doce and Ara increased customer waste collection. The total amount of waste collected increased 12.9%, as a result of efforts made, in particular by Pingo Doce, to boost the number of recycling bins available and to carry out customer awareness and information campaigns (e.g. articles in magazines and posts on social media). In Recheio's case, batteries collected in store did not reach a quantity that justified collection. These batteries will be sent for recycling together with those collected from customers in 2021. The amount of WEEE collected at Biedronka decreased given that a significant number is now sent for reconditioning and resale, and, therefore, is no longer considered waste.

5.5. Awareness Campaigns

Recognising the importance of encouraging better individual and collective behaviour to reduce environmental impacts, the Group carried out several campaigns to raise the awareness of its employees, consumers and the community in general. In 2020, the following campaigns are highlighted:

Campaign	Description
"#NiechZyjePlaneta"	As part of the United Nation's "Act Now" campaign, Biedronka, in partnership with a media group, launched the "#NiechZyjePlaneta" initiative to encourage the Polish population to adopt good environmental practices. Monthly challenges and information campaigns were carried out, including the new Gang Fajniaków"[83] loyalty and education campaign, in which lead character Fajniaki teaches children to take care of the environment and to explore nature through a new book available in Biedronka stores and on a new mobile app.
"Cuida tu bolsillo"	Ara launched the "Look after your bag" campaign to encourage its customers to reuse carrier bags.
"Desperdício Zero à mesa com o Pingo Doce"	In September, we launched the recipe book "Desperdício Zero à mesa com o Pingo Doce"[84] (Zero Waste at the dinner table with Pingo Doce), with 500 thousand copies printed. The book encourages consumers to reuse leftover food, improve the way they store and preserve food, and how to correctly interpret expiration dates.
"EcoTips"	On World Energy Saving Day (21 October), Ara launched a campaign on social media and at its Distribution Centres with eco tips on how to save energy. On Clear Air Day (9 November), Ara launched a campaign on social media and at its Distribution Centres with tips to reduce air pollution.
"Eko Słodziaki"	A book entitled "The Sweeties" was launched in all Biedronka stores to celebrate World Environment Day. The book contains six educational stories about protecting the environment. For each book sold on 5 June, 1 zloty was donated to the non-governmental organization *Czysta Polska* towards its "Clean Tatra Mountains" campaign. A total of 193,423 books were sold in the campaign and around 33 thousand euros was donated to this organization.
"Virtual demonstration on the *Miecia* waste truck"	Sponsored by Biedronka, a virtual demonstration was created about the life cycle of plastic inside the Miecia waste truck to raise awareness among consumers of how to properly treat plastic waste. The truck's route included seven Biedronka stores located by the seaside and was visited by 6,240 people.
"Recycle batteries to save the Earth"	The "Recycle batteries to save the Earth" campaign, which Ara held in partnership with Recopila, was launched on Facebook in September to inform customers that Ara had used battery collection bins available at its stores.

[83] For more information, see sub-chapter 7. "Supporting Surrounding Communities"", section 7.5. "Other Support".
[84] For more information, see sub-chapter 4. "Promoting Good Health Through Food"", section 4.2.3. "Promoting Healthier Choices".

Campaign	Description
"Don't throw away your used batteries and equipment. Recycling means helping!"	In partnership with ERP Portugal, Pingo Doce supported this campaign to collect small waste electrical and electronic equipment (WEEE) and used batteries to raise funds for Liga Portuguesa dos Direitos do Animal (LPDA - the Portuguese League for Animal Rights). For every tonne of used batteries and equipment left at stores, 100 euros were donated to LPDA for resources and supplies. A total of 10 thousand tonnes of WEEE and one tonne of batteries were collected.
"Let's fight food waste together"	Biedronka launched the "Razem przeciw marnowaniu" (Let's fight food waste together) campaign to raise awareness about the issue and share tips and tricks to prevent food waste. It also invited non-profit organisations to join Biedronka in this mission, by establishing partnerships for food donations. A dedicated website was created with useful information for different stakeholders and the initiative was promoted in the Company's stores (through posters and LCD displays) and in the media.
"Let's Reinvent Plastic"	Pingo Doce, Recheio, Amanhecer and Recheio MasterChef held a launch campaign of the Portuguese Plastics Pact, to encourage the responsible and sustainable use of single-use plastics. The Group introduced the first phase of the campaign focusing on plastic reduction through digital and in-store communication.

For more detailed information, see the "Responsibility" area at www.jeronimomartins.com.

6. Sourcing Responsibly

6.1. Introduction

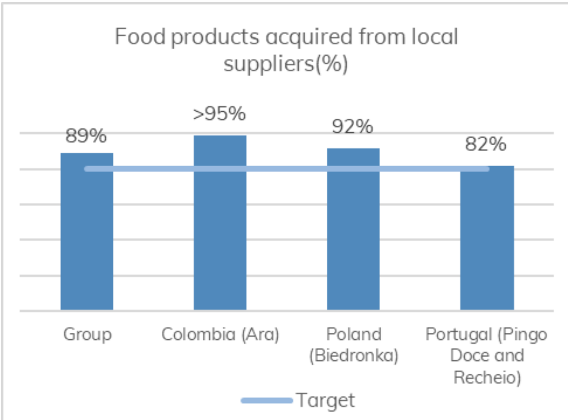
The guiding principles of our sourcing strategy include ensuring the quality and safety of the food we sell in our stores, offering products that encourage healthier eating habits, and working closely with our suppliers, while always contributing to social wellbeing and the sustainability of the entire supply chain. The commitments we make are set out in our Sustainable Sourcing Policy and in the Supplier Code of Conduct[85].

These principles are in line with our strategy of being local in the markets where we are present, which includes preferential purchase from national suppliers in the countries where we operate and also by building close, long-term relationships with these partners. This way, while reinforcing our knowledge of supply chains, we promote the development of local economies, maximising the freshness of the products we offer and minimising the carbon footprint associated with their transportation.

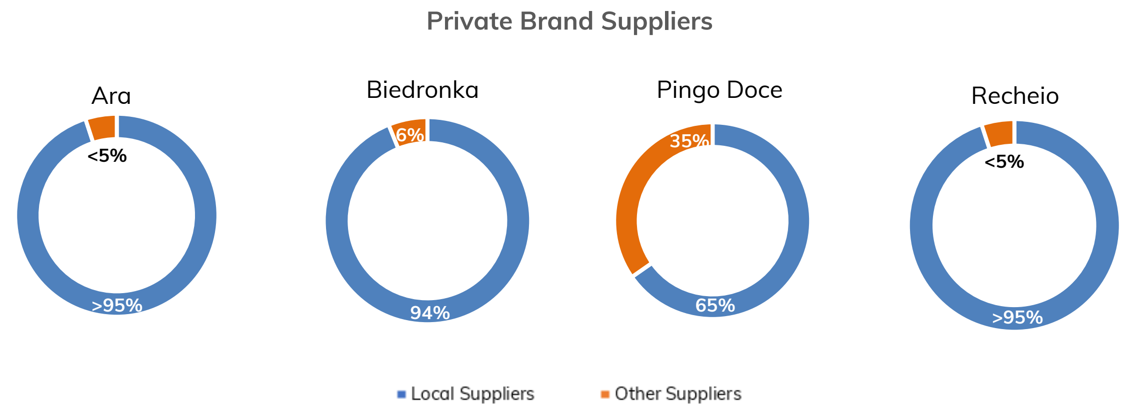
6.2. Supplier Engagement

6.2.1. Promoting Local Sourcing

As part of our preference to buy from local suppliers whenever possible, we aim at ensuring that, on average across the Group, at least 80% of our food purchases come from local suppliers. In 2020, we once again surpassed this goal, as this ratio stood at around 90%. Sourcing from local suppliers is one of the strategies we follow with the aim of reducing greenhouse gas emissions linked to transporting products and promote local development[86].
To raise consumer awareness of locally sourced products, and make local products easier to identify, we use specific marketing techniques, such as stickers bearing the colours of the national flags on Perishables (such as Fruit and Vegetables), labels on all products made using 100% Portuguese raw materials and/or made in Portugal (Recheio), and identify Private Brand products with labels reading "100% Nacional" (100% National – Pingo Doce), "Polski Produkt" (Polish Product – Biedronka) and "Hecho en Colombia" (Made in Colombia – Ara). These products are also identified in the communication materials the Companies promote in stores, leaflets, receipts, television ad campaigns and on their websites.

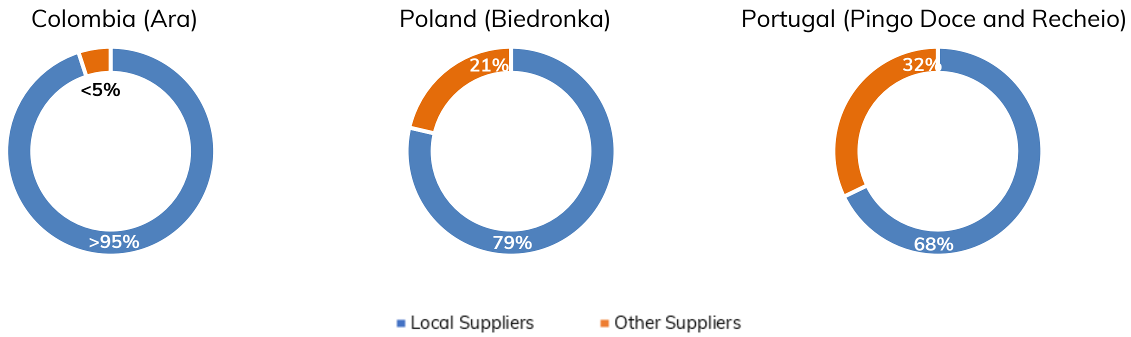


In 2020, the ratio of Private Brand and Perishable products purchased from local suppliers in our Food Distribution chains was as follows:



[85] Available for consultation under 'Responsibility' at www.jeronimomartins.com.
[86] Visit our website to learn more about why we sometimes may need to import products (www.jeronimomartins.com), under 'Responsibility', pillar 'Sourcing Responsibly', sub-section 'Local Suppliers and Innovation'.

Perishables Suppliers[87]



6.2.2. Initiatives with Local Suppliers

We endeavour to support our suppliers through partnerships that promote the increasing integration of sustainability criteria in production processes and the development of traditional varieties. In 2020, the support for national production became even more important in the context of the pandemic.

Poland (Biedronka)

With many Polish producers facing uncertainty, Biedronka implemented the "Czas na wspieranie małych producentów" (Time to Support Small Producers) programme, through which local smallholder producers were invited to supply Biedronka at a regional level. Many of these are not big enough to supply a national-wide company, so some of Biedronka's procedures had to be adjusted to enable the partnerships. Selecting a partner that would ensure transportation of the products to Distribution Centres and providing training on the Company's Quality and Food Safety standards were some of the measures taken. In total, and after 16 April, more than 200 products from 140 local suppliers were added to the offer.

New communication channels were also created to advertise the availability of these products and Biedronka's website now has a section that promotes 100% national Fruit and Vegetables. A total of over 17,500 tonnes of these products were sold, supplied by around 120 farmers from 14 Polish regions. Melons, apricots and peaches – of which around 90 tonnes were sold –, are some of the examples of how the cooperation with local farmers helped to reduce imports.

Strawberries, which are a very important product for the Polish economy, were given particular attention. Biedronka has been working with strawberry suppliers since 2014 to decentralise the distribution network. Because it is a food with a fairly short consumption cycle lifespan, mechanisms were created for direct delivery to Distribution Centres and stores, thereby reducing the time between harvest and marketing. This adjustment in procedure involved, for example, training 25 store employees to be responsible for ensuring quality and food safety or confirming compliance with quality and food safety criteria at the supplier's facilities (thus enabling the strawberries to be taken directly to the stores after arriving at the Distribution Centre). In all, around 1,200 tonnes of Polish strawberries were sold.

Another project involved Biedronka working with local potato growers and potato growers' associations to promote the consumption of native varieties with poor performance in the market. By the end of the year, 410 tonnes of a Polish potato variety were sold.

In the Bakery section, Biedronka continued working with 39 local producers, ensuring the offer of regional products.

Biedronka also expanded its 100% Polish Private Brand milk category, thereby offering a total of 11 references in 2020, representing more than 392 million liters of milk.

[87] Information about the ratio of products purchased from suppliers in each of the Perishables categories (Meat, Fish, Fruits and Vegetables, Bakery and Flowers) is available under the "Responsibility" area at www.jeronimomartins.com.

In an atypical year, the cash flow of many businesses came under pressure, leading Biedronka to implement a measure to bolster the liquidity and financial stability of many suppliers. From 1 June, the payment terms for Polish Fruit and Vegetable growers with a turnover of less than 100 million zlotys (approximately 22 million euros) were reduced to 21 days. More than 40 partners benefited from this support.

In order to involve the entire Polish society in these actions to the protect national economy, in the week of 27 August, Biedronka launched the campaign “Kupuj co Polskie” (Buy what's Polish) to make consumers aware of how they were contributing to the country's economic stability and job creation through their purchases at Biedronka. The payment receipts issued at checkouts began to include, at the end, information on which goods were produced, processed and packaged in Poland, under the message “Dziękujemy za Twoje Wsparcie dla Polskiej Gospodarki” (Thank you for Supporting the Polish Economy).

Portugal (Pingo Doce and Recheio)

In Portugal, and following the sharp economic downturn during the first 45 consecutive days of general lockdown, within a framework of successive emergency state periods imposed by the Government for managing the Covid-19 pandemic, Pingo Doce implemented a special initiative to support national production, making it possible to sell many perishable products that risked being wasted.

As regards beef producers, Pingo Doce contacted the national beef breeds producers’ associations in early April, offering to purchase all cattle available at a price higher than what was being paid for national veal. In mid-April, the Company partnered with four new suppliers and increased to 20 the number of stores selling Barrosã certified meat. In total, the purchases of Portuguese beef from national suppliers amounted to more than one million euros. The Company also increased the purchase of sheep, lamb, sausages, regional cheeses, curd and fresh cheese, and of Portuguese wines from the producers most affected by the pandemic.

Alongside the initiatives involving suppliers, six-week communication campaigns were also held in stores and through leaflets with a “National Products” label on Fruits and Vegetables, highlighting 23 products (from nine fruit and eight vegetable growers). A promotional campaign was also held on television, in stores and through leaflets under the slogan “Nasce e cresce na nossa terra” (Born and grow at home) and “Consigo damos força a Portugal” (Together we can help Portugal) to encourage the consumption of national products. Each week, a specific national product was promoted: lamb, veal, Angus beef, sausages, regional cheeses, wines, wild fish, olive oil, fruit, and other products.

These promotional initiatives resulted in the sale of more than 440 tonnes of nationally produced lamb from over 400 producers, more than 1,600 tonnes of veal from over 1,400 smallholder farmers, more than 700 tonnes of national sausages, and around 120 tonnes of regional sheep milk cheese. In May alone, five million litres of Portuguese wines were sold and our support to national fishermen resulted in the sale of 34.5 tonnes of national black scabbardfish. With regard to fruit, of note was the stone fruit campaign (peaches, nectarines and apricots), of which around 200 tonnes from 17 suppliers were sold.

National certified products were also promoted, in particular the sale of certified “Identificação Geográfica Protegida” (IGP – Protected Geographical Indication) and “Denominação de Origem Protegida” (DOP – Protected Designation of Origin) fruit, with the launch of exclusive national Private Brand references. This was the case of IGP citrus fruits (around 1,500 tonnes of oranges, lemons and mandarin oranges were sold), the DOP Rocha do Oeste pear (more than 1,300 tonnes sold) and IGP apples (we added Gala to the Golden and Starking varieties, with more than 1,600 tonnes of apples sold).

The measure to support small and medium-sized Perishables producers, members of the Confederation of Portuguese Farmers, which was renewed in 2019 for a three-year period, remained in force. This measure is unique in Portuguese retail and consists of bringing forward payment to an average of ten days (instead of the 30 days established by law), without any financial costs to the producer. Since its implementation, in 2012, 372 fruit, vegetable, meat, fish, cold meat and wine suppliers have already benefited from this initiative.

Our 100% national Private Brand milk category at Pingo Doce and Recheio was expanded and, in 2020, increased to 27 references, corresponding to around 64 million litres of milk of this origin.

Recheio launched its "Garrafeira de Excelência" (World-Class Wine Cellar), a project to represent and distribute exclusive brands in the wine sector aimed at identifying small and medium-sized Portuguese producers and combining quality wine projects with Recheio's knowledge and scale, thereby giving them visibility in the HoReCa channel and in traditional retail. The first of these projects was developed with the Costa Boal Family Estates, a producer in Trás-os-Montes and Douro (north of Portugal), with the exclusive distribution in the Portuguese market of seven Denominação de Origem Controlada (DOC – Controlled Designation of Origin) Douro wine references under the Flor do Côa brand, corresponding to a sales volume of over 150 thousand bottles.

Recheio also launched the "Compre o que é Português" ("Buy Portuguese") campaign, in which all products with 100% Portuguese raw materials and/or made in Portugal were identified with a label of approval. In total, more than 4,100 different products from 300 suppliers were sold, corresponding to approximately 240 million euros in sales.

Furthermore, right at the beginning of the pandemic, and as a way of supporting small and medium-sized national suppliers that could be faced with liquidity problems, whether due to sudden decline in turnover or due to the cutting of credit lines from financial institutions, Pingo Doce and Recheio offered a solution for anticipating the receipt of the respective credits. In partnership with a Portuguese financial entity, 100 suppliers were offered the possibility of receiving their invoices, at no cost, on average seven days after they were issued. This financial solution was initially put in place for three months. However, due to the continuing pandemic crisis and its effects, it has been extended and was still in force at the end of 2020.

Colombia (Ara)

Ara continued its collaboration with more than 200 local suppliers (14% more than in 2019), who secured around 950 Private Brand products (7% more compared to 2019). Examples of these initiatives are the 100% Colombian produced Private Brand milks, whose range ended 2020 with five references, resulting in the sale of around 75 million litres of milk from this source.

A project was developed in partnership with BBVA in Colombia, aimed at bolstering the cash flow of 280 Ara suppliers. This project allowed our suppliers to receive early payment on their invoices, at more favourable rates and without affecting their debt rating.

Ara also invested in sourcing locally grown Fruit and Vegetables and the number of local farmers who work with the Company has increased from 38 to 73. Also under this line of action, which helped establish a greater number of direct relationships with farmers, the payment period was reduced from 45 to seven days.

6.3. Promotion of More Sustainable Production Practices

In addition to ensuring compliance with our Quality and Food Safety standards, we also focus on the continuous improvement of the environmental and social production practices in the production of our Private Brands and Perishables, in line with our Environmental and Sustainable Sourcing Policies, and our Supplier Code of Conduct. The aim is to reduce the use of natural resources, reduce the impact on ecosystems and promote and respect the socio-economic development of the locations where we have a direct or indirect presence.

6.3.1. Fighting Deforestation

The destruction of tropical forests is identified as the second largest source of human-caused greenhouse gas emissions and as a major contributor to the loss of biodiversity[88]. Promoting conservation and reforestation helps reduce emissions linked to land-use changes, on the one hand, and to increasing carbon sequestration from the atmosphere, which are decisive actions for limiting the global average temperature rise to between 1.5°C and 2°C[89].

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[88] FAO (2020). The State of the World's Forests. http://www.fao.org/state-of-forests/en. CDP Forests (2019). The Money Trees, available at https://www.cdp.net/en/reports; Pendrill, F., et al. (2019) Agricultural and forestry trade drives large share of tropical deforestation emissions. https://doi.org/10.1016/j.gloenvcha.2019.03.002; Tilman, D., et al. (2017) Future threats to biodiversity and pathways to their prevention. https://doi.org/10.1038/nature22900.

[89] IPCC (2019). Special Report on Climate Change and Land. www.ipcc.ch/srccl.

In fact, agricultural activities are one of the main causes behind deforestation, particularly those related to palm oil – used, for example, in food and personal care products –, to soy – used in food products or incorporated into feed for the production of animal protein products, such as eggs, dairy products, meat and fish –, to beef, and to the wood and paper fibres used in products and packaging.

To help fight deforestation, the Jerónimo Martins Group committed to Zero Net Deforestation by 2020 as part of its membership in The Consumer Goods Forum. Despite progress made, the companies who, like us, have committed to this goal have found that while action on their supply chains is important, it is not in itself enough to bring about the change needed worldwide.

This is why, together with 18 other companies in retail and industry, the Group signed up to the Forest Positive Coalition of Action. This is an action strategy that prioritises supporting activities that do not contribute to deforestation or the loss of ecosystems of high conservation value and efforts to eliminate the violation of human rights, children's and/or workers' rights linked to those commodities. Four key actions areas and a specific strategy were defined for each of the commodities: palm oil, soy, paper and wood, and beef[90]. For Jerónimo Martins, this means:

- ensuring that our Private Brand and Perishable products fall within the criteria of the Forest Positive Coalition of Action, in particular by ensuring that they do not lead to deforestation or the loss of high conservation value ecosystems;
- working with the suppliers of Private Brand and Perishable products and, together with the coalition members, also with the main traders of these commodities to encourage them to make the same commitments in relation to their activities;
- promoting, through multi-stakeholder initiatives, the conservation of these ecosystems in the major areas in which these ingredients are produced;
- defining specific progress indicators and publicly disclosing performance[91].

We have been mapping the direct and indirect presence of these ingredients in our Private Brand and Perishable products since 2014 and we collect information from suppliers regarding their origin and sustainability certification. Our goal is to progressively ensure the sustainable origin of these raw materials.

Main agricultural commodities with deforestation risk in Private Brand and Perishables

Commodity	Total Amount			Quantity sourced from countries at risk of deforestation*		
	2020 (t)	2019 (t)	Δ2020/2019	2020 (t)	2019 (t)	Δ2020/2019
Palm oil	**18,843**	**23,977**	**-21.4%**	**18,843**	**23,977**	**-21.4%**
Total soy	**431,135**	**389,306**	**+10.7%**	**160,334**	**99,705**	**+60.8%**
Soy (direct)	3,472	14,272	-75.7%	583	9,113	-93.6%
Soy (indirect)**	427,664	375,034	+14.0%	159,760	90,592	+76.4%
Total paper and wood	**222,025**	**177,362**	**+25.2%**	**2,273**	**5,261**	**-56.8%**
Paper and wood (product)***	141,853	92,026	+54.1%	877	244	+259.3%
Paper and wood (packaging)***	80,173	85,336	-6.1%	1,397	5,017	-72.2%
Beef	**39,646**	**42,071**	**-5.8%**	**223**	**239**	**-6.7%**

* According to CGF's classification of countries at risk of deforestation for each commodity. As CGF does not have a risk list for palm oil we, conservatively, consider that all palm oil in our products come from countries at risk of deforestation.
** Soy used in animal feed for the production of animal protein contained in products.
*** Includes only virgin fibres. Recycled fibres are excluded.

The global reduction in the use of palm oil is essentially due to its removal in the context of the reformulation of products with the aim of improving their nutritional profile in line with our strategy of action to promote health through food. In addition, the Group is committed to ensuring the sustainable origin of this commodity whenever it is present. In 2020, 100% of the palm oil used in the Private Brand and Perishable products of

[90] The action goals set for each of these commodities are available at: https://www.theconsumergoodsforum.com/environmental-sustainability/forest-positive. The Coalition is working on designing a specific strategy for beef.
[91] As part of our participation in the CDP Forests programme, our action strategy is publicly disclosed and our progress updated, available at www.cdp.net and also under "Responsibility" on our website: www.jeronimomartins.com.

our banners for the Polish and Portuguese markets maintained the sustainable production certification from the Roundtable on Sustainable Palm Oil (RSPO).

In Ara, RSPO certification covers 20% of this ingredient. The reduction of RSPO palm oil in this banner (10 p.p. less than in 2019) is due to a strategy of using palm oil from Colombia and other South American countries in order to reduce the carbon emissions associated with its transportation and promote local development. Since 2019, more than 85% of palm oil incorporated in Ara's Private Brand and Perishable products came from Colombia, a country where less than 30% of total palm oil production has RSPO, ISCC or Rainforest Alliance certification. For this reason, Ara submitted its submission proposal to join the Colombian Government's initiative "Acuerdo de Voluntades para la Deforestación Cero en la Cadena de Aceite de Palma en Colombia" ("Voluntary Agreement for Zero Deforestation in the Colombian Palm Oil Chain") with the aim of contributing to fight deforestation associated with the production of this ingredient in the country, and supported by Proforest, Tropical Forest Alliance and WWF, among other organisations from civil society.

In total, 85% of the palm oil used by the Group in its products has RSPO certification, a reduction of 5 p.p, compared to 2019, as a result of the above strategy.

The increase in soy consumption is largely due to the use of this ingredient in feed for the production of animal protein-based products, such as eggs, milk and meat. In 2020, we saw an increase in sales of these type of products. The reduction of soy used as a direct ingredient is associated with an adjustment of our assortment.

In 2020, we also registered an increase in soy traceability in the supply chain[92]. About 37% of the soy in our products comes from countries at risk of deforestation and our suppliers indicated that 12% of soy from those origins was sustainably certified with Round Table on Responsible Soy (RTRS) or ProTerra, among other certification systems.

For virgin paper and wood fibres present in Private Brand products, there was a significant increase in the consumption of products with this ingredient, such as toilet paper. However, the origin of these fibres from countries at risk of deforestation was fixed at 0.6%, with more than 98% presenting certificates that ensure their origin from sustainably managed forests, such as FSC® or PEFC. In the case of paper and wood used in packaging, about 70% of the fibres are recycled. With regard to the use of virgin fibres in packaging, there was a significant decrease in those coming from countries at risk of deforestation, representing less than 2% of the total. Of these, more than 92% have FSC® or PEFC certification.

Less than 1% of beef is sourced from risk areas. We are active members of the beef working group of the Forest Positive Coalition of Action, alongside the working groups for the other commodities.

[92] Includes the five tiers of soy quantification in the value chain, according to CGF's "Calculation guidelines for the measurement of embedded soy usage in consumer goods businesses", available at: www.theconsumergoodsforum.com.

Raising awareness and fighting deforestation

In 2020, the Group actively contributed to fighting deforestation. Among the various initiatives we carried out, of note are:

- our endorsement, together with around 50 companies and NGOs, of the "EU Smart Mix" position paper from the Tropical Forest Alliance calling for the European Union to adopt measures to protect forests. Jerónimo Martins was the only Portuguese company to join this initiative;
- submission of the proposal for Ara to join the "Acuerdo de Voluntades para la Deforestación Cero en la Cadena de Aceite de Palma en Colombia" (Voluntary Agreement for Zero Deforestation in the Colombian Palm Oil Chain) initiative, promoted by the Colombian government to fight deforestation linked to the production of palm oil in the country;
- the launch, in Portugal, of the first Private Brand products to bear the Roundtable on Sustainable Palm Oil label on packaging, ensuring that the production of the palm oil used in the products does not induce deforestation and respects human rights;
- recognition, for the second year in a row, by CDP Forests of the Group's performance in managing the commodity risk linked to deforestation, including transparency in reporting information. Jerónimo Martins was once again the only retailer in the world to achieve a leadership score of 'A-' for all commodities assessed by CDP – palm oil, soy, beef, and paper and wood – under the "Forests" theme.

We also continue to be members of renowned multi-stakeholder organisations, recognised for their work in fighting deforestation, such as the:

- Roundtable on Sustainable Palm Oil (we have been a member since 2017) to which we annually disclose our progress on sustainable palm oil;
- Round Table on Responsible Soy (since 2019) and to which we report and disclose our progress toward responsible soy use;
- Polish Coalition for Sustainable Palm Oil (PKZOP), created in June 2019 by 12 members from the private sector (including Biedronka), certification bodies and Non-Governmental Organisations with the main objective of certifying 100% of palm oil by 2023.

Supporting reforestation

On 29 June 2020, the Group announced the investment of five million euros in the implementation of a Forest Management Plan in the Açor mountain range, which will involve reforesting a natural heritage that was destroyed by the dramatic wildfires that hit Portugal in 2017. In partnership with the Arganil Town Council, the Coimbra School of Agriculture (ESAC) and common landowners' associations representing about a dozen vacant lots, this initiative aims at replanting and managing an area of 2,500 hectares over a period of 40 years.

The area, previously covered in large part by pine trees, will also be replanted with native species such as cork oaks, chestnut trees, oak trees and arbutus trees. These species, besides being more fire resistant, will promote carbon sequestration from the atmosphere, thus helping to fight climate change. Moreover, the project is designed to generate new sources of income associated with the production of berries, chestnuts, and cork. It also includes a project for silvopasture. The Town Council also believes that the forest regeneration will boost tourism in the region, another source of income and employment.

6.3.2. Sustainable Fishing

In its Sustainable Sourcing Policy[93], Jerónimo Martins established a commitment to ensure that fresh, frozen and tinned fish products sold by the Group's stores would not contribute to the overexploitation, depletion or extinction of the species.

[93] Available for consultation under 'Responsibility' at www.jeronimomartins.com.

Since 2016, and every three years, we have been assessing the conservation status of the fish species we sell (in Perishables and Private Brand products) in all our Companies. Our Sustainable Fishing Strategy[94] is designed based on this assessment and the data provided in the IUCN Red List of Threatened Species[95], and also takes into account the level of stock exploitation, indicated in the assessments carried out by regional scientific bodies (e.g. International Council for the Exploration of the Sea[96] with regard to the North Atlantic Ocean).

We update our strategy whenever a new assessment identifies areas for improvement. This happened in 2020, based on the assessment carried out in 2019 that analysed more than 200 species of seafood.

Classification of risk of extinction according to IUCN	Commitment	Level of compliance in 2020
Critically Endangered	Ban the purchase and sale of species classified at this level of risk and for which there are no specific extraordinary permits. Only the European eel (*Anguilla anguilla*)[97] falls into this risk category and, for this reason, we stopped selling it in 2016.	100%
Endangered*	Ban the marketing of species classified at this level of risk whenever they are not obtained from aquaculture and/or from sustainably managed stocks and/or that do not have a certificate of sustainability (e.g. MSC or ASC). In the assessment performed in 2019, six species were identified as falling into this risk category. The referred measure was subsequently applied.	100%
Vulnerable	Limit promotional activities with species that are classified at this level of risk whenever they are not obtained from aquaculture and/or from sustainably managed stocks and/or that do not have a certificate of sustainability (e.g. MSC or ASC). In the assessment performed in 2019, 17 species were identified as falling into this risk category. The referred measure was subsequently applied.	100%

* Before revising our Sustainable Fishing Strategy, the commitment to this category limited the promotional initiatives of these species, the sale of which is now prohibited when the defined criteria are not met.

6.3.3. Practices to Promote Animal Welfare

The production and sale of Perishables and Private Brand products containing ingredients of animal origin must obey a set of sustainability policies and criteria, applicable to all Group Companies:

- **Growth promoters**: the use of growth hormones is forbidden, and antibiotics can only be used for therapeutic purposes, never preventively, or to promote growth.
- **Stunning**: the stunning of all animals prior to slaughter is compulsory, with more than 95% of animals stunned, with the exception of certified religious rituals[98] (less than 5%).
- **Animal testing:** we do not allow animal testing in the development of our products. The exception resides in animal food products – in which sensory tests are performed to assess the level of satisfaction of a specific target papulation – and also in products aiming at controlling or eliminating parasites and/or super-populations that might be sources of contamination or disease (e.g. insects).
- **Biotechnology and Genetically Modified Organisms (GMO):** our Genetically Modified Organisms Policy[99] is built on the principle that no transgenic additives or ingredients are used, whether animal or plant derived. The Group Companies undertake to:
  - cooperate with suppliers in order to understand the production processes and assess the safety and quality standards implemented;
  - regularly carry out laboratory analyses, using independent and accredited entities;
  - ensure that suppliers can identify and trace GMO in the cases where it is not at all possible to replace them;

[94] Available under "Responsibility", pillar "Sourcing Responsibly", sub-section "Sustainable Fishing" on our website (www.jeronimomartins.com).
[95] More information available at www.iucnredlist.org.
[96] More information available at www.ices.dk.
[97] Although the European eel is produced from aquaculture, these production systems rely on the collection of "young" specimens (glass eels) from natural environments, which puts pressure on wild populations.
[98] For example, Halal or Kosher certifications.
[99] Part of our Quality and Food Safety Policy and available under the "Responsibility" area at www.jeronimomartins.com.

- should any GMO be present, guarantee that consumers have the right to transparent, accurate information about its presence on the product labelling, such disclosure being carried out in strict compliance with the limit applied by the Group, of a maximum of 0.1% (the method's quantification limit). The limit allowed under European law is 0.9%.

In order to ensure compliance with these principles, we regularly carry out laboratory tests, as well as quality and food safety audits of our suppliers and the slaughterhouses used by the Group's Companies in Portugal, Poland and Colombia. Animal welfare issues are also included on the agenda of each of the Companies' Sustainability Committees so as to define action strategies, monitor performance indicators, and identify opportunities for continuous improvement.

Dairy and meat production practices

To promote more sustainable production practices, we have been introducing products that meet animal welfare criteria above the benchmark, while simultaneously raising consumer awareness of these differentiating factors on product packaging.

Free-range chicken

Biedronka	Pingo Doce
All stores sell free-range chickens that are 100% raised in Poland, without the use of antibiotics and which are given non-GMO feed. These chickens have ten times more space to grow than conventional chickens. With an average density of less than 30 kg/m^2, chickens have access to the outdoors and a minimum slaughter age of 70 days (against the market average of 56 days). With the launch of three new products (e.g. legs, thighs and cuts for soup), we extended the offer to all regions of Poland in 2020. More than 2,300 tonnes of chicken were sold, 16% more than in 2019.	The Pingo Doce free-range chicken – 100% raised in Portugal – is a slow-growing breed of chickens, with a minimum slaughter age of 81 days. They are raised outdoors with a maximum density of 25 kg/m^2, and their feed is mainly cereal-based (minimum of 70%). This product is certified by SGS, an independent external body, and its specifications were approved by the General Directorate for Agriculture and Rural Development. A total of 11 products with these characteristics were marketed (e.g., thighs and cuts for soup), with over 4,400 tonnes sold.

Pork products

Pingo Doce has been increasing its offer of pork products with the following characteristics:

- **"Porco.pt"**: this certified meat is 100% produced in Portugal, thus ensuring, among other things, an animal density below that required by law and cereal-based feed. Over 1,100 tonnes of this product were sold in 2020.
- **Private Brand smoked food**: we continued to offer nine references of black pork sausages in our assortment (six at Pingo Doce and three at Recheio). All produced in Portugal, in the Alentejo region, the animals are reared in extensive pastures and outdoors. Pingo Doce also continued to offer Private Brand *Duroc* serrano ham in its assortment, whose production and slaughter processes are animal-welfare certified by an independent, external entity. In all, more than 23 tonnes of these products were sold, over 50% more than in 2019.

Beef and dairy products

In our operations in Portugal, animal welfare criteria are included in contract specifications for:

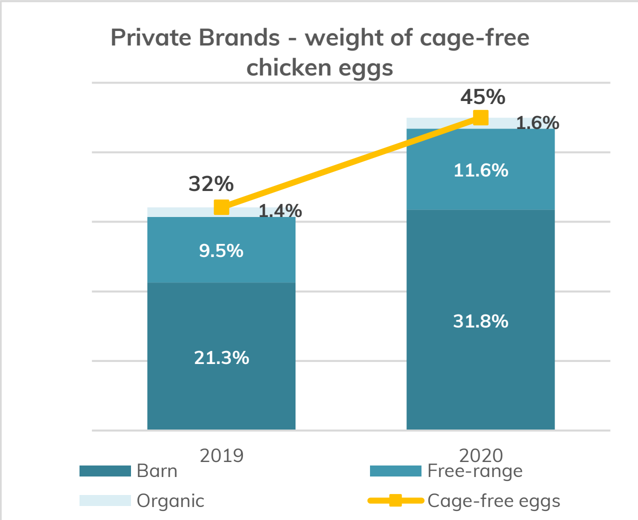
- calves sold: such as the absence of wounds and signs of thirst or malnutrition;
- Aberdeen Angus beef: in particular the ban on transporting cattle for more than eight hours or the use of tranquillisers;
- Organic veal: included in 12 references that are animal welfare certified. Organic livestock are constantly grazing outdoors. During the year when pastures are available, the animals are left grazing. In seasons when they graze less, they are given organic feed.

The entire range of Pingo Doce fresh milk is produced in Portugal and was the first on the Portuguese market to be certified in animal welfare under the Welfair™ protocol, with the AENOR label. The protocol is built on four basic principles: feed, ambient conditions, health and proper animal behaviour. At the same time, 77% of producers that supply the Terra Alegre dairy factory were also certified animal welfare approved. The factory itself is also certified and is, therefore, authorised to use the label on its products.

Cage-free chicken eggs

In 2017, the Group set a goal to eliminate the sale of fresh eggs from caged hens under the Companies' Private Brands by 2025. The production of cage-free chicken eggs follows a set of animal welfare criteria and requires, for example, a larger area available per hen, straw bales scattered around for the animals to peck at, and greater freedom of movement, among other criteria. For nearly three years, we have worked together with our suppliers to help them gradually adapt their facilities to these production criteria and to implement our Quality and Food Safety procedures. We have also identified suppliers who help to ensure the offering of these products in our assortment, taking particular account of the need to adapt our supply procedures to their responsiveness. At the same time, we hold promotional and awareness-raising campaigns to inform our customers of the benefits, in terms of animal welfare, of cage-free chicken eggs.

At Pingo Doce, this goal was achieved in 2019, with the Private Brand offering only eggs laid by hens raised according to organic, free-range or barn production methods, that is, cage-free[100]. At Biedronka, all eggs sold in 2020 were marketed under its Private Brand and 40% were obtained using the following production methods: barn eggs, free-range eggs and organic eggs. At Recheio, barn eggs were sold under the Amanhecer and MasterChef Private Brands (the latter only from 2020). In 2020, 45% of Private Brand eggs sold by the Group's Companies were cage-free, 10 p.p. more compared to 2019.



Moreover, and whenever possible, we seek to incorporate this criterion for eggs used as ingredients in Perishable and Private Brand products. In 2020, four new Pingo Doce and eight Biedronka Private Brand references were launched.

Biedronka reaches target early

In December 2020, Biedronka accepted an ambitious challenge to bring its commitment of only selling cage-free chicken fresh eggs forward to 31 December 2021 – four years earlier than initially planned. Warsaw was the first region in which this commitment was implemented, on 1 January 2021, having received no further deliveries of fresh eggs from caged chickens. In 2019, 25% of fresh eggs sold in Biedronka came from cage-free systems (organic, free-range or barn).

Biedronka was also the only Company in the Group to extend the commitment to the supplier brands that may be introduced into its assortment.

Practices at Jerónimo Martins Agro-Alimentar

With the strategic purpose to support the Food Distribution operation, the Group created Jerónimo Martins Agro-Alimentar (JMA) to ensure direct access to sources of supply of strategic Perishable and Private Brand products for Pingo Doce and Recheio, in particular the production of Aberdeen Angus beef, milk, cream and butter, and sea bream and sea bass from aquaculture.

[100] Cage-free eggs include the following production method: type 0 – organic eggs, type 1 – free-range eggs, and type 2 – barn eggs.

Additionally, JMA entered a new Fruit and Vegetable production area in 2020, having carried out a successful test production of melons, cantaloupes, watermelons and pumpkins in partnership with a local producer.

As part of JMA's operations, we promote animal welfare practices above the benchmark.

Aquaculture production of sea bass and sea bream

- **Vaccination:** 100% of fish;
- **Habitat:** open sea, allowing fish to grow in their natural environment;
- **Animal density:** 15 kg/m^3 or less;
- **Oxygen concentration in water:** more than 6.5 mg/l;
- **Mutilation:** 100% of the animals are not subject to these practices (e.g. cutting of fins);
- **Use of "Dyneema" nets:** which cause less friction because they are more flexible, thus reducing pain and scale loss during the fishing process.

Aberdeen Angus beef

- **Animal density:** 6.5 m^2 or more per animal (more than double the recommended 3 m^2);
- **Ambient conditions:**
  - daily replacement of fresh straw for bedding;
  - grouping of animals by weight and sex to reduce competition and stress;
  - use of flooring made of grooved concrete or rubber to prevent animals from slipping and getting hurt;
  - compliance with the recommendations of the Grandin Livestock Handling Systems' Standard Welfare Scheme.

Dairy Farm

- **Animal density**: at least one bed per cow and 0.6 m of feeding space is provided;
- **Ambient conditions:**
  - all animals have access to automatic massage brushes;
  - ambient music played to reduce stress;
  - collars to monitor the activity of all animals which analyse their behaviour, naturally identify when they are in heat, avoiding the use of reproductive hormones. These collars also detect changes in behaviour, thus enabling the early detection of pathologies and contributing towards the animals' welfare and a reduction in the use of drugs;
  - automatic cooling system that activates fans and sprinklers to cool the animals.

Characteristics shared by the dairy farm and Aberdeen Angus beef production operations

- **Vaccination:** 100% of animals are vaccinated and dewormed;
- **Mutilation and freedom of movement:** 100% of the animals are not subject to these practices (e.g. tail docking and dehorning) and have freedom of movement (they are free from chains);
- **Training:** all employees that handle the animals are trained in animal welfare;
- **Ambient conditions:**
  - automatic cooling systems that activate fans for ventilation and to reduce the amount of ammonia in the air, and which help to dry the straw of animal bedding, thus ensuring animals are comfortable. Straw consumption is estimated to have been reduced by around 30%, leading to a lower production of manure;
  - the use of electronic shocks, sticks or any system that may hurt the animals when being moved or handled is forbidden;
  - animals are fed a diet of silage and fodder, thus contributing to their rumen health and increasing their comfort and wellbeing. The corn silage is supplied by local producers or our production units. Non-graded vegetables (e.g. sweet potatoes and carrots) and sub-products from other food industries (e.g. pressed tomatoes and brewer's grain) are also used. The food is supplemented by feed adapted to each stage of the animals' growth phase, accounting for around 30% of dietary requirements.

Animal welfare certification

JMA's animal welfare practices in beef production and at its dairy farm were recognised in 2020, as were those implemented by Terra Alegre (a factory that produces milk, cream and butter).

The Aberdeen Angus beef production units and the dairy farm renewed – with no non-conformities – their independent external certification on the Responsible Reduction of Drug Use, receiving an overall '100%' score. This certification ensures that antibiotics are only used for therapeutic purposes. The Welfair™ animal welfare certification of these units was also renewed, in accordance with the European Welfare Quality and AWIN® protocols.

Terra Alegre obtained Welfair™ certification, ensuring that the products it produces, specifically Pingo Doce's semi-skimmed and low-fat fresh milk and semi-skimmed lactose-free fresh milk, fulfilled the protocol's animal welfare criteria regarding space, comfort, quality feed, health and no stress.

JMA maintained its cooperation agreement with the University of Évora to conduct research and support education. The areas covered by the agreement include animal welfare, nutrition and animal health, improving environmental indicators, efficient use of water and energy, agricultural production, land use and improvement, and the recovery of cork wood forests.

6.3.4. Certified Products

We also endeavour to introduce certified sustainable Perishable and Private Brand products and packaging into the market aimed at promoting good production practices and raising consumer awareness.

Perishables and Private Brand Products with Sustainability Certification

Certification	SKU number												Δ 2020/2019
	2020						2019						
	Ara	BDK	Hebe	PD	RCH	Total	Ara	BDK	Hebe	PD	RCH	Total	
Organic*	0	122	0	117	0	**239**	0	***140	0	***95	0	***235**	+2%
FSC/PEFC /SFI**	11	70	17	131	57	**286**	5	***32	1	***89	***51	***178**	+61%
Fairtrade/UTZ/ Rainforest Alliance	0	41	0	14	3	**58**	0	***94	0	6	0	***100**	-42%
MSC	0	19	0	0	0	**19**	0	***23	0	0	0	***23**	-17%
Dolphin Safe	3	0	0	7	6	**16**	3	0	0	6	6	**15**	+7%
EU Ecolabel/ Blue Angel	0	3	0	17	4	**24**	0	2	0	6	1	**9**	+167%
V-Label	0	0	0	2	0	**2**	0	0	0	2	0	**2**	0%
KAT	0	2	0	0	0	**2**	0	2	0	0	0	2	0%
RSPO	0	0	0	5	5	**10**	0	0	0	0	0	0	n.a.
Welfair™	0	0	0	3	0	**3**	0	0	0	0	0	0	n.a.
Total	**14**	**257**	**17**	**296**	**75**	**659**	**8**	*****293**	**1**	*****204**	*****58**	*****564**	**+17%**

* These products are developed according to the rules of organic production, certified by an independent, external body and bear the European Union logo, which ensures compliance with the Community Regulation for Organic Farming.
** Figure includes products with this certification and/or packaging material with this certification.
*** Figures corrected as a result of external verification.
Note: A certain product may have more than one certification system (e.g. organic certification and FSC). BDK: Biedronka, PD: Pingo Doce, RCH: Recheio.

In 2020, there is an increase in the number of Private Brand and Perishables references with sustainability certification, compared to 2019, due to a reinforced certification of packaging and products with FSC®, PEFC or SFI. We now have ten references with RSPO certification on the packaging, ensuring that the palm oil in these products is not linked to deforestation practices or human rights violations. Welfair™ certification was also introduced in three references of the Pingo Doce fresh milk, guaranteeing the dairy cows' animal welfare.

6.3.5. Promoting Sustainable Farming Practices

In 2013, we embarked on a collaborative partnership with our fruit and vegetable suppliers in Portugal to promote good farming practices. In the first phase we evaluated 15 of our suppliers' most relevant farms as to their land use practices and local biodiversity conservation, water and energy consumption practices, responsible use of fertilisers and plant protection products. Based on this evaluation, we designed the Sustainable Agriculture Handbook, which lists a set of best practices for each of the areas assessed and helps users calculate their sustainability index. In addition to distributing this handbook to suppliers and farmers, we also provided access to training.

This sustainability index was applied in 23 new farms belonging to 20 Portuguese suppliers, bringing the total to 121 farms assessed since the project was launched, with 63 suppliers involved, representing around 50% of the Fruit and Vegetables purchasing volume from our suppliers in Portugal. Also in 2020, the sustainability index was recalculated by 20 farmers for 30 farms, with a sustainability index increasing from 3.61 to 3.69 (on a scale of 1 to 5, in which 5 is the maximum score).

In Poland, we finalised the adaptation of texts and the methodology of the Sustainable Agriculture Handbook in collaboration with local suppliers who represent various types of agricultural production. The goal is to continue including new farms and ensuring an average sustainability rate of at least 3.7 for farms with two or more assessments carried out.

Moreover, at Jerónimo Martins Agro-Alimentar, more precisely at Best Farmer[101], we invested in regenerative agriculture where land and biodiversity are the main focus. We sow biodiverse pastures and use reduced tillage techniques in the crops, such as direct sowing and minimum tillage. These practices promote sustainability through carbon sequestration, increase soil organic matter and improve soil water retention capacity.

Organic grape production

In 2020, Jerónimo Martins Agro-Alimentar announced a new partnership for the production of seedless organic grapes, through the company Outro Chão. With the first harvest expected in 2024, regular supply to the Group's stores should begin in 2025. This will help improve our offering of organic products in the Private Brand and Perishables area. The partnership aims at ensuring organic production and at prices that all consumers can afford.

6.4. Selection and Monitoring of Suppliers

Selecting and working with suppliers and service providers implies complying with the legal and ethical principles reflected in our Sustainable Sourcing Policy, Supplier Code of Conduct and the Jerónimo Martins Group's Code of Conduct[102]. The Group reserves the right to terminate business relationships if our suppliers and/or their suppliers fail to comply with these principles and when they are unwilling to implement a corrective action plan. We are also committed to collectively eradicating forced labour[103] across our supply chains and to offering dignified working conditions, supporting the Priority Principles of The Consumer Goods Forum: every worker should have freedom of movement, no worker should pay for a job and/or be indebted or coerced to work.

6.4.1. Supplier Audits

We audit Perishables and Private Brand suppliers in Colombia, Poland and Portugal to ensure compliance with our Corporate Responsibility Policies and to follow-up on the management of their processes, management systems and product formulation. Environmental and social audits also include our service providers.

[101] Best Farmer is the Jerónimo Martins Agro-Alimentar business unit responsible for the production of Aberdeen Angus beef and for milk production at the dairy farm.
[102] Available for consultation under the "Responsibility" area at www.jeronimomartins.com.
[103] As defined by the International Labour Organization at www.ilo.org.

Quality and Food Safety Audits

These audits mainly cover the monitoring of development and production criteria, and also include aspects related to environmental and labour requirements. The environmental requirements, which also include criteria associated with water, effluent and waste management, carry a weight of 5% in the selection audits of non-food Private Brand and Perishables suppliers (in all countries where we are present[104]). With regard to labour requirements, which carry a weight of up to 10%, audits assess aspects such as health and safety working conditions, training, the use of appropriate clothing, hand washing equipment, rules of conduct and personal hygiene, the existence of adequate social areas, changing rooms and employee bathrooms.

Each supplier is regularly reassessed at predefined intervals based on the score they obtained previously and audited at least once every 18 months. An initial selection assessment is performed for new suppliers. Audit intervals are defined based on the risk assessment of products and suppliers, the result obtained in the previous audit and their performance over time (e.g. outcome of analytical control or complaints) and are carried out every six months for those who obtain a score of 'Basic', every 12 months for a score of 'High', and every 18 months when a performance score of 'Excellent' is achieved.

For international suppliers, when a product risk assessment (composition and potential risk of contamination) is low, audits can take the form of the monitoring of food safety system certification as approved by the Global Food Safety Initiative, in particular British Retail Consortium (BRC), Global Good Agricultural Practices (Global G.A.P.), HACCP/Codex Alimentarius, International Featured Standards (IFS), Food Safety System Certification (FSSC) 22000 or ISO 22000.

We also continued to audit Perishables suppliers in the meat category, in which animal welfare criteria carry a weight of 29% in the assessment. The criteria are defined based on the Global G.A.P. standard and laws in force, and cover aspects such as density, the condition of facilities, lighting and other aspects. In 2020, we assessed 93 suppliers/farms. Whenever necessary, corrective action plans are drawn up, the progress of which we monitor together with the suppliers.

Audits of Perishables and Private Brand Suppliers*

Portugal	2020	2019	Δ 2020/2019
Perishables	915	870	+5.2%
Private Brand – Food and Non-Food	119	249	-52.2%
Poland			
Perishables	147	154	-4.5%
Private Brand – Food and Non-Food	467	453	+3.1%
Colombia			
Perishables	101	160	-36.9%
Private Brand – Food and Non-Food	125	182	-31.3%

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

The variation in the number of audits carried out in Portugal[105] and Poland is associated with the performance of suppliers in previous audits. In Colombia, the decrease in the number of Private Brand and Perishable audits is due to a decrease in the number of new suppliers and, consequently, a lower number of follow-up audits.

Environmental Audits

Environmental audits, conducted by an external entity, aim at ensuring compliance with our additional environmental performance requirements. These audits assess around 100 requirements, divided into nine areas: water, energy, waste, liquid effluents, atmospheric emissions, noise, hazardous substances,

[104] For the other suppliers – Food Private Brand in Colombia, Poland and Portugal –, and if approved in Quality and Food Safety audits, we assess their level of compliance with environmental requirements. For more information, see the sub-section on "Environmental Audits" under this sub-chapter.
[105] In Portugal, more than 50% of Private Brand suppliers obtained the 'Excellent' rating in 2019, justifying the reduction in the number of audits in 2020.

environmental risks, and environmental management systems. There are four compliance levels[106] (Excellent, Good, Satisfactory and Inadequate) based on the final average obtained in the nine areas.

Suppliers and service providers are selected based on the Group's purchasing volume and on the relevance of the environmental impacts of their business. In 2020, we audited 57 of our Companies' Perishables and Private Brand suppliers[107] and we also audited a total of 40 service providers in Portugal (20) and in Poland (20).

Overall Performance of Environmental Audits of Perishables, Private Brand and Exclusive Brand Suppliers (2017-2020)

Overall performance of Environmental Audits of Service Providers (2017-2020)

All service providers and suppliers with a rating of 'Inadequate' and/or who do not fully comply with the defined critical requirements are given a corrective action plan, which they must implement within a maximum of six months. The Group reserves the right to suspend cooperation in cases where the corrective action plan is not fulfilled, the level of implementation of which is assessed in a second audit conducted the following year.

In 2020, we also redefined how we assess the level of compliance with environmental requirements by new suppliers approved during the year to supply Private Brand food products (to our Companies in Portugal, Poland and Colombia) or Perishables (to our Companies in Portugal). In the year under review, this initiative covered 158 suppliers in the aforementioned business areas in 2020 and included an assessment of requirements related to environmental certification and environmental management aspects (e.g. water, packaging, effluents, waste, atmospheric emissions, and substances that cause harm to the environment and human health). In 2021, it will be expanded to include all new Private Brand and Perishables suppliers.

Social Audits

Social audits are designed to monitor and ensure compliance with national and international laws and international benchmark best practices for the various sectors of activity established under the Sustainable Supply Chain Initiative by The Consumer Goods Forum. Audits are carried out by an independent, external entity that assesses 120 requirements in 12 areas:

- preventing child labour;
- preventing forced labour;
- preventing discrimination;
- safeguarding the right to freedom of association;
- contractual terms;
- working hours;
- salaries and benefits;
- health and safety at work;
- emergency preparedness;
- monitoring compliance;
- business ethics;
- protecting human rights.

[106] Assessment scores are determined as followed: i) Excellent: compliance with 100% of the critical requirements and compliance with more than 94% of the 'Satisfactory' level requirements, plus a compliance of between 71% and 85% with the 'Good' level requirements and at least 70% of the 'Excellent' level requirements, or compliance with 100% of the critical requirements and the existence of a certified environmental management system; ii) Good: compliance with 100% of the critical requirements and compliance with between 85% and 94% of the 'Satisfactory' level requirements, plus compliance with 70% of the 'Good' level requirements; iii) Satisfactory: compliance with 100% of the critical requirements and compliance with between 70% and 84% of the 'Satisfactory' level requirements and; iv) Inadequate: non-compliance with one or more critical requirements and/or compliance with less than 70% of the 'Satisfactory' level requirements.

[107] Ara, Biedronka, Pingo Doce and Recheio suppliers were audited.

There are four compliance levels[108], based on the final average obtained in the 12 areas: Excellent, Good, Satisfactory and Inadequate.

In 2020, it was possible to carry out on-site and remote audits in view of the exceptional conditions of travel restrictions and physical presence at the suppliers' production sites. We audited 35 suppliers based on their turnover:

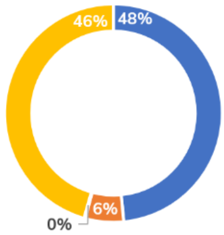
- 33 direct suppliers with units producing Perishables and Private Brand categories (food and non-food). The local suppliers of our Food Retail Companies were audited in Portugal, Poland and Colombia, as were suppliers located in Spain;
- Two indirect exclusive brand suppliers (non-food) with operations in Poland and China.

Suppliers with a score of 'Satisfactory', 'Good' and 'Excellent' but who still have partial non-conformities with general requirements are given a corrective action plan, which is discussed and must be implemented within a maximum of 12 months, depending on the severity. During this period, additional contact is established with the supplier to confirm the implementation of the plan, and, when needed, to ensure subsequent audits.

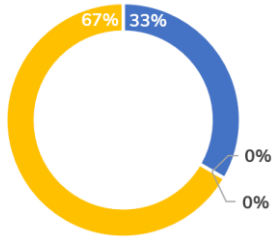
Suppliers with a score of 'Inadequate' are regularly contacted for up to six months to confirm the implementation of a corrective action plan. An *in loco* or a remote assessment is performed the following year for further evaluation. In the absence of evidence of progress, we reserve the right to suspend the business relationship.

Six suppliers were also audited, which in 2019 had been classified as 'Inadequate', with the below classification. During 2021, we will maintain the same procedure for monitoring and verifying corrective actions.

Overall Performance of Social Audits of Perishables, Private Brand and Exclusive Brand Suppliers (2020)



Overall Performance of Social Reaudits of Perishables, Private Brand and Exclusive Brand Suppliers (2020)



■ Excellent ■ Good ■ Satisfactory ■ Inadequate

6.4.2. Supplier Awareness and Training

To encourage the continuous improvement of products and processes, we hold awareness campaigns and offer training for our business partners in Colombia, Poland and Portugal.

In 2020, we held several training sessions and meetings focusing on Quality and Food Safety, which were attended by 270 suppliers. We strengthened our relationship with suppliers, especially in areas where the cooperation, process efficiency and the development of innovative products can be improved.

Following several workshops held in the end of 2019, with the participation of Polish suppliers and some of the Portuguese and Colombian suppliers, two additional workshops were held in Portugal in the scope of the Sustainable Farming project, focusing on "Water" and "Protecting Crops", attended by 48 Fruit and Vegetables supplier representatives. Another two sessions on environmental and social audits were held for 42 Portuguese and Colombian suppliers.

[108] Assessment scores are determined as followed: i) Excellent: compliance with 100% of the critical requirements and compliance with more than 94% of the 'Satisfactory' level requirements, plus a compliance of between 71% and 85% with the 'Good' level requirements and at least 70% of the 'Excellent' level requirements, or compliance with 100% of the critical requirements and the existence of a certified environmental management system; ii) Good: compliance with 100% of the critical requirements and compliance with between 85% and 94% of the 'Satisfactory' level requirements, plus compliance with 70% of the 'Good' level requirements; iii) Satisfactory: compliance with 100% of the critical requirements and compliance with between 70% and 84% of the 'Satisfactory' level requirements and; iv) Inadequate: non-compliance with one or more critical requirements and/or compliance with less than 70% of the 'Satisfactory' level requirements.

7. Supporting Surrounding Communities

7.1. Introduction

The Group's almost 4,300 food stores, spread across more than a thousand cities, towns and villages in Poland, Portugal and Colombia, contribute every day towards fighting hunger and malnutrition, while also helping to break cycles of extreme poverty and social exclusion. As an active member of our surrounding communities, we endeavour to support society's more vulnerable groups: the elderly and underprivileged children and young people[109].

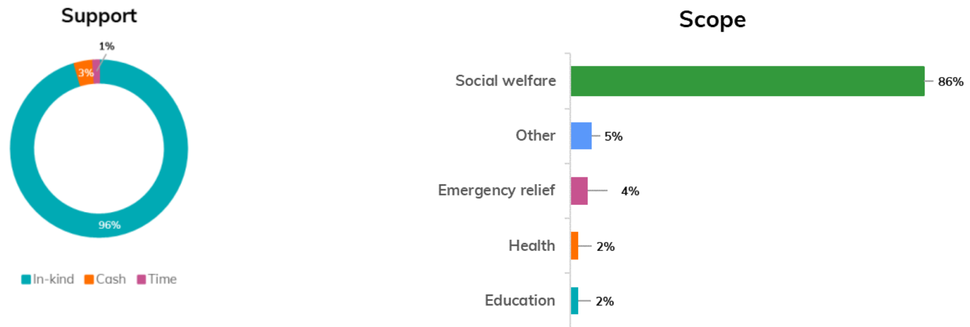
We also support projects that promote healthy eating and lifestyles, as well as writing and reading habits, to raise awareness for the importance of cognitive and cultural development, particularly among younger generations. At the same time, we also strive to promote and encourage initiatives to support communities in other areas, including environmental preservation, education and culture, entrepreneurship and human rights.

7.2. Managing the Policy on Supporting Surrounding Communities

Aware that all resources are scarce considering the multiple needs that exist, the actions we support and/or promote are monitored and assessed as to their impact, with a view to an efficient allocation of resources to projects covering the largest possible number of people and/or generating the highest and best outcomes. Besides carrying out follow-up visits to the institutions with which we have entered into cooperation agreements, to perform *in loco* checks of the quality of the infrastructures and service provided for the people supported, we also measure whether or not the desired social changes have occurred and if so, how.

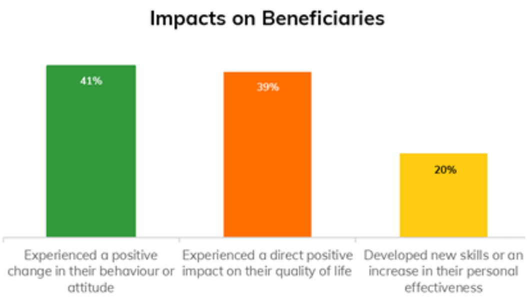
To this end, we apply the criteria implicit to the social impact assessment method from the London Benchmarking Group (LBG), of which the Group has been a member since 2011. In 2020, we measured the impact of investing around 34.7 million euros[110] in support allocated to 219 organisations which, in turn, is estimated to have reached more than 1 million people. This amount includes both food and monetary donations, channelled mainly into the supporting areas of social well-being, social emergency, health and education.

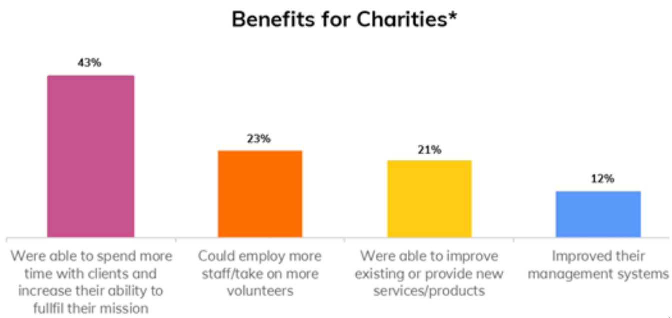
Social Impacts' Measurement



Most of the beneficiaries questioned by the institutions reported positive impacts in their behaviour and on their quality of life. The institutions also confirmed that the support provided by Jerónimo Martins and its Companies had enabled them to spend more time with clients, bettering them to fulfil their mission and to employ more staff or take on more volunteers, among other benefits.

[109] Our Policy on Supporting Surrounding Communities is available on our corporate website under Supporting Surrounding Communities.
[110] This sum refers to the activities/projects measured involving institutions and their beneficiaries supported by the various Companies, with a minimum starting level for obtaining any significant data on social impact. It does not, therefore, reflect the total amount of support provided by the Jerónimo Martins Group.





* Total percentage may not correspond to 100% due to rounding up of each parcel

Over the course of 2020, 42 employees of Companies based in Portugal participated in professional on-the-job training programmes, through Escola de Formação Jerónimo Martins (Jerónimo Martins Training School), totalling 28,951 hours of tutoring, equivalent to a value of about 365 thousand euros. The decrease in the number of employees involved, volunteering hours and value compared to 2019 (54%, 48% and 55%, respectively) is caused by the pandemic, which forced training with tutors to be suspended for several weeks, as our teams' priority was focused on keeping employees safe.

The global report on the key indicators relating to community support, based on the LBG model, is available on our corporate website (under Supporting Surrounding Communities), and is verified by an external and independent entity.

7.3. Direct Support

The Group's direct support is primarily focused on two dimensions: (1) offering food products to institutions that work to fight hunger, malnutrition and extreme poverty and (2) providing monetary support to organisations carrying out educational work with children, young people and senior citizens, in an attempt to promote their social inclusion.

In 2020, about 47.6 million euros[111] in direct in-kind and monetary support (including environmental, social and cultural cause-related sponsorship) was provided at a corporate level and by all Group Companies. This 10% year-on-year increase is explained by the direct response to the needs created by the pandemic, regardless of the Company.

Corporate

At the holding (JMH) level we supported 59 entities and projects mostly based on the social (65%) and educational (23%) fields of intervention, in an investment of around 2.7 million euros. This means a 284% increase, comparing with the same period last year, as a result of the support in the fight against the pandemic. We also supported projects focusing on the environment[112], culture and health.

We provide ongoing support to 21 institutions (two more than in 2019), the majority of which have had a permanent collaboration agreement in place with the Group for more than a decade. Most ad hoc support was provided in response to the need for essential goods as a result of the pandemic.

In 2020, we established and concluded two new collaboration agreements with the following charities:

- Associação Padre Amadeu Pinto SJ, which helped provide food to about 100 vulnerable and underprivileged children and young people, who are regularly monitored by the Youth and Community Centre in Pragal, Almada. The association aims to minimise risk behaviours, increase academic achievement and monitor vocational training and/or job market integration;
- Associação Nossa Senhora Consoladora dos Aflitos, whose mission is to support 35 people with serious and multiple disabilities in financial difficulty (whose only home and family is this institution) and help integrate them into society.

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[111] Includes the amount donated by JMH (2,671,619.39 €) and companies Pingo Doce (12,282,137.44 €), Lidosol (643,851.80 €), Recheio Cash & Carry (463,912.78 €), Recheio Masterchef (61,528.01 €), João Gomes Camacho (52,887.19 €), JMRS Hussel (14,293.35 €), Jerónimo Martins Agroalimentar (68,473.13 €), Biedronka (exc. Biedronka Foundation) (30,884,670.39 €), Hebe (25,223.08 €) and Ara (406,094.51 €).
[112] For more information, please refer to subchapter 5. "Respecting the Environment".

Pingo Doce

The Company seeks to support social projects and causes that help tackle the social and economic risks communities face[113].

During 2020, Pingo Doce received around 1,700 requests for support through its website (besides all those made directly in the stores), having answered the call of more than 870 social institutions that carry out their mission in the surrounding areas of the Company's stores, an increase of 26% compared to 2019. A total of over 12.9 million euros in food donations (accounted at cost price) and monetary support was provided, including ongoing donations, gift cards and the sponsoring of environmental preservation projects. More than 5,700 tonnes[114] of food were donated to more than 500 organisations.

Launched in 2019 to strengthen ties with local communities, the Bairro Feliz (Happy Neighbourhood) programme did not take place in 2020, due to the disruption imposed by the pandemic. The amount allocated in 2019 to causes identified by customers was channelled towards directly supporting charities that support extremely vulnerable people, especially in a pandemic context, in particular with food donations. The Company hopes to resume the programme, as soon as conditions allow its local implementation.

Recheio

The Cash & Carry and Food Service Company donated more than 578 thousand euros in both in-kind and monetary support (an increase of 16% compared to 2019) to 169 organisations dedicated to causes such as fighting hunger among people in extreme vulnerability. Over 242 tonnes[115] of food were donated, 18% more than in the same period last year. Associação Pró-Partilha e Inserção do Algarve (APPIA –Algarve Pro-Sharing and Integration Association), the Lisbon Food Bank and Grupo de Acção Social Cristã de Barcelos (Barcelos Christian Social Action Group) are some of the institutions that distributed surplus food donated by Recheio to their beneficiaries. The Company's monetary support was allocated to other social projects, such as the attribution of scholarships to six young people supported by the Fábrica da Igreja Paroquial de S. Nicolau in Lisbon, which takes on young students that want to continue studying but don't have the economic means to do it.

At Christmas, the 1+1 Makes a Difference initiative was launched, in which customers were asked to buy a food basket for donation to one of the three local institutions identified by each store, bearing in mind that Recheio would follow their gesture of solidarity, by offering a second basket to the selected institution. Based on this mechanism, more than a thousand baskets were sent to the 98 selected institutions.

Jerónimo Martins Agro-Alimentar

In 2020, the Companies from this business area provided a total of around 68,500 euros in support, most of which in food donations to 31 institutions such as Santa Casa da Misericórdia de Portalegre, the Portalegre Food Bank and SUCH – Serviço de Utilização Comum dos Hospitais (Hospital Common Service Unit).

Biedronka

Biedronka channeled around 30.9 million euros towards supporting social campaigns and projects[116], a 6% increase compared to 2019, essentially as a result of the expansion of the store food donations programme to social institutions. With the launch of the Biedronka Foundation, of which Jerónimo Martins Polska is a founder, the main monetary support programme developed by Biedronka until then — Na Codzienne Zakupy (For Everyday Shopping) — was transferred to the sphere of the Foundation. This explains the sharp reduction (-77%) in monetary donations registered in Biedronka's accounts. Around 375 institutions benefited.

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[113] Pingo Doce's Corporate Responsibility Policy is available at https://www.pingodoce.pt/responsabilidade/.
[114] Amounts calculated internally based on proxies resulting from applying the Food Loss & Waste Protocol, a methodology developed by the World Resources Institute and several stakeholders for the quantifying and consistent reporting of food loss and waste in the supply chain.
[115] Amounts calculated internally based on proxies resulting from applying the Food Loss & Waste Protocol, a methodology developed by the World Resources Institute and several stakeholders for the quantifying and consistent reporting of food loss and waste in the supply chain.
[116] Biedronka's Corporate Responsibility Policy is available at https://csr.biedronka.pl/.

The Biedronka Foundation*

Launched on 11 March 2020 as part of the Biedronka 25th anniversary celebrations, the Biedronka Foundation was created to help the older population live a dignified and healthy life for as long as possible in a country where one out of four people are older than 60 and whose elderly population will account for 40% of society in 2050, according to the predictions of Poland's Central Statistical Office (Główny Urząd Statyczny). The Foundation's goals are, among others, to fight poverty, malnutrition, loneliness and the social exclusion of the elderly.

With funding in the amount of around 11.5 million euros** for 2020 the Foundation began operating by relaunching the Na Codzienne Zakupy (For Everyday Shopping) programme, a financial aid initiative encompassing ten thousand senior citizens. The target population received financial support in the form of monthly pre-paid cards in the amount of 100 or 150 zlotys (about 23 or 35 euros) for shopping at Biedronka, corresponding to an investment of 3.2 million euros. The beneficiaries of this programme are also provided support by Caritas volunteers (who are currently 2,500) who help them do their shopping or in their daily activities.

An educational project was created in partnership with the Szlachetna Paczka initiative (from the Wiosna Association) especially for those who devote their time and energy to helping senior citizens: their families, volunteers and caregivers. The "Pomagam Seniorowi" handbook ("I Help Senior Citizens – How to care for those we owe so much") was designed to help improve the care given to isolated, sick and co-dependent seniors. In addition to the 6,200 copies delivered to the initiative's volunteers, the manual was also made available to around three thousand volunteers from the Na Codzienne Zakupy program. More than 300 virtual copies of the manual were also downloaded, in a project that had an investment of around 24 thousand euros.

The Foundation also invested 1.3 million euros in aid to fight the pandemic, by offering face masks, gloves, hand sanitiser, soap, hand creams and other similar products to 595 retirement homes and care centres for around 50 thousand people.

Kicked off five years ago the Biedronka's food surplus donations programme continued to grow. More than 12,400 tonnes[117] of food (29% more than in 2019) were channelled through 1,941 stores with a food donations protocol in Poland. This figure exceeds the 1,500 stores' goal to be included in the project for 2020.

Around 100 institutions received support, among which are Caritas Polska and the Polish Federation of Food Banks, which helped ensure that the food was distributed to those in serious need.

Biedronka launched the Razem Przeciw Marnowaniu[118] (Let's Fight Food Waste Together) campaign, in which more than 600 non-governmental organisations were challenged to partner with the Company to create cooperation projects for fighting food waste through food donations. To raise general awareness for this issue, a website was also launched. From launching day until the end of 2020, over nine thousand website visits were registered.

Biedronka has been cooperating with Caritas Polska since 2006, a partnership that has also developed the following direct support initiatives:

- Offering Boxes of Happiness to 10,500 children, containing, among other gifts, 15 thousand soft toys from the Gang Słodziaków (Sweeties Gang) collection to celebrate International Children's Day (1 June). Due to physical distancing, this initiative, which involved an investment of more than 59 thousand euros, replaced the 15th edition of the Festyny Bądźmy Razem (Let's Be Together)

[117] Amounts calculated internally based on proxies resulting from applying the Food Loss & Waste Protocol, a methodology developed by the World Resources Institute and several stakeholders for the quantifying and consistent reporting of food loss and waste in the supply chain.
[118] To know more, refer to subchapter 5. "Respecting the Environment", section 5.5. "Awareness Actions".

campaign which, through picnics sponsored by Biedronka, aimed to encourage stronger bonds between children and their families;
- On World Day of the Sick (11 February) and on St. Nicholas' Day (6 December), Biedronka once again provided food to around two thousand children hospitalised in Warsaw.

Over Christmas season, and as part of the 20th edition of the Szlachetna Paczka (Noble Gift) programme, Biedronka supported the Wiosna Association for the second year in a row.

Estimating that there are more than two million people living in extreme poverty in the country, including the older age group, this association also carries out the Pomagam Seniorowi (I Help Senior Citizens) programme, together with the Biedronka Foundation. The investment of around 45 thousand euros to help with the logistics of this programme, allowed the association to support over 14 thousand economically vulnerable families from all over the country (such as isolated elderly, handicap or people affected by the pandemic). Gift baskets (with food and cosmetics among other products, depending on each family needs) were put together by over 11 thousand volunteers and donated by more than 330 thousand doners, including Biedronka's clients, through the purchase of specific food products.

In July, Biedronka sold the book "Nadzieja" ("Hope") in its stores, with all the proceeds being donated to support the retirement homes and hospitals selected by the Agora Foundation (established by the Polish media group Agora and dedicated to organize and co-finance social support campaigns). The book, which tells inspiring stories of human resilience, contains 40 texts written by renowned Polish authors, poets and journalists including 2018 Nobel Prize in Literature winner Olga Tokarczuk. Biedronka's support totalled more than 266 thousand euros and the project was backed by the Polish Commissioner for Human Rights.

Around 1,600 food baskets were offered to homeless people at Christmas, through the Kościuszko Initiative. Additionally, more than 2,200 senior citizens and patients hospitalised from 26 Polish cities were offered the traditional Polish Christmas wafers, an initiative in partnership with the Sovereign Order of Malta that happened for another year.

In a country that has seen a decline in its birth rate over the past 70 years, Biedronka offered a gift basket to all children born in Poland since the beginning of 2020 and registered on the Dada club website, the Private Brand of hygiene and childcare products that is leader in some categories in Poland, namely in nappies. Approximately 59 thousand children received the gift. The initiative was such a success that it will be continued in 2021.

Hebe

Despite the pandemic situation, and also in response to it, 2020 was a year in which Hebe strengthened its support to the surrounding communities. In a context of public health, in which hand hygiene reinforcement is of utmost importance, the Company supported a total of 21 organisations by donating 1,100 hand creams to doctors and nurses of 30 hospitals and health care centers and cosmetic products, corresponding to an investment of more than 24 thousand euros. In partnership with the supplier Eveline, 600 hand creams were also offered to five Polish hospitals.

Hebe also supported the Pink Lips project, an initiative promoted by the International Medical Students' Association through a campaign on social media and in 17 cities to raise awareness about cervical cancer. The support and sponsorship focused on improving the well-being of Polish women also stand out, namely the Entrepreneur Moms Club Conference, the Brwinów Home for Single Mothers, and social support institutions in Łódź province such as nursing homes and support homes for single mothers.

Ara

During the year, Ara channelled more than 406 thousand euros to social support projects, 70% more than in the previous year[119] demonstrating the Company's key role in supporting low-income Colombian families.

[119] Corrected figures compared to 2019.

In 2020, through Asociación de Bancos de Alimentos de Colombia (ABACO – Colombian Association of Food Banks), whose mission is to establish strategic alliances with public and private partners to fight hunger in the country, Ara redirected 215 tonnes[120] of food, 522% more than in the same period the year before. The association, which Ara has continuously supported since 2013, estimates that the food donated helped an average of more than 14 thousand people every month from four thousand families supported by the food banks in 12 cities (Pereira, Bogotá, Cucuta, Ibaguée, Cali, Manizales, Cartago, Barranquilla, Santa Marta, Neiva and Villavicencio). At the same time, the equivalent to 0.68 tonnes of CO_2 emissions is estimated to have been avoided from being released into the atmosphere from landfill.

Due to the health crisis and the closing of community day care centres, the support provided to Instituto Colombiano de Bienestar Familiar (Colombian Institute for Family Well-Being) centred around offering food baskets to more than 4,100 children and their families in five regions of Colombia (Risaralda, North Santander, Cesar, Meta and Magdalena), being involved in this solidary net more than 50 Ara stores, in an investment of over 35 thousand euros.

As part of the Ara Madrina (Fairy Godmother Ara) programme, 2,500 children in three regions (Chocó, North Santander and Bogotá) received toys and games as a Christmas gift and five thousand children from the regions of Cundinamarca, Atlántico, Risaralda and Córdoba received soft toys and books from the Amigos del Bosque (Forest Gang) collection. These initiatives represented an investment of more than 18 thousand euros.

Besides these initiatives, an innovative partnership has also been established between Jerónimo Martins Colombia, Caritas Polska and Caritas Colombia to provide humanitarian aid to vulnerable populations in Villa del Rosario and Cúcuta, two villages in North Santander bordering Venezuela, a country that is facing a serious socio-economic and political crisis, that have led to a massive exodus to Colombia. Support was provided in the form of more than 9,400 baskets containing essential goods[121] offered to 1,185 Venezuelan migrant families and Colombian families in extreme economic vulnerability. Jerónimo Martins invested more than 90 thousand euros in this project.

Ara also provided support to the populations affected by Hurricane Iota and the floods in November, offering 1,400 food baskets to around five thousand people and building 375 temporary shelter tents for evicted families in the regions of San Andrés and Providencia islands, Bolívar and Chocó corresponding to an investment of around 12 thousand euros.

Fighting food waste

Food surplus that meets food security standards but that cannot be sold are donated by the Group Companies to social support institutions in Poland, Portugal and Colombia. This ensures that food is delivered to extremely vulnerable people, such as disadvantaged seniors, children and young people. Besides fighting hunger and malnutrition, with this practice that is transversal to food distribution operations in all countries where we operate, we are making a positive contribution towards a circular economy, enabling these food products to be used for human consumption.

In 2020, a total of 18,687 tonnes of food was donated, 19% more than in 2019.

The Group's support to fight the Covid-19 pandemic

The Group donated 500 thousand euros to the Coronavirus Global Response, an initiative launched by the European Commission that has brought together governments, business leaders, foundations and citizens from the Member States for research and development to fight the pandemic, such as further research into the development of vaccines and equipment. Corporate support also included an investment of more than 370 thousand euros in the Portuguese National Health Service to complete the second intensive care unit of the Évora Espírito Santo Hospital. This new unit helped to significantly increase the response capacity of the hospital, located in an ageing region of the country.

[120] Amounts calculated internally based on proxies resulting from applying the Food Loss & Waste Protocol, a methodology developed by the World Resources Institute and several stakeholders for the quantifying and consistent reporting of food loss and waste in the supply chain.
[121] As defined under the Sphere Humanitarian Standards.

The Group also supported the National Covid-19 Serology Panel that involved the participation of more than 13 thousand volunteers in 102 municipalities of mainland Portugal and islands to determine the prevalence of the disease after the first wave of the pandemic, investing one million euros in the project.

The Programa Voluntários Clientes 70+ (70+ Customer Volunteer Programme) was also launched, through which the employees of the central structures in Portugal helped Pingo Doce's elderly customers isolated due to the pandemic. When requested, the volunteers did the shopping for these elderly customers and delivered it to their homes, thus helping to keep senior citizens safe. Between May and December, 140 employees made 868 purchases. In 2021, whenever justified, this initiative will continue.

For Pingo Doce, its top social support priorities were to provide support in emergency situations and in food shortages. To this end, the Company deepened the collaboration with national institutions (like Refood, CASA – Centre to Support the Homeless, Comunidade Vida e Paz, the Food Bank and the Portuguese Red Cross) that support the most disadvantaged and the entities directly impacted by Covid-19 or that are on the front lines, such as hospitals, retirement homes, fire departments and parish councils.

Between March and June, every week Pingo Doce delivered food baskets to 31 hospitals in Portugal. During the course of 11 weeks, more than 220 thousand snack boxes (with water, milk, juice, biscuits and fruit) were delivered to healthcare professionals, in the amount of 155 thousand euros.

The initiative was repeated in December, with 58 thousand snack boxes delivered to healthcare professionals at 29 hospitals. At Christmas, baskets were also delivered to 20 thousand healthcare professionals at 32 hospitals.

Pingo Doce also joined forces with Biosurfit as part of the #EuAjudoQuemAjuda (I Help Those Who Help) campaign led by the Portuguese Red Cross, providing financing in the amount of more than 27 thousand euros for the development of an innovative device called Triagem Smart (Smart Screening) to enable the early detection of the most severe cases of Covid-19 among patients referred by the Portuguese National Health Service. Between March and May, more than 3,200 people were screened, an average of 68 per day.

During the weeks of lockdown, digital educational content for children and their families was also provided:

- Free online Bando do Bosque 2 (Forest Gang 2) games and activities were made available for more than 2.3 million users through social media;
- The winning books of the Pingo Doce Children's Literature Prize were released online, as were the "Histórias de Encantar" ("Enchanting Stories") audiobooks, via Spotify, reaching more than 900 thousand people.

Recheio expanded its operational capacity to supply hospitals, retirement homes, parish councils and school canteens, offering meals and fresh products to local community support sites as part of the "O Recheio não vai faltar a quem mais precisa" (Recheio is here for those in need) campaign. Recheio also supported healthcare professionals and patients at 19 hospitals, in partnership with milk producer Montiqueijo, donating 25 thousand litres of milk (Recheio handled the packaging and distribution of the milk).

In Poland, Biedronka launched a programme that connects senior citizens that are unable to do their shopping alone with citizens willing to help them. Since 24 March, 5,666 senior citizens registered for the Czas na Pomaganie Seniorom 65+ (Time to Help Seniors 65+) programme using the registration forms available in stores and on Biedronka's website, being supported by 11,839 volunteers. The Company also gave senior citizens priority entry into stores within the first hours of opening, as well as priority in queues, when requested.

In Colombia, due to the increasing number of requests for help, the available resources were used to support the more vulnerable communities, particularly children and young people. The defined criteria stipulated that requests from official bodies (such as city and town councils and police stations) required prioritised response. As such, 90 requests were approved and resulted in the offer of food baskets with essential goods. More than 7,500 food baskets were delivered to support over 35 thousand people in 90 municipalities, corresponding to a total investment of more than 39 thousand euros.

7.4. Volunteering and Internal Campaigns

The Group promoted several volunteer programmes among employees, in partnership with other civil society organisations. Despite the cancellation of several initiatives planned for 2020, a number of initiatives that had already been implemented in previous years were continued, adapted to the new context.

In 2020, 244 employees contributed with 386 hours of volunteering[122] to various institutions, including:

- the Junior Achievement Portugal Association, where seven volunteers taught community and economics for success, offering a total of 58 training hours to the 75 children and young people who participated in the project. The Group's collaboration with the association dates back to 2005 and has already brought together 589 volunteers who offered a total of 5,041[123] training hours to more than 9,100 students;
- Make-A-Wish Portugal, with which the 2019 Operations Management Trainees (OMT) made the wish of a 9-year-old child come true. The 18 OMTs involved donated a total of 99 hours of volunteering and raised over four thousand euros;
- the Padre Amadeu Pinto Association received the result of four volunteer initiatives with the participation of 23 employees totalling 115 hours. The employees helped put together food baskets to be donated to more than 100 socially and economically vulnerable families and helped transform a storage room at the youth centre into a new study area for children and young people;
- the Girl Move Academy (which trains young Mozambican women to become agents of development in their communities) continued with the traineeship of the five Girl Movers being held online, with the support of 56 employees in 114 hours of volunteering. As in previous editions (the project runs since 2016), the traineeship was based on a mentoring model with each Girl Mover being regularly monitored during the five weeks in which the young women (with degrees in agriculture, fisheries and meteorology) were given access to several departments of the Group's and its Companies, with a special focus on their areas of education and interest. With a total of 16 Girl Movers included in the five editions of the programme, the Group has been helping in the training and technical development of these young women, empowering them to face the challenges of the Mozambican job market and to place their talent at the service of their country.

At Christmas, the Group helped purchase presents for 87 children living in foster homes that receive regular and ongoing support.

The Group and its Companies in Portugal once again joined the Portugal Chama campaign led by Agência para a Gestão Integrada dos Fogos Florestais (AGIF – Portuguese Agency for Integrated Rural Fire Management), designed to help raise awareness among people for the need for prevention in the hottest and driest months of the year. More than 120 Pingo Doce stores (located in the Algarve and in the municipalities with a higher fire risk) and all Recheio stores shared the materials produced by AGIF through visual and sound in-store communication. In Pingo Doce's case, customers received alerts via e-mail, social media and the "Sabe Bem" ("Tastes Good") magazine (monthly circulation of 150 thousand copies). Recheio promoted this awareness campaign through 162 thousand leaflets (from Recheio and Amanhecer) and the websites of Recheio, Recheio MasterChef and Amanhecer.

7.5. Other Support

We also set up partnerships with a number of institutions in order to identify and address the challenges of social cohesion in the countries where we do business.

Promoting Healthy Eating and Lifestyles

Biedronka supported the first edition of the Celuj w Zdrowie (Scoring for Health) programme. Created in partnership with Instytut Matki i Dziecka (Mother and Child Institute) and Fundacja Legii (the Legia Warsaw football club Foundation), the programme focuses mainly on combating childhood obesity, identified by the World Health Organization as a major public health problem in Europe. The programme has been implemented in the communities of eight countries in the European Football for Development Network (which brings together football clubs and associated foundations).

[122] Includes the "70+ Customer Volunteer" Programme.
[123] Corrected figures compared to 2019.

In January 2020, the programme took students from four schools in Warsaw to Biedronka stores to learn how to properly read labels, including identifying products and ingredients that contain fat and sugar, in an effort to raise awareness of the importance of leading a healthy lifestyle. During the academic year, 260 children (aged between nine and ten) from four primary schools participated in the programme. Between October 2019 and April 2020, 142 awareness sessions were held (of which eight were online).

Biedronka continued to support the Zielona Kraina (Green Earth) programme in collaboration with Green Factory, a long-standing partner that supplies ready-prepared products, and with the participation of Instytut Żywności i Żywienia (Polish Institute of Food and Nutrition). This initiative, now in its fifth edition, aims at educating children about healthy eating habits. A cycle of free workshops was created (which include preparing meals, games and talks) involving nutritionists and chefs, designed for Year 4 students and their teachers. In 2020, we were able to hold 17 of the 400 activities planned for the academic year. Since 2015, the program has involved more than 30 thousand students in a total of 1.517 workshops.

In Portugal, for the fifth year running, we took part in the Eco-Schools' Alimentação Saudável e Sustentável (Healthy and Sustainable Food) programme, promoted by ABAE – Associação Bandeira Azul da Europa (European Blue Flag Association), aimed at raising awareness among students from the participating schools about topics such as eating habits, nutrition and the sustainability of agribusiness food production. The challenges were adapted such that they could be carried out at home, following the closure of schools. The Group provided financial offers to the participating teams and offered prizes to the winning schools, including *tablets* and external hard drives, among other prizes.

This project directly encompassed more than 700 schools of varying levels (from nurseries, kindergartens, primary and secondary schools to vocational institutions) with students submitting more than 760 projects for evaluation, an increase of more than 300%.

The projects submitted addressed challenges such as monitoring aspects of nutrition and food safety in canteens, crafting communication pieces about the composition and source of food, information on salt content in the more popular foods and, finally, creating full menus with local and seasonal ingredients. Given the need to create challenges that students could complete at home, three additional challenges were designed to raise awareness of excessive salt intake, suggesting healthy and sustainable recipes that can be cooked as a family and recipes to help fight food waste.

For the fourth year in a row, Pingo Doce partnered with the World Bike Tour, an event held in Lisbon and that brought around 1,700 cycle tourists (58% less compared to 2019, as a result of the need to postpone the event from July to October). Besides kits for the participants (which included, among others, Private Brand food products), Pingo Doce also offered more than 50 entries to employees and customers. Around 87 thousand euros were invested.

Promoting Literature and Reading Habits

Promoting and publicising children's literature has been one of the Group's priorities within the scope of democratizing the access to books and of promoting a critical spirit and creativity among younger generations. In the last 15 years, Pingo Doce launched 449 exclusive titles and helped to deliver more than two million books to Portuguese families, promoting family reading habits from an early age and contributing to juvenile literacy.

In January 2020, Pingo Doce launched the book entitled "Bando do Bosque – Há Festa na Clareira" ("Forest Gang – There's a Party in the Glade"), supported by the Portuguese National Reading Plan. For every book sold, 50 euro cents were donated towards promoting literacy for forest preservation, an initiative led by Liga para a Protecção da Natureza (LPN – Portuguese Nature Protection League) to promote environmental education and which, in the 2020/2021 academic year, will be organising environmental education activities for around 1,800 middle and high school students. The Forest Gang campaign stars ten soft toys and a children's book that can be acquired by exchanging collectable stamps. Pingo Doce handed more than 98 thousand euros to the LPN, and some 197 thousand books were sold in 2020.

Along with selling books at very affordable prices, Pingo Doce and Biedronka have been holding children's literature competitions that foster the emergence of new authors and illustrators. The winners of each phase of the competition, both in Poland and in Portugal, receive a 25 thousand euros prize, besides being guaranteed the publication and exclusive sale of the winning book in Biedronka and Pingo Doce stores.

In its seventh edition, the Pingo Doce Children's Literature Prize received 1,846 applications in the text phase and 466 in the illustration phase (an increase of 37% and 56%, respectively). Since its first edition, in 2014, there have been more than ten thousand applications for the award.

Now in its sixth edition, Piórko (Biedronka's Children's Literature Prize) received around 1,800 works for the text phase of the competition. This figure represents a 44% reduction in the number of entries received, explained by the shortened submissions period (from six weeks in 2019 to four in 2020) and the lockdown, which coincided with the submissions period. The winning story, "Malwina and the Secret of Grandfather's Cave", written by Agnieszka Syczyło, served as inspiration for the more than 600 illustrators who submitted their work for the second phase of the competition.

In an atypical year, the running of the competition had to be adjusted. Jury deliberations took place via videoconference, digital channels were used to announce the winners, and the winning story was read by a broadcaster on Biedronka's Facebook page. The book's illustrated cover was revealed in an unveiling of a mural painted on a wall of a building in Warsaw using eco-friendly paint that helps filter air pollution in the area. The Piórko competition has been supported by Poland's Children's Ombudsman since its first edition. In 2020, and for the first time, six honourable mentions were given in both categories.

Since the initiative was launched, the number of winning books sold has amounted to over 130 thousand copies in Portugal and more than 315 thousand copies in Poland. The total sum invested in prizes for authors and illustrators has already amounted to around 650 thousand euros.

Another activity carried out in Poland was the third edition of the Szkolne Przygody Gang Fajniaków (The Goodies Gang's School Adventures) contest, aimed at primary schools across the country to encourage environmental protection behaviour. The contest saw the participation of around seven thousand students from over 3,100 schools, who were involved in the challenge of organising group activities dedicated to environmental awareness and preparing artwork related to environmental themes. The 400 winning schools received soft toys from the Goodies Gang, school supplies and Biedronka vouchers, offered to around five thousand students and teachers. Furthermore, 640 schools also competed for the Final Grand Prize, allowing the renewing of the green areas of 15 schools and equipping the schools' facilities with energy-saving lamps and waste recycling bins.

On World Environment Day, celebrated on 5 June, Biedronka launched a new book in the same collection, dedicated to promoting environmental awareness and education in children. By purchasing the book "Eko Słodziaki" ("The Eco-Sweeties Gang") on that day, customers would be financially supporting Czysta Polska (the Clean Poland Association), which spearheads the Czyste Tatry (Clean Tatra Mountains) initiative. More than 148 thousand books were sold during the campaign[124].

For the second year in a row, Biedronka supported that initiative with logistics and meals to the 2,500 volunteers who cleaned up around 470 kg of waste along the 275 km of those Polish mountains, equivalent to the amount of waste each Polish citizen produces in about 18 months. A contest was also launched on social networks for participants to publish photos of the initiative with the hashtag #CzysteTatryzBiedronka, and the three best photographs won a voucher for purchases at Biedronka.

Biedronka also celebrated Tree Day (10 October) with the same association, using the Sweeties Gang to raise awareness of the Bolko oak tree among the community. The Bolko is the biggest oak tree in the Lublin region and one of the oldest in Poland, estimated to be more than a thousand years old. The initiative ensured that maintenance work could begin on the oak.

The two initiatives represented an investment of around 33,500 euros.

In December, the "Zimowa Przygoda" ("Sweeties Gang's Winter Adventures") story book was launched, whose sale from the more than 183 thousand copies reverted to the Pajacyk (Wooden Puppet) programme,

[124] To know more, refer to subchapter 5. "Respecting the Environment", section 5.5. "Awareness Actions".

promoted by the Polish Humanitarian Action, aimed at combating child malnutrition. 9.3 million meals have already been delivered since 1998, when the programme was created.

Biedronka, in partnership with the Polish Red Cross, helped make the days of more than 195 thousand children (in orphanages, support centres for disabled children and children from low-income families) brighter by offering 275,230 soft toys from the Gang Słodziaków (The Sweeties Gang) collection, corresponding to an investment of around 338 thousand euros. Children hospitalised in the Warsaw Children's Health Centre also received a thousand soft toys as part of its Sweeties Love Children initiative, an investment of nine thousand euros.

Promoting Social Inclusion and Entrepreneurship

Under a partnership established in 2011, Biedronka has been the main sponsor of the Nadzieja Na Mundial (Hope for the World Cup) association since 2018, which works to support the development of children in institutions, helping them to socialise through sport. The organisation promotes football tournaments for children and young people from Poland, Europe and the rest of the world in different competitions. In 2020, the 11th edition of the tournament was held right after the end of the summer holidays (exceptionally, as a result of the restrictions imposed in April) and only at Polish level. Nearly 250 children aged between four and 17 took part in the competition, representing 25 teams from across Poland (one of the few events held during the year in the country). In addition to financial support of around 54 thousand euros, which covers the logistics associated with the Polish championship, Biedronka offered drinks and snacks to the children who took part in the different tournaments, as well as prizes that included sports and electronic material and the Biedronka's Hope prize for the best player in the championship.

Biedronka granted financial support amounting to around 225 thousand euros within the scope of the Akademia Młodych Orłów (Young Eagles Academy) project, which began in 2014 in partnership with the Polish Football Association and aiming to develop the abilities of children aged between six and 11 from low-income families. Over 2,500 children were able to attend the winter training sessions of their respective levels (the only that could take place giving the pandemic situation) and online activities.

7.6. Indirect Support

The Group regularly takes part in campaigns for collecting food and other items, and in fund raising initiatives to support the work carried out by charities. In 2020, and due to the restrictions imposed because of the Covid-19 pandemic, indirect support, for example store donations, fell.

Indirect support

In 2020, the solidary spirit of the Group Companies' customers continued to grow, and there were food collection campaigns and sales of vouchers convertible into food products totalling more than 379 tonnes. There were also fundraising campaigns that totalled more than 770 thousand euros.

Portugal

Before the pandemic broke out and in the months when it did not affect access to stores, Pingo Doce managed to hold 137 collection campaigns for 64 social institutions. As a rule, these institutions are allowed 35 days per year to hold charity collections at Pingo Doce stores.

However, campaigns for selling vouchers than can be exchanged for food and other products continued to be held: 11 of these charity campaigns were held to collect donations from customers to support organisations such as the Portuguese Food Bank (which was unable to hold its annual food collection drive at stores), CASA (Centre to Support the Homeless), Associação Filhos do Coração (Children of the Heart Association – which fights child slavery in Ghana), Ordem da Cruz de Malta, ACAPO, HELPO, Portuguese Caritas, and a group of social support institutions in the municipality of Cascais, in partnership with the city council. In addition to the amount raised from the 11 initiatives to support 14 organisations, which amounted to more than 509 thousand euros in vouchers (225% more compared to 2019) and collected more than 321 tonnes[125] of food for food emergency response associations, also of note are the vouchers that went to animal protection and defence leagues (which managed to raise 14.2 tonnes of pet food and more than 420 bags of cat sand). Pingo Doce supported the costs of communicating these in-store campaigns, totalling more than 37 thousand euros.

Launched in 2018 in Lisbon and extended in 2019 to Pingo Doce stores in other parts of the country, the Mercado Social (Social Market) project could not be held and expanded in 2020 as planned. This project is aimed at supporting third sector institutions that produce food, providing them with a dedicated in-store space for selling their products, with proceeds going to those institutions. If the necessary conditions are met, the project will resume in 2021.

To support the financial sustainability of third sector institutions and to foster social entrepreneurship, Pingo Doce sold products produced by institutions that are dedicated to fighting social exclusion in Portuguese society.

We are supporting CEERDL – Centro de Educação Especial Rainha Dona Leonor (Queen Leonor Special Education Centre) since 2011, a cooperative that supports 540 beneficiaries by offering services that improve the quality of life of people with disabilities and mental illness. Pingo Doce buys about 50 thousand mono-lily bouquets from CEERDL every year, which accounts for around 22% of the centre's flower farming revenue. The success of this partnership led to increased production, which helped improve financial results, facilities and working conditions, and allowed CEERDL to grow its team of employees, with 13 people having access to the labour market. In 2020, around 41 thousand units were sold.

We continued to support the Cogumelo Solidário (Generous Mushroom) project led by Associação dos Albergues Nocturnos do Porto (AANP – Porto's Night Shelters Association), which began in 2013, for the sale of organic *shitake* mushrooms. This project focuses on contributing towards the financial sustainability of the services provided by AANP to people who are homeless, including meals and basic personal care products. In 2020, 840 packs of these organic *shitake* mushrooms were sold in Pingo Doce stores.

Poland

In partnership with the Polish Federation of Food Banks and Caritas Polska, Biedronka stores were used as a platform for mobilising customers to collect food for people in need.

In September, Caritas held the Tak. Pomagam! (Yes. I Help!) campaign in 380 stores, asking Biedronka customers to donate food with a longer shelf life. More than 51 tonnes[126] of food was collected and delivered to senior citizens, children, large and single-parent families, the homeless, sick and unemployed.

Before Christmas, around 16 tonnes[127] of food were collected in 572 stores and delivered to the Polish Federation of Food Banks.

Colombia

The Ara customer food collection programme, through the rounding-up of the value of their purchases, continued in 2020. More than 261 thousand euros were donated to Aldeas Infantiles SOS Colombia (SOS Children's Villages Colombia), 11% more than in 2019 as a result of the greater number of stores involved and the Company's investment in communicating this initiative. Besides the Acogimiento Familiar (Foster Families) and Fortalecimiento de Familias de Origen (Original Families' Strengthening) programmes, which are focused on families at risk of being separated and children and young people taken away from their families, Aldeas Infantiles SOS also helped families in contexts of violence and emergency situations.

The amount raised enabled the programmes involving education (offer of educational materials, sports and cultural programmes), healthcare (medical support programmes), food and accommodation to reach more than 60,800 children and young people from more than 7,300 foster families in the cities of Guajira, Bolivar, Antioquia, Santander, Cazuca, Tolima, Caldas, Valle and Narino, four more cities than in 2019. The number of beneficiaries increased by 3,800% and there were 953% more families supported.

[125] Amounts calculated internally based on proxies resulting from applying the Food Loss & Waste Protocol, a methodology developed by the World Resources Institute and several stakeholders for the quantifying and consistent reporting of food loss and waste in the supply chain.
[126] Organisation's estimate.
[127] Organisation's estimate.

8. Being a Benchmark Employer

8.1. A Pandemic Year at Jerónimo Martins

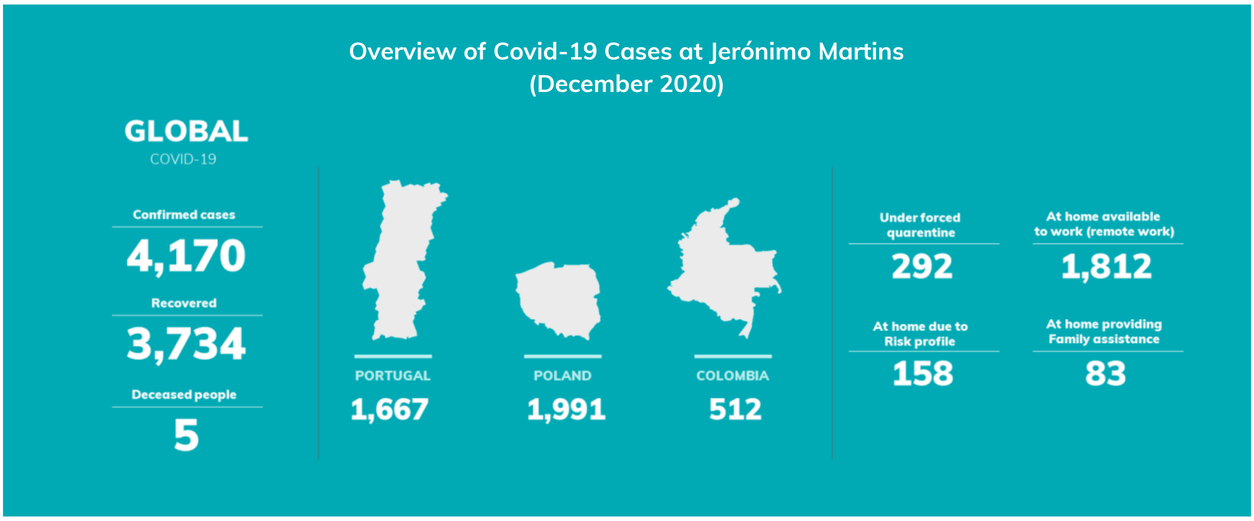
2020 was a year of resilience. The pandemic and its resulting social, economic, political and personal impacts significantly changed our lives and, amidst the high uncertainty and multiple challenges, we were called to rise to the challenge to give our all.

It was a year in which the Jerónimo Martins Group Companies once again demonstrated their ability to adapt and their resilience to ensure business continuity and to fulfil their mission.

The pandemic enhanced the importance of our sector and the social role food distribution plays. Thousands of people were on the front lines every day, working to ensure the supply of essential goods to millions of consumers in Poland, Portugal and Colombia.

The pandemic required immediate and creative responses adapted to the different countries where we do business, focused on protecting and supporting our stakeholders. The measures implemented were based on five pillars of action: ensuring the safety and wellbeing of our employees, implementing new ways of working, communication, improving recognition and engagement and providing support to families.

The Jerónimo Martins Group stood by its people from the outset, making their safety, wellbeing and protection its top priority.



8.1.1. Ensuring the safety and wellbeing of our employees

Facing a pandemic crisis, the Group focused its efforts mainly on improving and promoting the physical and mental health of our employees, but also on assuring them of their job security as a way to ensure their wellbeing and continuity of the business.

Our initial concern was for those most vulnerable to the virus and so the Group identified all employees who were part of risk groups based on criteria such as age or specific underlying health conditions. All these employees were preventively sent home while receiving full pay (approximately 1,150 people in the initial stages).

In this period, even when businesses were closed during the State of Emergency, measures were implemented to enable us to ensure job security so that everyone was able to keep their jobs, by offering part-time employment contracts and temporarily reallocating employees to other Group Companies.

To keep employees safe on the ground and to reduce the risk of infection, the Group invested heavily (around 16 million euros) in personal protective equipment and protective shields, immediately providing hand sanitiser, disposable gloves and face masks, and installing acrylic screens in stores, warehouses and offices.

Later, when employees returned to the offices, we distributed "back-to-work kits" with useful items to ensure greater protection indoors.

Production of hand sanitiser at Biedronka

At the onset of the pandemic, when there was not enough hand sanitiser available, Biedronka made its own disinfectant using alcoholic beverages in stock. With this example of entrepreneurship, not only was the Company able to distribute hand sanitiser to employees, but it also shared good practices with the other Group Companies.

Besides these initiatives, we also invested in the proactive monitoring and testing of employees as a preventive measure, thus ensuring fast action in possible cases of infection and helping to break chains of transmission.

During the year, we performed more than 35,000 tests in all Group Companies to test for Covid-19 and to monitor the inflammatory markers of employees, corresponding to an investment of more than 700,000 euros.

At the same time, stricter safety protocols were put in place (e.g., temperature screening, frequent disinfection and cleaning of work areas, minimum distancing, among other measures) and we created teams in stores and central offices to raise awareness among employees and to ensure the protocols were followed.

To reduce exposure to a minimum, we made more buses available to transport logistics employees, and established rules for the use of this transportation.

Aware of the increased pressure and anxiety of our employees caused by the pandemic and the need to promote mental health, we bolstered the helplines and psychology programmes. Finally, and aware of how important physical and mental health is to wellbeing, the Jerónimo Martins Wellness Team – specialists such as physical trainers, osteopaths, and massage therapists – shared tips and offered online classes and treatments for employees in several Group's infrastructures.

Psychological support for all Group employees

In Portugal, the Psychology Programme was extended to all Group employees to ensure support for mental health, which is central to personal wellbeing. In this regard, we provided free online or in-person psychology consultations to more than 230 employees.

The Child and Youth Psychology Programme, aimed at supporting the minor children of employees, also expanded its area of intervention to the entire country, reaching 253 children/adolescents.

In Poland, the "Spokojna Głowa" ("Calm Your Mind") project was implemented to promote peace of mind and build mental resilience by sharing audiovisual materials. More than 550 employees viewed the content.

In Colombia, a medical and psychological helpline was set up for all employees, available 24 hours a day and seven days a week. Around 580 employees and their families sought assistance through the helpline.

8.1.2. Implementing New Ways of Working

With the pandemic hitting Poland, Portugal and Colombia at different times and intensity, the reaction of local governments in terms of implementing safety measures and lockdowns was also mixed. The restrictions imposed during this period forced us to rethink our workforce, designing new models and solutions adapted to the reality in each of the countries where we operate.

In Poland, Biedronka adjusted its operating hours to better distribute the flow of customer visits. With stores open 24 hours a day, the working hours of employees were adjusted to three daily shifts. In Portugal, where measures were more restrictive, our Companies split the teams into rotating groups and implemented flexible practices to offset the absence of co-workers.

Remote working was implemented at the central offices, with all employees at home during mandatory quarantine periods and on rotating schedules in the other periods, with an occupancy rate of 30% at the offices. Given the implementation of compulsory remote working, agility was needed in providing all necessary devices (computers and smartphones) and in creating conditions for the use of digital tools and capacitating employees to use them, namely through training and discussion forums.

New ways of working were also introduced in the Human Resources area to meet the needs of the business. In this regard, besides the day-to-day work in the crisis room, weekly committees were held between the Human Resources Directors and the teams of the three countries, and also between the operational teams working on the ground, to monitor the situation and trends and to ensure implementation of the necessary measures, through coordinated action focused on employee wellbeing.

8.1.3. Communication

Times of uncertainty, like those experienced during 2020, require clear, transparent and frequent communication. The Group's approach in this regard was decisive to creating a climate of trust among the various stakeholders of the organisation.

This climate was built by regular written and video communications from the Group's Chairman and Chief Executive Officer, who shared the strategic guidelines for the period and ensured the safety of employees. Direct communications from the CEOs of the various Companies and weekly information shared by the Group's Chief People Officer also contributed to building trust. Globally, these communications increased knowledge about how the Companies were responding to the crisis and what steps were being taken at each moment to keep everyone safe and protected.

With regard to the teams, operational leaders were trained in crisis management, in particular how to better communicate with and reassure our people on the ground.

Global reports on the impacts of the pandemic were also shared and we established and/or improved information channels, with new sharing forums, newsletters, radio programmes and using the Intranet (Our JM) as a means to share relevant information.

In 2020, the Employee Assistance Service was also contacted by our employees for matters relating to Covid-19 (9,071 contacts) and, whenever necessary, helped refer them to the internal health services department.

As a result and based on a recent survey of the Group's office population, 97% of employees said they felt well informed during the pandemic period.

8.1.4. Improving Recognition and Engagement

Amidst high uncertainty, the employees of the Jerónimo Martins Group embraced a spirit of mission in performing their tasks to ensure that everyone had access to essential goods in each of the countries where we operate.

This dedication was recognised through internal and external recognition initiatives, and also through rewards for the store and distribution centre employees and managers. During the year we paid bonuses to employees on the front lines for their tireless service and dedication.

Praise for the work carried out was high, and the leaders of the Group often sent messages of thanks for the efforts made by the teams, contributing to unity, mutual support and commitment to the organisation.

"Biedronka Heroes" television campaign

In an institutional ad campaign, Biedronka paid tribute to its employees, stressing how grateful it is for the commitment and dedication of those who worked in the stores and at home to ensure business continuity, therefore giving clients the opportunity to observe the work done in operations during the pandemic.

This spirit of engagement shown is experienced in different ways. On the one hand, office employees showed their satisfaction with the transition to remote work (evaluation of 4.3 on a scale of 1 to 5), feeling grateful for continuing to work safely and being able to address the needs of a new family dynamic.

Store teams, on the other hand, valued how they were supported during this period, having counted on the support of multidisciplinary teams attentive to their needs and making an effort to address the challenges faced. As a way to show their commitment, absenteeism among store employees fell, dropping below that of the previous year.

8.1.5. Providing Support to Families

Supporting our employees is an integral part of who we are as an organization and of the centrality we attach to the human factor. Aware of the fragile financial and social situation of our people, we put additional support initiatives in place to address the urgent needs of employees and their families.

In Portugal, we relaunched the Social Emergency Fund (SEF) through a large-scale internal communication campaign by the CEOs of each Company to ensure support for our employees in situations of extreme distress.

Social Emergency Fund (SEF) increases support to address social and economic crisis in Portugal

The SEF supports those in vulnerable situations and in family and social distress. The fund ensures response to situations of food shortages, domestic and family violence, oncological disease, mental illness or a rare disease, eviction, unemployment of a family member and divorce, among other situations.

Based on a case-by-case analysis, social workers design specific intervention plans to encourage the autonomy and restructuring of each family unit. In 2020, this team supported over 1,100 employees, corresponding to an investment of more than 1.1 million euros, 20% more than in 2019.

Since it was launched in 2011, the Social Emergency Fund has already invested more than eight million euros in supporting around 4 thousand employees.

Broadening support for our employees led to several initiatives in the various countries where we operate.

In Portugal and Poland, as a way to address the closure of schools, we supported our employees by purchasing computers and tablets so that their children could study at home (854 computers and 671 tablets) and implemented educational initiatives to support the learning process of our children and adolescents.

Also in Poland, we offered 2.8 million euros in pre-paid cards to 65,566 employees to help them during the uncertainty brought about by the pandemic.

In Colombia, Ara facilitated access to the "Fiado" programme, which provides credit to employees and doubled the number of beneficiaries (from 2 thousand employees in February to 4 thousand in June). The employee card with which the meal allowance can be used in our stores was also relaunched.

During the pandemic, we focused on protecting our people, innovating the way we work, acting with transparency, recognising the contributions of each person, and supporting employees and their families. For the Jerónimo Martins Group, being a benchmark employer means ensuring a stable present while building a sustainable future for our businesses and our employees.

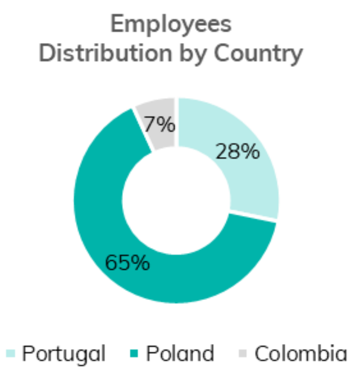
Indeed, in a year as atypical as 2020, the role the Human Resources teams play was strengthened, ensuring constant alignment between all the countries where we operate and acting with greater consistency and coordination. Although we were forced to adjust or delay some of our priorities, our strategy was largely consolidated or strengthened.

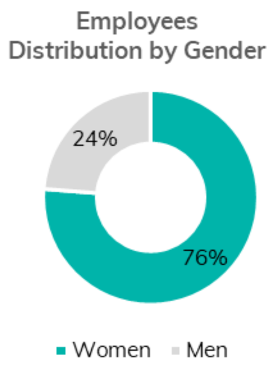
8.2. Our People[128]

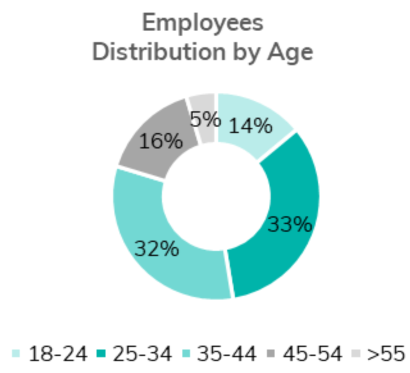
At the end of 2020, the Jerónimo Martins team had 118,210 employees – a net increase of 2.4% compared to 2019 – which were distributed as follows:

	2020							
	Age					Gender		Total
	18-24	25-34	35-44	45-54	>55	Women	Men	
Group	16,531	39,502	38,167	18,531	5,479	90,151	28,059	118,210
Portugal	5,677	9,585	8,925	6,463	2,697	22,069	11,278	33,347
Poland	8,964	25,330	27,688	11,970	2,776	64,193	12,535	76,728
Colombia	1,890	4,587	1,554	98	6	3,889	4,246	8,135
Top-down Distribution								
Members of Executive Committees	-	1	19	39	8	21	46	67
Top and middle managers	6	620	1,073	548	141	1,175	1,213	2,388
Store, Distribution Centres and Office Employees	16,525	38,881	37,075	17,944	5,330	88,955	26,800	115,755

[128] Companies included by country: Portugal – Best Farmer - Actividades Agro-Pecuárias, S.A., Escola de Formação Jerónimo Martins, S.A., Friedman - Sociedade Investimentos Mobiliários e Imobiliários, Lda., Hussel Ibéria - Chocolates e Confeitaria, S.A., Jerónimo Martins - Restauração e Serviços, S.A., Jerónimo Martins - Serviços, S.A., Jerónimo Martins Agro-Alimentar, S.A., Jerónimo Martins, SGPS, S.A., JMR - Prestação de Serviços para a Distribuição, S.A., João Gomes Camacho, S.A., Lidosol II-Distribuição de Produtos Alimentares S.A., Pingo Doce, Distribuição Alimentar, S.A., Recheio Cash & Carry, S.A., Recheio Masterchef, Lda, Santa Maria Manuela Turismo, S.A., Seaculture - Aquicultura, S.A., Terra Alegre Lacticínios, S.A.; Polónia – Bliska Sp. Z o.o., Jerónimo Martins Polska, S.A., Jerónimo Martins Drogerie I Farmacja Sp Z o.o.; Colômbia – Jerónimo Martins Colombia S.A.S.

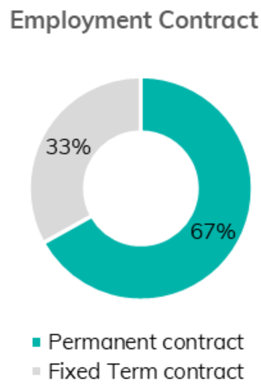


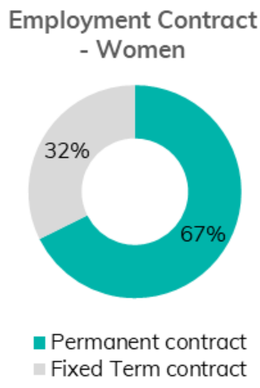


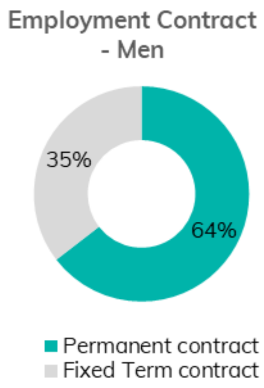


Breakdown by type of contract and gender[129]

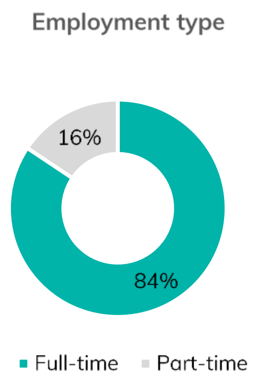
In 2020, we increased the proportion of **permanent** contracts compared to 2019 by 5.5 p.p. to 67%.

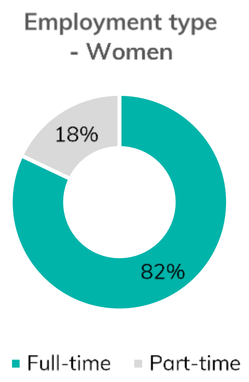


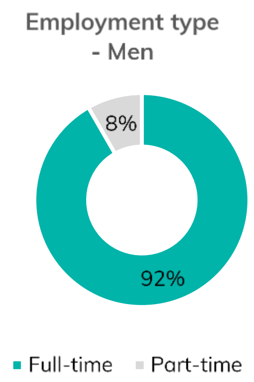




Breakdown by type of workload and gender



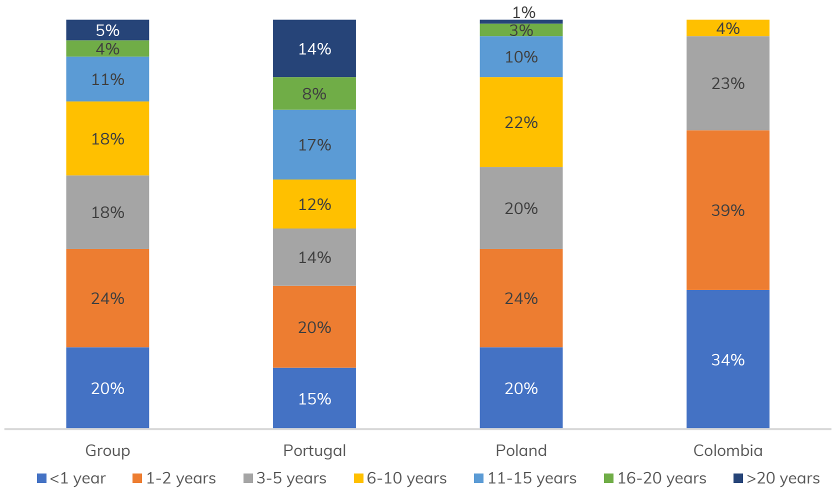




[129] Charts do not include SENA (Servicio Nacional de Aprendizaje) internships, in Colombia, which account for 0.3% of the Group's total population. This factor explains the difference to 100% in the breakdown by gender.

Breakdown by seniority

In terms of years of service, most Jerónimo Martins employees have a seniority of more than three years, with an average of five years.



Turnover rate[130]

The turnover rate decreased significantly compared to 2019, registering -7 p.p..

	Turnover rate							
	Age					Gender		Total
	18-24	25-34	35-44	45-54	>55	Women	Men	
Group	53%	24%	15%	12%	17%	21%	31%	23%
Portugal	66%	26%	13%	10%	12%	21%	34%	25%
Poland	47%	23%	15%	13%	21%	20%	29%	21%
Colombia	42%	28%	25%	15%	0%	30%	31%	31%

8.3. Our Commitments as a Benchmark Employer

In 2020, despite the pandemic, we continued to advance our position in the countries in which we do business. As a benchmark employer, we strive to ensure that we attract the best people, create opportunities for growth, offer competitive compensation, promote their wellbeing, and build lasting relationships, confident in who we are and where we want to go.

As a Group that employs more than 118,000 people, we are responsible for creating structural conditions to foster increasingly better alignment and collaboration by implementing integrated technologies and having a greater understanding of our people and of the complexity of our operation.

As an international Group with a predominantly operational nature, we are responsible for supporting business growth, preparing our leaders to face an uncertain future and reinforcing our teams with skills and opportunities for growth.

As a family-run Group striving to also create long-term value, we are responsible for boosting commitment to the organisation through effective communication and by offering competitive compensation. We also assume the responsibility to build the future in the present, through new sources of talent, new ways of working and new aspirations in people management.

[130] The turnover rate corresponds to the ratio between employee departures during 2020 and the total number of employees at the end of the period.

8.3.1. Being a Benchmark Employer Means Continuing to Attract the Best People

Attracting talent is essential for the Jerónimo Martins Group given the turnover rate in the food distribution sector and the need to ensure that all leadership positions, both in operations and at central offices, are filled.

In 2020, and given the constraints imposed by the pandemic, our talent recruitment and attraction teams worked on refocusing the internal recruitment and onboarding (induction and integration) process. In parallel, we also began analysing new digital recruitment strategies.

The Young Talent Programmes are particularly of note in our attraction strategy. Because of the pandemic, many of our global initiatives were put on hold, so we created other solutions to reach this stratum of the population.

Our strategy to attract skilled talent also includes having a strong presence on LinkedIn, with our page registering more than 214 thousand followers in 2020.

Portugal

In Portugal, we launched a new internship programme, Retail Dive In, which saw 18 trainees integrated in the functional areas of the Companies. Through this programme, young graduates and postgraduates are given the opportunity to embark on their professional journey in an area of their choosing, and to participate in initiatives to build business skills and knowledge.

In 2020, we continued to work with the University of Aveiro, financially supporting the Bachelor's and Master's degree courses in Business Management of the Águeda School of Technology and Management (ESTGA), awarding 21 scholarships and two internships for the most promising students. In this regard, also noteworthy is the sixth edition of the JM Academic Thesis programme, which supervised 15 Master's and Doctoral theses.

Poland

In Poland, the focus was on Post Management Trainees with the implementation of the Let's Go programme, created to design tailored personal and professional development plans in a joint collaboration between the employee and the Human Resources teams. In 2020, 45 of the 72 trainees participated in the programme.

A new onboarding model was also designed, the "Buddy" programme, to help new employees in the integration in the Company. The programme was implemented in around 2,400 stores in 2020 and, to help improve the integration of store employees, we created the position of Training and Induction Store Manager.

Colombia

In Colombia, during the first half of the year we were able to continue the Student Internship Programme which, for the first time, offered internships in different parts of the country. This programme received more than 1,300 applications, which corresponds to an increase of 43% compared to 2019 and had the participation of 14 students.

In partnership with SENA – Servicio Nacional de Aprendizaje, which stipulated an internship quota to promote the development of skills and employment opportunities for students, Ara welcomed 651 trainees, 277 of which had already begun their journey in 2019.

8.3.2. Being a Benchmark Employer Means Continuing to Develop Our People and Empowering them to Deal with Difficult Situations

Investing in the development of our people ensures individual and collective growth and provides the tools for continuous adaptation to the new contexts in which employees find themselves. The Group's talent retention strategy includes continuously investing in training and mobility (in and between Companies).

Training

With regard to training, the pandemic affected the in-person courses we initially had planned. As a result, we accelerated the digitization and transformation of in-person models to blended learning methods, combining e-learning with in-person classes at workstations, particularly for the operations area.

	Training Volume*			Training hours per employee			Total no. of training courses		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Group	4,537,030	4,508,901	3,874,271	42	39	33	66,311	79,646	87,215
Portugal	1,545,408	1,611,904	1,048,521	48	48	31	41,668	44,294	29,741
Poland	2,463,308	2,269,550	2,277,230	35	31	30	23,023	31,863	54,326
Colombia	528,315	627,447	548,519	94	85	67	1,620	3,536	3,148

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

In 2020, we provided over 3.8 million training hours in the three countries – a decrease of 14% compared to 2019 justified essentially by restrictions on physical presence in training, due to the pandemic context, and the impossibility of migrating various training programmes to digital content – corresponding to an average of 33 training hours per employee, distributed across more than 87 thousand training courses and representing an investment of around 14 million euros.

In relation to our global initiatives, the Workplace Going Digital project, designed to give employees the necessary know-how to use digital tools, was largely driven by more than 65 online training initiatives.

With regard to online executive training, we launched a more flexible pilot project that resulted in two training courses on digital marketing and employer branding. We also implemented the virtual training format for the Be a Leader programme led by the Centre for Creative Leadership, a leadership programme designed for managers and which saw the participation of 67 employees from the three countries where we operate. Short courses were also taught to develop leadership and business skills, which were attended by more than 1,300 employees.

Portugal

In Portugal, Pingo Doce held two editions of the Programa Geral de Gestão de Loja (PGGL – General Store Management Programme), which aims to develop the skills of the participants for the function of Store Assistant providing them with an evolution in their career. This programme had 30 participants from 698 internal and external applications. During the year 2020, this programme reached its 50th edition, which proves its vitality and importance in preparing store managers and sub-managers.

Training in the Perishables area, as a strategic pillar for Pingo Doce, is particularly of note as it accounts for 40% of all training and encompassed, in 2020, more than 19 thousand attendees.

Recheio's new business formats implied intensifying training, which involved more than 105 employees. Ready Meals training, designed for Recheio and Recheio Masterchef Supervisors, helped to increase knowledge on the handling of orders and deliveries, and the seasonality of the assortment available. Area Managers and Operations Managers were trained in the new store model, new website and the dynamics of social media.

2020 also saw the launch of the Knowledge Share pilot project, a platform for sharing informal training content tailored to the needs of each employee, based on a customisable self-development model.

Poland

In terms of training, 2020 was characterised by the migration of the in-person format to online training and a focus on skills development in the operations area and the commercial departments.

During the year, training was provided to store managers and deputy store managers, particularly through Biedronkowa Akademia Zarządzania ("Biedronka Management Academy"), dedicated to improving leadership and management skills and the ability to achieve goals, and was attended by 862 participants.

The Zostań Świeżoznawcą ("Become a Perishables Expert") programme was also held, focused on specialised knowledge in perishable products and the respective operational aspects. In the year, training was provided to more than five thousand employees in the Fruit and Vegetables, Bakery, Fish and Meat categories.

This target also included training courses focused on customer needs and on improving entrepreneurial skills. We trained 711 store managers through the Biedronkowa Akademia Handlowa ("Biedronka Business Academy") programme.

In partnership with Szkoła Główna Handlowa University (Warsaw School of Economics), we established Biedronkowa Akademia Handlowa Advanced ("Biedronka Advanced Business Academy"), a new training academy created specifically to train managers from the operations department. We trained 53 employees to help them better understand the complexity of our business by providing a broader perspective on trade, the customer and sales.

Also in Poland, the General Management Programme was partially completed, with training provided online and in the classroom. In October 2020, the sixth edition of this online programme was launched, with the participation of 25 employees.

To build language skills, English language courses were provided (more than 290 participants) and an online learning platform was made available to around 500 employees.

Moreover, 3,200 employees from the central structures were provided access to new development platform eduAction, which offers educational content in multimedia format.

Colombia

In May, the Skills Development Programme was introduced, through which in-house experts hold webinars for directors, managers and supervisors. In 2020, a total of 9 sessions were held for more than 440 employees.

The Crece con Ara ("Growth with Ara") e-learning platform, launched in 2019, was updated to include an additional 58 programmes related to technical skills development in operations, corporate onboarding, business acumen, leadership, and emotional intelligence. This platform is available to 99% of employees.

To gain more insight into the business, Ara implemented an online retail programme, with the support of Universidad de los Andes and the Eclass digital platform, for 67 employees from different areas of the Company, including trainees from 2018 and 2019.

Development and Internal Mobility

In addition to training, and as part of employee development, the Jerónimo Martins Group maps potential to prepare its internal talent pipeline. To do so, we continued to implement the Management Development Review, a programme based on a holistic view of the stage of development of employees and which prioritises internal mobility between areas, Companies and countries.

In Portugal, we perform an assessment of potential every six months that encompasses all store leaders. In 2020, this assessment included more than 1,500 employees and identified 16% of employees with the potential to take on roles with greater responsibility. The analysis also helped to identify talent needs for the following six month period and to design an individual action plan for the employees with potential and for employees with poor performance.

In Poland, as part of the same assessment, around 3,600 operations employees were evaluated and 13% were identified as having development potential, 1% of which with high potential. The Sales Operations

Managers and Perishable Sales Managers identified received individual feedback and a plan for further development, focused on leadership and business analytics skills.

In Colombia, talent mapping encompassed 675 operations' employees and 177 employees from central structures, helping to identify 14% with potential.

As indicated above, internal mobility is one of the Group's employee development pillars and is based on three specific approaches:

- Targeted promotions, which can occur through vertical or horizontal mobility. In 2020, we promoted 13,520 employees (of which 71% were women);
- International mobility, which aims at aligning strategic business needs and the skills development of employees. In 2020, 48 employees were in international mobility;
- Finally, job openings, which help diversity the career of employees and broaden their skills.

In total, 45,835 employees changed jobs, workplace or Company within the Group in 2020.

8.3.3. Being a Benchmark Employer Means Recognising the Dedication of Our Employees

Employee retention also involves recognising the important role employees play in building a business that is vital to society. Because of the high-performance standards that guide us, at Jerónimo Martins we strive to recognise and reward employees for their individual contribution to achieving goals and their skills. To this end, our performance management and compensation policies promote meritocracy, equal opportunities and equality.

Performance

Specifically, in relation to performance management, 2020 was a turning point in the common approach. In line with the principles of equality and non-discrimination, all employees are included in the performance management cycle and undergo performance appraisal.

When promoting a culture focused on results, recognising merit and professional development, performance appraisal involves several formal meetings between the manager and the employee for reflection on not only performance, but also on career expectations, development needs and next steps in the organisation.

Compensation

The base salary continues to be the pillar of our global compensation strategy and, in 2020, we continued to follow the plan previously designed for setting internal minimum wages above the national minimum wage in the most representative companies of our business in Portugal, Poland and Colombia[131]:

- In Portugal, the Company minimum wage was set between 2% and 26% above the national minimum wage;
- In Poland, the minimum wage is set by region and can be up to 10% above the national minimum wage. With the non-absence award, total pay can amount to between 17% and 31% above the national minimum wage;
- In Colombia, the Company minimum wage is 30% above the national minimum wage. Other regular supplements may be added to the base salary, amounting, on average, to 10% of base pay.

It is also important to note that in the three countries where we operate, the pay policies in effect envisage pay increases immediately after an employee completes one year of service to promote retention and recognise the increased autonomy of our people in carrying out their functions.

Another of the Jerónimo Martins Group's strategic pillars is variable pay and recognition schemes, which are key to fostering a culture of meritocracy and, simultaneously, recognising the behaviours that best embody our culture and values.

[131] Pingo Doce, Biedronka and Ara.

Despite the pandemic, we ensured payment of the 2019 performance bonuses to all managers, in the amount of 26 million euros, and to operational teams, totalling 43.6 million euros, corresponding to an overall investment of approximately 70 million euros.

At the end of 2020, a special bonus was awarded to operational teams (stores and Distribution Centres) of Biedronka, Pingo Doce and Recheio, in the individual amount of 200 euros, in recognition of all their dedication and effort while working on the front lines to ensure everyone had access to essential goods. The investment in these additional recognition mechanisms amounted to around 20 million euros.

In Portugal, the Companies ensured payment of a supplement to the sick pay paid by Social Security to ensure the monthly income of our employees.

In Poland, more specifically at Biedronka, an additional bonus was paid to store and Distribution Centre operators during the first weeks of the pandemic, when the feeling of insecurity and the number of customers were unusually high. With regard to the performance incentive schemes for operations, the bonuses were paid in full during March and April, regardless of whether the targets set were fully achieved, in recognition of the effort and commitment of employees, rather than results. At Distribution Centres and as compensation for the added effort, extra hours were paid at twice the usual rate. In total, and during the first months of the pandemic, Biedronka invested more than nine million euros in these extraordinary measures.

In Colombia, business performance was hit hard by the long lockdown period, which saw stores close and operating hours shortened. Even so, the monthly salary of employees was guaranteed, irrespective of time actually worked.

In all, 189 million euros (around 38% more than the amount paid in the previous year) was paid in the form of variable pay and recognition bonuses to reward the achievement of objectives, recognise attitudes and conduct, and as a thank you for all the dedication and commitment shown by our people.

It should be noted that the extraordinary recognition mechanisms implemented in 2020 accounted for 16% of total variable pay and corresponded to an investment of more than 30 million euros.

8.3.4. Being a Benchmark Employer Means Making the Safety and Wellbeing of Our People Our Top Priority

The safety and wellbeing of our employees has always been part of our strategic agenda. The pandemic situation in 2020 simply enhanced our constant concern for the health and safety of our people. Our focus lies not only on strict compliance with all safety standards to prevent workplace accidents and occupational diseases, but also on creating additional measures to support our employees and their families.

Health and Safety in the Workplace

Health and Safety in the Workplace (HSW) plays a crucial role in protecting the health of our employees, particularly as regards identifying high risk activities and in following an approach that prevents workplace accidents and occupational diseases in all the countries where we operate.

Occupational Hazards

Since the Group's core business centres mainly around Food Distribution, its respective structure and supply chain[132], the unloading and storage of products, and the processing thereof (e.g., cutting fish and meat, baking bread and meal preparation, among others), exposure to risk is frequent among warehouse, industrial kitchen and store employees.

The activities carried out by Jerónimo Martins Agro-Alimentar are linked to the primary sector, in the areas of livestock farming and aquaculture, and to the secondary sector, in the food industry. The occupational hazards in these workplaces and of the respective activities carried out involve exposure to harsh

[132] See information provided in chapter 2. "The Group Jerónimo Martins" and subchapter 2. "Stakeholder Engagement" in chapter 5. "Corporate Responsibility in Value Creation".

temperatures, with possible vascular lesions, physical effort, with possible musculoskeletal injuries, and working with machinery, with possible trauma, wounds and electrocution, among other hazards.

Incidents/Accidents

The analysis and study of incidents/accidents follows a methodology that helps to determine facts, circumstances and possible causes and to identify the respective corrective measures to help prevent them from happening again.

In accordance with the law, every workplace accident reported is investigated as to its circumstances and causes, and the HSW Technicians, Safety Delegates, Doctors and Nurses are responsible for identifying and eliminating hazards and minimising risks.

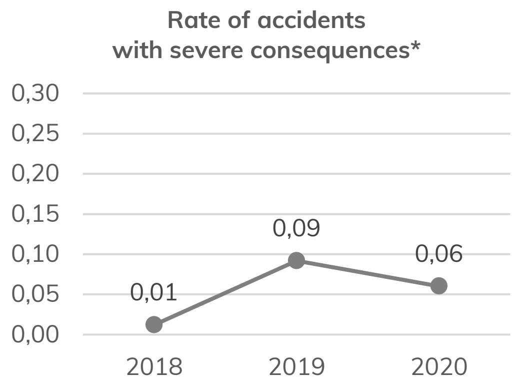
Risk Management

HSW activities are based on good industry practices for risk assessment and management, information and training, consulting employees, accident management, occupational diseases and monitoring health.

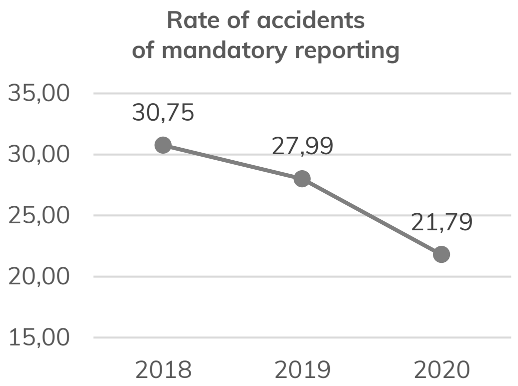
In this regard, Biedronka's efforts are of note. Since 2010, the Company has been certified to the Occupational Health and Safety Management System standard. From 2020, and in accordance with legislative changes, our Occupational Health and Safety Management System transitioned from the OHSAS 18001 standard to international standard ISO 45001. This certification is valid for all workplaces, including stores, Distribution Centres, the Soup Factory, and offices.

With regard to HSW, in the three countries, 98 thousand health examinations were performed, of which 21,871 in Portugal, 70,533 in Poland and 6,176 in Colombia, to evaluate the state of health and fitness of employees, based on the requirements of the functions to be performed. These examinations are performed for health monitoring purposes, through individual examinations, and to identify occupational risk factors and the living habits that have an impact on the physical and mental capacity of employees, focusing on prevention and promoting health.

Aggregate Health and Safety Indicators



Rate of workplace accidents with severe consequences (except deaths) = (Number of workplace accidents with severe consequences (except deaths)/Total hours worked) x 10^3.
*Accidents with severe consequences are those that result in an absence of the employees for more than 180 days. Does not include workers who are not employees of the Group.



Rate of workplace accidents that must be reported = (Number of workplace accidents that must be reported/Total hours worked) x 10^6.

In order to mitigate risks and maintain the downward trend in the frequency rate of workplace accidents, in 2020 we provided more than 185 thousand training hours in HSW and carried out three thousand emergency drills and 14 thousand audits. These figures represent increases of 166%, 69% and 769% respectively, mainly justified by the strengthening of the response to the pandemic context.

	Training hours			Emergency drills			Audits		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Group	65,047	69,849	185,581	2,199	1,932	3,257	2,156	1,672	14,534
Portugal	14,910	14,514	36,624	244	211	298	719	594	561
Poland	34,449	37,435	118,852	1,678	1,564	2,203	1,050	981	13,301
Colombia	15,688	17,900	30,105	277	157	756	387	97	672

Portugal[133]

The general training of employees in HSW varies according to each function and its associated risks. In addition to this general training, employees are also provided other specific training linked to the processes of each of the businesses, in accordance with the law, focusing on work equipment and assignment to particular teams. For example, driving transport and load lifting equipment, first aid, putting out fires, safely driving tractors, and helping to operate lift platforms for people.

In 2020, we remained focused on reducing incidents and were able to lower the frequency rate by 23%. A detailed investigation of all workplace accidents, in particular in critical sections such as the butcher's and fish counters, and in stores with poor performance in 2019, ensured the implementation of mitigation measures and raised the awareness of teams.

Employees actively participate in the area of HSW, namely in the selection of Personal Protective Equipment (PPE) and in the construction of safer work environments through equipment tests and the response to surveys.

Poland

After implementing programmes focused on preventing the most common causes of workplace accidents, we were able to reduce the frequency rate by 22% and, based on the analysis carried out, identified the following priority areas of action: the use of load handing equipment, manual load handling, movement inside facilities, cutting with sharp objects, workplace ergonomics, and travelling to and from work.

We also implemented Biedronkowa Akademia Zdrowia ("Biedronka Health Academy"), a programme for preventing occupational diseases, designed for employees from the Distribution Centres and offices. From time to time, 47 physiotherapists provide training in health and safety in the workplace, teaching employees how to prevent work-related musculoskeletal problems. At the Distribution Centres, workplace gymnastics exercises are performed prior to carrying out tasks and, in the offices, employees can receive massages in rooms that are fully equipped for that purpose.

In addition, representatives of groups of employees can be part of the Regional Health and Safety Team, which is responsible for active participation in co-creation, and is consulted in the implementation and maintenance of the Management System.

Colombia

The Monteria Distribution Centre had 7,584 accident-free hours (316 days) and was the first to achieve this historical milestone in the Group's history in Colombia. In 2020, the country recorded a reduction of more than 40% in the frequency rate.

To raise awareness of the importance of safety behaviour, of note is the "10 Rules to Save Lives" campaign designed to promote a culture of HSW in the Company. This initiative involved 280 employees in 2020.

During the year, online training was provided so that all target-employees could attend mandatory courses on health and safety and prevention, including courses on road safety.

[133] All of the Group's businesses in Portugal are covered by the same HSW Management System.

Internal Social Responsibility

The Jerónimo Martins Group has always taken care of its people through its Internal Social Responsibility (ISR) area, in which it continually invests and acts based on three strategic pillars: Health, Education and Family Wellbeing.

In 2020, and amidst the pandemic, the ISR area was called upon to address the respective impacts and designed measures to support the families of our employees to ensure their wellbeing and to foster a work-life-personal and family balance.

We invested a total of around 20 million euros[134], in Portugal and Poland. In Colombia, the year in which we had planned to introduce the ISR area, priority was given to operational support measures.

Health

We invested more than 1.2 million euros in healthcare programmes for our employees and their families.

Portugal

The Mais Vida ("More Life") programme, developed in partnership with the Champalimaud Foundation and the Portuguese Red Cross, supported 31 employees and their family members with cancer by offering second opinion consultations, transport for treatments, help at home and psychological support.

Since 2015, we have had a partnership in place with Lusíadas Saúde to provide healthcare services to employees and their families. In 2020, more than 1,100 medical services were provided under this arrangement, in particular ophthalmology consultations and complementary diagnostic tests.

Under the SOS Dentist programme, which is designed to help employees gain access to oral healthcare providers, 229 people continued their treatment plan, in an investment corresponding to 250,000 euros. The SOS Junior Dentist programme, for our employees' children, helped 158 children and adolescents complete their treatment plans, in an investment of 73 thousand euros.

We also implemented a free flu vaccination programme, in which six thousand vaccines were administered, corresponding to an investment of more than 50 thousand euros.

Poland

We invested over 42 thousand euros in the Wracaj do Zdrowia ("Get Well Soon") programme to help 79 people with serious or chronic illnesses or with life-threatening conditions and who need significant monetary support for treatment.

The Mali Bohaterowie ("Little Heroes") programme helped 178 children of employees with health problems or a disability, by providing financial aid for purchasing medicines and for rehabilitation, therapy, purchasing medical equipment or for surgery with an investment of over 160 thousand euros.

Education

We allocated around one million euros in this pillar, 37% less than in 2019 due to the cancellation of all holiday camps in Portugal and Poland.

Portugal

In view of the restrictions resulting from the pandemic, we supported the acquisition of more than 900 pieces of equipment (computers and tablets) so that the employees' children could ensure their presence in classes on an online basis, thus allowing them to end the academic year with academic success. The Group's investment amounted to more than 200 thousand euros.

[134] In Poland, 99% of the amount invested in these programmes was supported by the Social Fund, provided for under local law and which stipulates a per capita amount to be allocated to employees by companies.

The Back to School Programme offered textbooks to the children of employees with a low income and large families and offered discount vouchers for the purchase of textbooks to the other employees.

Employees with children who started primary school in 2020 also received a 40euro voucher, with over 1,000 vouchers offered. The discount vouchers for school supplies offered to children up to the age of 12 corresponded to a total of more than 150,000 euros.

The online Study Space initiative was developed, which aims to support the study of the children of our employees by providing explanations in the core disciplines of Portuguese, Mathematics and English, as well as didactic activities. After a pilot project launched in the context of the pandemic, this action covers a group of 50 children, of whom a substantial part is at risk of school failure, promoting the overcoming of difficulties and supporting parents in accompanying their children.

We also launched a pilot initiative aimed at the children of operations employees, aged between six and 12 years, with the aim of keeping children occupied during the summer and Christmas holidays. The first Summer Vacation Spaces were tested in three locations – Braga, Sintra and Algoz. In total, about 100 children were covered.

Although it was not possible to carry out the usual summer camp in England, an online English course was organized for two weeks for 100 employees' children, aged between 14 and 17 years old.

The Scholarship programme, which financially supports the continuation of school life, covered 35 employees and 72 children of employees. The investment exceeded 130 thousand euros, with the continuation of support depending on school performance.

Poland

The same programme offered 3,500 school kits to all children who started school.

With the arrival of the pandemic, schools suspended their face-to-face activities until the end of the academic year, which forced students to start studying from home and taking classes online.

That is why we launched a special campaign that allowed our employees to buy tablets and computers for their school-age children, through a symbolic contribution from employees. More than 600 pieces of equipment were delivered to employees in Poland, with an investment of around 400 thousand euros.

Family Wellbeing

Considering a universe of more than 59 thousand employees with minor children and more than 67thousand children up to the age of 12, we invested over 17.6 million euros in programmes, such as the ones described below, which represents 7% more than in 2019.

In 2020, we continued to offer Baby Kits to all employees who had children during the year in Portugal and Poland. In all, 4,500 kits were offered to new parents. We also offered 84,417 Christmas presents to our employees' children under the age of 12, in Portugal, and under the age of 18, in Poland.

Portugal

With the arrival of the pandemic, the Group reinforced the Social Emergency Fund (SEF), an instrument that supports employees in areas such as food, health, education, legal advice and financial guidance, having accompanied more than a thousand employees through their assistants (see highlighted box above).

Poland

The Możesz Liczyć na Biedronkę ("You Can Count on Biedronka") programme continued to financially support employees in financial difficulty and granting them loans to help them cover housing costs. In 2020, the programme encompassed more than nine thousand employees, translating into over one million euros in financial support and around 3.8 million euros in loans.

At the end of November, Biedronka employees received extra financial support over Christmas, in the form of pre-paid shopping cards, corresponding to an investment of over seven million euros.

We also supported former employees who retired from the Company, by charging pre-paid shopping cards for 24 people under the Na Biedronka dla Seniora ("Biedronka Retirement") programme.

8.3.5. Being a Benchmark Employer Means Continuing to Listen to Our Employees and Encouraging Engagement

The Group endeavours to continuously improve the working conditions and experience of employees to maintain their level of commitment, engagement and satisfaction. To this end, we follow a collaborative approach that requires holistic participation by the organisation, based on three pillars:

i. Consultation, by providing assistance helplines for daily management and conducting regular organisational climate surveys to determine the level of employee satisfaction;
ii. Action, by implementing initiatives and programmes designed to address the shortcomings identified in the consultation pillar, described in this subsection;
iii. Communication, by ensuring transparency and providing information on the measures implemented at any given time.

Starting with the consultation pillar, the Group offers an Employee Assistance Service (EAS) as the main channel of communication for employees to ask questions and resolve work-related issues, directly by email or telephone, and to receive and forward requests for social support. This channel ensures confidentiality, independence and impartiality, thereby safeguarding employees against any retaliation, discrimination or loss of rights.

The EAS has been operational for 13 years in Poland, ten in Portugal, and three in Colombia. In 2020, the number of contacts received via the EAS increased by around 50%, due mainly to questions and requests for help related to Covid-19.

	Employee Assistance Service					
	Contacts/Procedures Initiated			Procedure Completed (%)		
	2018	2019	2020	2018	2019	2020
Grupo	34,606	39,320	60,724	98%	97%	96%
Portugal	21,490	20,963	34,575	99%	99%	97%
Poland*	4,479	8,975	11,804	94%	96%	97%
Colombia	8,637	9,382	14,345	94%	89%	93%

* Does not include contacts related to payroll/administrative issues and requests for Social Fund support.

Also as part of the regular employee consultation, the Group conducts a satisfaction survey with which it intends to understand the level of commitment to the Company in which they work.

The findings of the Global Survey conducted in 2019 were reported to the managers and employees of the Companies in 2020. All areas for improvement will be addressed by the Companies in 2021 by defining and implementing action plans.

In order to understand the reasons that lead employees to leave a Company, we strengthened our offboarding policies with the main rules and guidelines for managing an employee's exit, thus ensuring relevant information is gathered and reported.

And, in a year in which we improved communication with our employees given the pandemic situation, we also developed digital channels to ensure greater proximity and agility in work processes.

In the year in which Pingo Doce celebrated its 40th anniversary and Biedronka its 25th, we found digital ways to, despite the pandemic, be close to our employees and celebrate the banners' achievements with them.

Among other initiatives, Pingo Doce launched a radio broadcast with competitions, interviews and other activities, while Biedronka prepared a streaming event for the first time for over 70 thousand employees.

The Group's intranet (Our JM) bolstered its position as a shared communication channel for the employees in our three countries.

In Portugal, regular newsletters were published by the Companies and, in November, a new mobile app was launched – Meu Pingo Doce (My Pingo Doce). This app is exclusively for employees and shares daily information on Human Resources initiatives and about the business.

In Poland, the internal social responsibility website is the main source of information for all employees. During the year, the site registered over 20 million views, a 43% increase compared to 2019. The website now features an internal chatbot (an AI-powered conversation software application) that helped establish more than 58,000 conversations with 31,000 employees, keeping them constantly updated on issues related to people management.

In Colombia, Ara's main channel of internal communication is the Hablando Naranja radio station, broadcast to operations and which increased its coverage during 2020 to reach all employees. As a result of this initiative, an online community was created that connects all employees and is used to share motivational messages through photos, videos and recordings.

8.3.6. Being a Benchmark Employer Means Sticking to Our Principles

Our relationships with all our stakeholders are guided by the principles of transparency, honesty and integrity. In our relationship with employees, we have several tools to ensure that everyone is treated equally, irrespective of their origin, age, gender or religious beliefs, respecting both universal rights and national labour laws.

The Jerónimo Martins Group's Ethics Committee is responsible for the impartial and independent monitoring of the disclosure of and compliance with the Code of Conduct[135] and Anti-Corruption Policy[136]. These two instruments set out the ethical principles and conduct which the employees of the Group and its Companies must follow, no matter their position, function or the country where they work.

When they start working at the Group, all employees receive a copy of the Code of Conduct and attend regular and related training sessions – in 2020 training was provided to over six thousand employees.

The Anti-Corruption Policy establishes zero tolerance for any form of corruption, influence peddling, the acceptance of undue advantages or the payment of any benefits in violation of the Code of Conduct or the laws in force in each country. The policy was approved in 2019 and widely disseminated in 2020 among managers and operations employees in critical roles.

The Ethics Committee has a dedicated website (ethicscommittee.jeronimomartins.com), that is the preferred channel of contact and reporting for issues related, in particular, to aggression, harassment, conflict of interest, corruption, discrimination, fraud, improper business practices and misuse of information. All communication, whether by email or telephone, is kept strictly confidential and all situations reported are analysed and investigated, and subsequent action plans drawn up.

In Poland and Colombia, there are other bodies dedicated to issues such as mobbing[137], sexual harassment and discrimination that receive and handle related complaints. They are the Anti-Mobbing and Sexual Harassment Committee and the Committee for Labour Coexistence.

Also of note is the creation of the Policy for the Prevention and Combat of Harassment and Discrimination in Portugal, which aims to address these two dimensions, namely regarding the behaviour of employees in the workplace.

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135 https://www.jeronimomartins.com/en/about-us/who-we-are/our-code-of-conduct/.
136 https://www.jeronimomartins.com/en/about-us/who-we-are/anti-corruption-policy.
137 Mobbing refers to the psychological harassment in the workplace of an individual or group by two or more people, as opposed to bullying, which is harassment by one person (International Labour Organization, 2006).

Respect for Human and Workers' Rights

In line with the guidelines of the United Nations and the International Labour Organization, the Group values diversity, the right to non-discrimination, fair pay, a safe and healthy environment, rest, privacy, personal and family life, among other rights, in compliance with the laws of the countries in which it does business and with supranational laws.

The Human Resources policies in force encourage a culture of alignment between the three countries, compliance with laws and regulations, fairness and meritocracy, and sustainable value creation throughout the employee career cycle.

Other inalienable rights such as freedom of association, trade union activity and the right to collective bargaining are also ensured. In Portugal, collective bargaining encompasses more than 90% of employees[138]. In Poland, the Trade Union Policy was created in 2020, a mechanism to regulate relations with trade unions as a means to improve working conditions.

We also prevent child and forced labour within the scope of our activities and ensure respect for the rights of indigenous peoples.

Diversity and Inclusion

In 2020, the Diversity and Inclusion area, responsible for managing the global Human Resources agenda in this regard, remained focused on equality and social inclusion, the latter centred around creating job opportunities for people facing labour market disadvantage: people with disabilities, migrants and refugees, and people at social risk.

Gender equality is a commitment by the Group that is part of all stages of the employee career cycle. Particularly as regards compensation and benefits, the Group has an overall gender pay gap ratio of 96.5%[139]. This ratio is higher than 95% in the three countries where we operate: Poland, Portugal and Colombia.

In 2020, we updated our Gender Equality Plan for 2020-2021[140], in accordance with laws in force in Portugal, and joined Target Gender Equality[141]. The latter is a programme designed for members of the United Nations Global Compact aimed at accelerating gender equality in companies by setting targets for women's representation and leadership in all levels and in all areas of business (Sustainable Development Goal number 5 of the 2030 United Nations Organization Agenda – "Gender equality and empower all women and girls").

Under this partnership, in 2020 we carried out an internal gender equality diagnosis using the Women's Empowerment Principles Gender Gap Analysis tool, reaching the level of "Achiever", with a rating of 65%, meaning 35 p.p. and 31 p.p. above the global and European average, respectively. This diagnosis was essential to identifying strengths and opportunities for improvement of women's empowerment.

It should also be noted that, in 2020, 68% of all management positions – regardless of their hierarchical level – were held by women.

As regards social inclusion, the Incluir ("Include") programme has been implemented in Portugal since 2015 to create job opportunities for people facing labour market disadvantage. The programme has already created 477 job opportunities and led to 227 hires (129 following on-the-job training and 98 direct hires). In 2020, 19 people were hired.

[138] Only in Portugal, since collective labour regulation instruments applicable to the Group's Companies do not exist in Poland and Colombia.
[139] This indicator gauges the salary difference between women and men within the universe of Jerónimo Martins employees, based on comparable realities. It is expressed considering women's average salary as a percentage of men's average salary, with 100% being the pay ratio that represents full equality among genders. Compared to 2019, the calculation method used in Poland changed to include a new variable – regional clusters.
[140] Available for consultation at: https://www.jeronimomartins.com/en/responsibility/being-a-benchmark-employer/principles-and-values.
[141] Available at https://www.unglobalcompact.org/take-action/target-gender-equality and at https://globalcompact.pt/programas/341-target-gender-equality.

The Incluir ("Include") programme has 248 internal tutors from more than 210 workplaces and includes the participation of 42 institutions specialising in different areas of social inclusion, most notably:

- Centro de Recursos da Casa Pia de Lisboa – deaf people;
- Associação Salvador – people with reduced mobility;
- Fundação LIGA – people with all types of disabilities;
- Associação Portuguesa de Síndrome de Asperger;
- CERCICA Cooperativa para a Educação e Reabilitação de Cidadãos Inadaptados de Cascais – people with all types of disabilities;
- Programa Incorpora – network of various institutions.

Of the 122 active employees in 2020, 61% were men and 39% were women, with an average age of 33 and from 18 countries.

In 2020, we held the third edition of Project Search, in partnership with the Focus Cooperative, which helps young adults with special needs transition to a working life. The Pingo Doce hypermarket in Póvoa de Varzim and the Recheio store in Vila do Conde welcomed 12 interns, in a format adapted to the context of the pandemic: some of the theory was taught online and internships were part-time. Since being implemented, this initiative has already included 32 young people with special needs, 13 of which were hired by the Companies.

With regard to supporting people at social risk, of note is the partnership with Arco Maior, an institution dedicated to young people excluded from formal education systems, providing them opportunities to prepare for the job market and with whom we arranged visits for 18 students to the Alfena Distribution Centre and to Pingo Doce and Recheio stores.

In Poland, we continued to integrate employees from eastern European countries, mainly from the Ukraine, but also Belarus, Russia, Georgia, Moldova, Bulgaria, Uzbekistan and Slovakia, welcoming a total of 1,400 people.

In 2020, we created a team dedicated to hiring and integrating foreign workers and supporting their legalisation in the country. To help ensure these employees have access to and understand information, the recruitment channels, induction training programmes and checkout systems were translated into Ukrainian.

In Colombia, the increased migration flow from border countries such as Venezuela led us to welcome 27 people into our operations, ensuring support in their integration in the Company and in the country.

8.3.7. Being a Benchmark Employer Means Looking to the Future

We are moved by the need to have people on the ground every day to serve our populations. Therefore, we are committed to creating all the conditions so that our employees in stores, warehouses, factories and offices can continue to work.

2020 was a year that put us all to the test. It was a year in which we faced greater instability and had to muster all our strength to overcome daily challenges.

In a year in which we had to rethink our approaches and be more agile, we never lost sight of our priorities in people management. We do not know what challenges tomorrow may bring, but as a Benchmark Employer we will remain committed to ensuring the development, recognition, engagement and wellbeing of to our people, fundamental principles in our Human Resources strategy.

9. Commitments for 2018-2020

Pillars of Action	Commitments for 2018-2020	Progress
Promoting Good Health through Food	Further improve the nutritional profile of the Private Brand products, through product innovation and reformulation, and in the Meal Solutions meals.	**Achieved**. The nutritional reformulations of Private Brand and Perishables products prevented 2,468 tonnes of sugar, 184 of saturated fat, 28 of fat, and 58 of salt from entering the market. Since 2018, the following was prevented: ▪ 4,043 tonnes of sugar; ▪ 565 tonnes of saturated fat; ▪ 693 tonnes of fat; ▪ 80 tonnes of salt.
	Continue to develop programmes promoting the Mediterranean Diet and healthy nutritional habits based on recommendations by local experts, and those raising consumer awareness about reading food labels.	**Achieved**. At Pingo Doce, we maintained the principles of the Mediterranean Diet in the development of Private Brand products and meals from Meal Solutions and as a differentiating element in communicating with our audiences. The bimonthly magazine "Sabe Bem" (Tastes Good), with an average circulation of 150 thousand copies, remained one of the preferred media on this diet, through the publication of recipes that also encourage the use of surplus food and the fight against food waste. We highlight the creation of a more intuitive identity in the products of Meal Solutions and Take Away in order to communicate the freshness of the ingredients used in Pingo Doce's Kitchens production. "Comida Fresca – A Verdade dos Ingredientes" (Fresh Food – The Truth of Ingredients) was the symbol that started to be used in soups, dishes, salads and desserts. 240 articles were published in Biedronka in several media, in leaflets and on the Biedronka's website, describing the nutritional profiles, the quality of Private Brand and Perishable products and their health benefits. Also, 66 articles were disseminated through internal channels addressed to employees. In Colombia, we highlight the "Se Siente Bién" (Feel Good) campaign, developed by member companies of The Consumer Goods Forum to raise awareness of healthy eating habits among the population. The campaign obtained an average of 19.3 million views in the external and internal publications of the participating companies.
	Increase the number of references of the lactose-free and gluten-free range by 5% per year compared to 2017, in Private Brand products in Portugal and Poland.	**Partially achieved**. Globally, the references without lactose increased compared to 2019 (30%), while references without gluten decreased 2%. Compared to 2017, they increased 100% and 22%, respectively. Lactose free: • 2017: 30 (15 in Poland and 15 in Portugal); • 2018: 37 (19 in Poland and 18 in Portugal), an increase of 23% compared to 2017; • 2019: 46 (15 in Poland and 31 in Portugal), an increase of 24% compared to 2018 and 53% compared to 2017; • 2020: 60 (18 in Poland and 42 in Portugal), an increase of 30% compared to 2019, 62% compared to 2018 and 100% compared to 2017. Gluten free: • 2017: 688 (102 in Poland and 586 in Portugal); • 2018: 769 (129 in Poland and 640 in Portugal), an increase of 12% compared to 2017; • 2019: 854 (133 in Poland and 721 in Portugal), an increase of 11% compared to 2018 and 24% compared to 2017;

Pillars of Action	Commitments for 2018-2020	Progress
		• 2020: 838 (107 in Poland and 731 in Portugal), a reduction of 2% compared to 2019 and increases of 9% compared to 2018 and 22% compared to 2017.
	In Portugal and in Poland, develop food solutions without any animal protein, aimed at consumers with specific dietary needs/preferences.	**Achieved**. The offer of products for vegans and vegetarians in Poland and Portugal was reinforced with the launch of, respectively, 68 and 10 references in the Go Vege range and other Private Brands.
	In Portugal and in Poland, ensure that products intended for children have a higher nutritional profile than the benchmark.	**Achieved.** In Portugal, Pingo Doce and Amanhecer cubed flamengo cheese snack, a product designed with the younger audiences in mind has 38% less salt than the average salt content of other cheese snacks on the market (November 2018 data), is rich in vitamin B12, calcium and phosphorus, and is a source of vitamin A. In Poland, all references consumed mainly by these audiences are free of preservatives, sweeteners, glucose-fructose syrup, phosphates, monosodium glutamate, hydrogenated vegetable oils and the polyglycerol polyricinoleate emulsifier (E476).
	In all the countries, continue analysing Private Brand products as to their raw materials, using external laboratories, ensuring their authenticity and fighting food fraud.	**Achieved**. We carried out 147,589 analyzes of work surfaces and manipulators, among others, and 59,869 analysis of food products. There were also 12,764 internal audits (including monitoring) of the Group's infrastructures. In the 2018-2020 period, we carried out 368,905 microbiological analyzes and 158,837 laboratory analysis of food products, complemented by 32,876 internal audits (including monitoring).
	In all the countries, ensure the use of voluntary "Without GMO" labelling for all references that could contain genetically modified ingredients.	**Not achieved**. The adoption of the "Without GMO" symbol for products consisting mainly of only one ingredient that could potentially have been genetically modified, covered 22% of the total references in question in Portugal and reached 40% in Poland (for corn and soybeans that represent more than 50% of the articles' composition).
	In all countries, facilitate responsible consumption through voluntary labelling with regard to nutritional aspects and alcohol information.	**Achieved**. 91% of Private Brand alcoholic beverages in Portugal had a caloric icon and 60% in Poland. The adoption of a symbol that discourages the consumption of alcoholic beverages by pregnant women covered 100% of Private Brand references in Portugal, an increase of 0.9 p.p. compared to 2019. In Poland, 8% of references had this symbol. The symbol of responsible driving covered, for the first time, 12% of the references in Portugal and 17% in Poland. In Colombia, alcoholic references have been discontinued.
	In all the countries, make it easier for consumers to manage food products' expiry dates and tackle food waste, by adopting only one expiry date on the product labels, whenever possible considering the legal requirements.	**Achieved**. We provide information on the packaging about the average time of consumption after opening, helping consumers in the management of their products. These are the cases of the most perishable products such as mayonnaise, milks and fruit jams.
Respecting the Environment	Reduce the Group's carbon footprint by 5% in the 2018-2020 three-year period (per € 1,000 of sales), compared to 2017.	**Achieved.** In 2020, the Group's carbon footprint was reduced by 37.9% (per € 1,000 of sales), compared to 2017.

<table>
<tr><th>Pillars of Action</th><th>Commitments for 2018-2020</th><th>Progress</th></tr>
<tr><td></td><td>Reduce water consumption annually by 2% (per € 1,000 of sales).</td><td>Partially achieved. Water consumption, per €1,000 of sales, had the following behaviour:
<table><tr><th>Year</th><th>Global</th><th>Distribution</th></tr><tr><td>2020</td><td>-6.4%</td><td>-6.5%</td></tr><tr><td>2019</td><td>+13.8%</td><td>-3.7%</td></tr><tr><td>2018</td><td>-1.2%</td><td>-2.4%</td></tr></table>
When observing the global water consumption figures – which includes the activities of Distribution and Agribusiness – we find that the goal was achieved only in 2020 due to the fact that it was a year with greater rainfall, reducing the irrigation needs of crops for cattle feed. In 2019 and 2018 there was a greater need for irrigation water for these purposes, leading to a failure to meet the target for those periods. When considering only Distribution activities, the same indicator is met in all years.</td></tr>
<tr><td></td><td>Reduce electricity consumption annually by 2% (per € 1,000 of sales).</td><td>Partially achieved. Electricity consumption, per € 1,000 of sales, had the following behaviour:
<table><tr><th>Year</th><th>Global</th></tr><tr><td>2020</td><td>-0.7%</td></tr><tr><td>2019</td><td>-6.3%</td></tr><tr><td>2018</td><td>-2.5%</td></tr></table></td></tr>
<tr><td></td><td>Reduce the quantity of waste sent to landfill by 5 p.p. during the 2018-2020 three-year period, compared to 2017.</td><td>Not achieved. The waste recovery rate increased by 1.1 p.p., compared to 2017.</td></tr>
<tr><td></td><td>Complete at least 20 ecodesign projects for Private Brand product packaging every year.</td><td>Achieved. In the 2018-2020 period, the following Private Brand packaging ecodesing projects were carried out:
<table><tr><th>Year</th><th>Global</th></tr><tr><td>2020</td><td>148</td></tr><tr><td>2019</td><td>76</td></tr><tr><td>2018</td><td>30</td></tr></table></td></tr>
<tr><td></td><td>Reduce the Group's food waste by 10% during the 2018-2020 three-year period, compared to 2016.</td><td>Not achieved. In 2020, the Group's food waste increased to 16.9 kg for each tonne of food sold, an increase of 5%, compared to the defined limit.</td></tr>
<tr><td></td><td>Increase the number of locations with environmental certification (at least 25).</td><td>Not achieved. In 2019, 21 locations were environmentally-certified according to ISO 14001.</td></tr>
<tr><td>Sourcing Responsibly</td><td>Guarantee that 80% of the Jerónimo Martins Group's purchases of food products, are sourced from local suppliers.</td><td>Achieved. In 2019, 89% of the food products sold by the Group were purchased from local suppliers, contributing to the goal of maintaining this ratio above 80%.</td></tr>
</table>

Pillars of Action	Commitments for 2018-2020	Progress
	Continue introducing sustainability certificates (e.g. UTZ, Fairtrade, MSC, ASC, RSPO, EU Ecolabel, EU Organic Label, etc.) for at least 10 Private Brand products and Perishables.	**Achieved.** In 2020, 224 references with sustainability certificates were launched: ▪ 96 references with Forest Stewardship Council (FSC) certification – relating to primary packaging used in products or to paper and wood used in articles – in Poland (50), Portugal (42) and Colombia (4); ▪ 57 references with organic certification in Portugal (32) and Poland (25); ▪ 12 Private Brand references with EU Ecolabel certification in Portugal; ▪ 12 references with Rainforest Alliance certification, for cocoa, tea or bananas in Portugal (7) and Poland (5); ▪ 10 articles with Programme for the Endorsement of Forest Certification (PEFC) – either in product packaging or paper and timber incorporated in products – in Portugal (5), Poland (4) and Colombia (1); ▪ 10 references with the Roundtable on Sustainable Palm Oil (RSPO) certification in Portugal; ▪ 7 references with UTZ certified cocoa or coffee as an ingredient in Poland (4) and in Portugal (3); ▪ 3 references with the Welfair™ animal welfare certification in Portugal; ▪ 2 references with the Blue Angel certification in Poland (1) and Portugal (1); ▪ 2 references with Marine Stewardship Council (MSC) certification in Biedronka; ▪ 1 Dolphin Safe reference in Portugal; ▪ 1 Fairtrade reference for the coffee ingredient in Portugal; ▪ 1 reference with Sustainable Forestry Initiative (SFI) certification – related to primary packaging used in products or paper and wood used in articles – in Colombia.
	Contribute towards achieving the Zero Net Deforestation goal by 2020, as defined by The Consumer Goods Forum, namely through active management of palm oil, soy, beef, and wood and paper.	**Not achieved.** The developments in the consumption of these ingredients in our Private Brand and Perishables products, their origin and sustainable production certification, as well as other initiatives of the Group to fight deforestation are described in subchapter 6. "Sourcing Responsibly", section 6.3. "Promoting More Sustainable Production Practices", subsection 6.3.1. "Fighting Deforestation".
	Carry out at least 50 environmental audits every year on suppliers of Private Brand and Perishables.	**Achieved.** The following environmental audits were carried out on Private Brand and Perishables suppliers in the 2018-2020 period: Year / Global 2020 / 57 2019 / 55 2018 / 79 More information is available in subchapter 6. "Sourcing Responsibly", section 6.4. "Selection and Monitoring of Suppliers", subsection 6.4.1. "Supplier Audits".
	Carry out at least 40 environmental audits every year on service providers.	**Achieved.** The following environmental audits were carried out on service providers in the 2018-2020 period:

Pillars of Action	Commitments for 2018-2020	Progress
		<table><tr><th>Year</th><th>Global</th></tr><tr><td>2020</td><td>40</td></tr><tr><td>2019</td><td>46</td></tr><tr><td>2018</td><td>53</td></tr></table> More information is available in subchapter 6. "Sourcing Responsibly", section 6.4. "Selection and Monitoring of Suppliers", subsection 6.4.1. "Supplier Audits".
Supporting Surrounding Communities	Monitoring and disclosure of the social impacts resulting from the support offered, according to the London Benchmarking Group (LBG) model.	**Achieved**. The monitoring and disclosure of the impacts resulting from the support offered by the Group, according to this model, is published in this document – subchapter 7. "Supporting Surrounding Communities", section 7.2. "Managing the Policy on Supporting Surrounding Communities" – and at the corporate website.
	In Portugal, start at least one project of community investment per year, aimed at children, young people or elderly people from vulnerable environments.	**Partially achieved**. In 2018 and 2020, no community investment project was initiated, although the "Social Market" initiative was developed, which supported four third-sector institutions that have their own food production, providing them with a store dedicated to the marketing of their products. The sale amount was fully transferred to the institutions concerned. In 2019, the Pingo Doce's Bairro Feliz (Happy Neighbourhood) programme supported 157 local causes, in an investment of more than 150 thousand euros.
	In Poland, strengthen the involvement in social projects, focused on children, young people and elderly people from vulnerable environments.	**Achieved**. In 2020, Biedronka joined, for the second consecutive year, the Wiosna Association, within the scope of the Szlachetna Paczka (Noble Gift) programme, which allowed to support more than 14 thousand economically vulnerable families. In addition, partnerships were maintained with Caritas, with the Sovereign Order of Malta, with the Association Nadzieja Na Mundial (Hope for Mundial) and with Akademia Młodych Orłów (Young Eagles Academy), for projects to support people from vulnerable contexts, among other new partnerships established. In the previous two years, the Company developed and supported programs such as Śniadanie Daje Moc (Breakfast Gives You Strength) and Zielona Kraina (Green Land), both within the scope of promoting healthy eating among children from vulnerable contexts. Also the Na Codzienne Zakupy program (For Everyday Shopping), a financial assistance initiative designed for the vulnerable senior population, took place in 2018 and 2019.
	In Poland, expand the programme for direct food donations from the stores to local non-governmental organizations. Reach 1,500 stores by 2020.	**Achieved**. The number of stores with a protocol established with local institutions for the delivery of foodstuffs totalled 1,941 at the end of 2020. This figure represents a 54% growth since 2018.
	In partnership with Caritas Polska, launch a programme supporting vulnerable senior citizens, hoping to have an impact on at least 4 thousand people every year.	**Achieved**. As of March 2020, the programme Na Codzienne Zakupy (For Everyday Shopping), a financial assistance initiative aimed at the vulnerable senior population through the allocation of prepaid cards from Biedronka, saw its management be assumed by the Biedronka Foundation, reaching 10 thousand people in an investment of 3.2 million euros. During 2018 and 2019, this programme reached around six thousand people per year, representing an investment of 4.8 million euros.

Pillars of Action	Commitments for 2018-2020	Progress
	In Colombia, maintain the involvement in social projects such as Aldeas Infantiles SOS Colombia (SOS Children's Villages Colombia), and Abaco – Asociación de Bancos de Alimentos de Colombia (Colombian Association of Food Banks) for the donation of foodstuffs.	**Achieved**. In 2020, Ara's priority was to respond to food emergency situations caused by the pandemic. Through the ICBF, Ara supported over 4,100 children and their families in five Colombian regions. In partnership with Caritas Colombia and Caritas Polska, more than 1,100 Venezuelan migrant families and Colombian families were supported in situations of extreme economic vulnerability with more than 9,400 food baskets. In addition, since 2018 we have maintained partnerships with Aldeas Infantiles SOS (a support by Ara's clients) and with ABACO for the donation of food surpluses: in of three years, it was possible to offer more than 610 thousand euros donated by customers and more than 300 tonnes that reached an average of 2,400 families.
Being a Benchmark Employer	Continuous improvement to the quality of life of our employees, through internal social responsibility programmes in all the countries where we are present.	**Achieved**. Investment in support initiatives for employees in the areas of Health, Education and Family Welbeing was approximately 20 million euros. In Portugal, through the Social Emergency Fund, we supported more than 1,100 employees, representing an investment of over 1.1 million euros. In Poland, more than seven million euros in prepaid cards were distributed and more than nine thousand employees were financially supported through the Możesz Liczyć na Biedronkę program (You Can Count with Biedronka).
	Continuous reinforcement of the training and information programmes concerning the Code of Conduct, aimed at all the organization's employees, regardless of their place of work or position, promoting its full compliance.	**Achieved**. Each new employee receives a printed copy of the Code of Conduct, which contains all the values and principles that guide our people in the performance of their duties, regardless of hierarchical level, Company, or country in which they work. Throughout the year, other training actions are also implemented for employees with program content related to the Code of Conduct. In 2020, more than six thousand employees received training in Code of Conduct. Created in 2019, the Anti-Corruption Policy, which has as its basic principles zero tolerance for any form of corruption, influence peddling, receiving undue advantages or paying benefits that violate the Code of Conduct or the legal provisions applicable in each country, was widely disseminated in 2020 to managers and employees of operations with critical functions as well as for the general public (available at www.jeronimomartins.com).
	Foster diversity in talent attraction.	**Achieved**. We continued to develop our strategy of attracting different skills and profiles with programmes designed specifically for this purpose. Allied to this strategy is our strong presence in the LinkedIn social network, which in 2020 had more than 214 thousand followers. Regarding social inclusion, in Portugal, in 2020 we had 122 employees under the Incluir programme having 19 new employees hired. In Poland, we integrated 1,400 employees from Eastern European countries and in Colombia we also received 27 people from cross-border countries like Venezuela.

10. Commitments for 2021-2023

Action Pillars	2021-2023 Commitments
Promoting Good Health Through Food	In all countries develop food alternatives such as vegan, lactose-free and/or gluten-free solutions that are aimed at consumers with specific dietary needs/preferences.
	Ensure that products targeted for children have a higher nutritional profile than the benchmark (or best in class), according to the country of operation. In Colombia, ensure that products targeted for children have a higher nutritional profile than this benchmark until 2025.
	In Portugal and in Poland, ensure the use of voluntary “Without GMO” labelling for 75% of Private Brand food references containing mostly (>50%/net weight) potentially modified ingredients (soy and corn), thus helping consumers in their decision-making process – 55% year 1 / 65% year 2 / 75% year 3.
	In Portugal and Poland, continue to develop programmes promoting the Mediterranean Diet principles and healthy nutritional habits, based on recommendations by local experts, and raise consumer awareness on reading food labels.
	In Portugal and in Poland, ensure that 90% of Private Brand products do not contain, in their direct ingredients, artificial dyes until 2023.
	In Portugal and in Poland, ensure that 90% of Private Brand products do not contain, in their direct ingredients, artificial flavour enhancers until 2023.
	In Portugal and in Poland, position the Companies as healthy ageing promoters, through democratising the access to Private Brand food products that meet internationally recognised nutritional and dietary needs for the +55 age groups.
	In Hebe, in the scope of promoting health through cosmetic products' formulation, develop animal-free protein Private Brand alternatives aimed at consumers with specific needs/preferences.
	In Hebe, in the scope of promoting health through cosmetic products' formulation, ensure that “Hebe Naturals” products have at least 90% natural ingredients in their composition (according to ISO 16128).
Respecting the Environment	Increase the number of locations with environmental certification to at least 60% of the total Distribution Centres and industrial units* by 2023. * Fresh Dough Factory, Central Kitchens, soup factories and Terra Alegre.
	Reduce the carbon footprint (scopes 1 and 2) by at least 40% by 2023 (per 1,000 euros of sales), compared to 2017.
	Reduce energy consumption by 10% (per 1,000 euros of sales) by 2023, compared to 2017.
	Reduce water withdrawal measured in megalitres in Distribution activities by 10% by 2023 (per million euros of sales), compared to 2017.
	Limit food waste to 16.1 kg for each tonne of food sold by 2023.
	Ensure that at least 12% of the packaging in Private Brand products are included in the Ecodesign project by 2023, comparing to the 2020 assortment.
	Ensure an annual waste recovery rate of at least 85% of the volume of waste generated by 2023.
	Support at least one nature conservation project in each of the countries where we have operations and disclose its results annually.
	Reduce by 5% by 2023, the specific consumption of plastic (measured in tonnes of plastic packaging per million euros of turnover), compared to 2018.
	Increase the content of recycled plastic to 10% of the total amount of plastic packaging under our responsibility (Private Brand, service packaging, check-out bags and wrapping film) by 2023.
	Reduce carbon emissions resulting from transporting goods to stores by 5% (in tonnes of CO_2e per thousand pallets transported), by 2023, compared to 2020.
Sourcing Responsibly	Guarantee that at least 80% of the Jerónimo Martins Group's purchases of food products are sourced from local suppliers.
	Increase sales of Private Brand and/or Perishable products and packaging with sustainability certification to 7% of the total sales of these product categories by 2023.
	Carry out environmental audits to at least 20% of Private Brand and Perishables suppliers, with a purchase volume greater than 1.1 million euros in the 2021-2023 period.

Action Pillars	2021-2023 Commitments
	Contribute to The Consumer Goods Forum's Forest Positive Coalition of Action commitments. Within the scope of our Private Brand and Perishable products and for each of the commodities considered, the following goals were defined: • **Palm Oil:** continue to ensure 100% RSPO certification in Portugal and Poland. In Colombia, ensure compliance with the "Acuerdo de Voluntades para la Deforestación Cero en la Cadena de Palma en Colombia" (Voluntary Agreement for Zero Deforestation in the Colombian Palm Oil Chain) from the Colombian government. • **Soy:** Reduce by 50% soy from unknown origins to 16% of total direct and indirect soy. Reduce soy from countries with risk of deforestation to 25% and/or ensure they are sustainably sourced (e.g. RTRS or ProTerra certified or other multi-stakeholder schemes that promote the preservation of ecosystems in the main production areas of this ingredient). • **Beef:** Reduce unknown origins to 2.5% of total beef purchases. If sourcing from Brazil, engage with suppliers to ensure they adopt deforestation policies and actions. • **Paper and wood:** Work with suppliers to achieve sustainable certification (e.g. FSC® or PEFC) in 80% of virgin fibres used in products and in 70% of virgin fibres used in our packaging.
	Ensure the annual application of the Sustainable Agriculture Handbook in at least 70 new farms in Portugal and Poland, ensuring a minimum average sustainability index of 3.7 points (on a scale from 1 to 5, in which 5 is the maximum rating) for farms with at least two assessments in the 2021-2023 period.
Supporting Surrounding Communities	Monitor and disclose at least 70% (in value) of the social impacts resulting from the annual support offered, according to the London Benchmarking Group (LBG) model.
	Strengthen the involvement in social projects in all geographies, targeted to children, youngsters and elderly people from vulnerable environments, focusing on aspects of health and healthy eating, aiming to directly impact one million people until 2023.
	In Poland, expand the food donations programme for local non-governmental organizations to 70% of stores.
Being a Benchmark Employer	Ensure the implementation of initiatives that improve the wellbeing and quality of life of our employees, through solutions that enable a work-life-family balance and support employees and their families.
	Support employees who are in a vulnerable situation due to a social and/or family emergency, through the existing funds available in each country and through other local support solutions.
	Ensure that, each year, all employees receive information on the Code of Conduct and the Anti-Corruption Policy, ensuring knowledge of and compliance with these instruments, namely by providing related training.
	Continuously invest in training our employees, stepping up the development of leaders across the organisational structure and helping build new skills aligned with the strategic needs of the Organisation.
	Prepare the Organisation for the future of work, by implementing new platforms that encourage self-development and digital programmes that improve efficiency, collaboration and productivity.
	Create opportunities for people facing labour market disadvantage, particularly migrants or refugees, people exposed to social risk, and people with disabilities.
	Continue efforts to promote gender equality and improve the methods for measuring and monitoring the pay gap between men and women, making them more robust, consistent and detailed. This work should extend to all compensation components and new metrics should be implemented, such as analysing the pay breakdown bypercentiles.

11. Table of Indicators

The following table of indicators follows the methodology of the Global Reporting Initiative (GRI) Standards. This report has been prepared in accordance with the GRI Standards: 'Core' option.

GRI Standard	Description	Evidence	United Nations Global Compact Principles & Sustainable Development Goals
102-1	Name of the organization.	Jerónimo Martins, SGPS, S.A.	---
102-2	Activities, brands, products, and services.	Refer to Chapter I. "The Jerónimo Martins Group".	---
102-3	Location of headquarters.	Rua Actor António Silva n. ° 7, 1649-033 Lisboa, Portugal.	---
102-4	Location of operations.	Refer to Chapter I. "The Jerónimo Martins Group".	---
102-5	Ownership and legal form.		
102-6	Markets served.		
102-7	Scale of the organization.		
102-8	Information on employees and other workers.	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 8. "Being a Benchmark Employer", section 8.2. "Our People".	Principle 6 8 | 10
102-9	Supply chain.	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapters 1. "Our Approach" and 6. "Sourcing Responsibly", and to Chapter III. "Consolidated Financial Statements".	---
102-10	Significant changes to the organisation and its supply chain.	Non-applicable.	---
102-11	Precautionary Principle or approach.	Refer to Chapter IV. "Corporate Governance", Part I – "Information on Shareholder Structure, Organisation and Corporate Governance", section C. "Internal Organisation", subsection III – "Internal Control and Risk Management", and Chapter V. "Corporate Responsibility in Value Creation".	---
102-12	External initiatives.	See channel "About Us", page "Organisations to Which We Belong" and channel "Responsibility", page "Our Responsibility Strategy", subpage " Organisations to Which We Belong " on the website www.jeronimomartins.com.	---
102-13	Membership of associations.		
102-14	Statement from senior decision-maker.	Refer to "Message from the Chairman".	---
102-15	Key impacts, risks, and opportunities.	Refer to Chapter IV. "Corporate Governance", Part I – "Information on Shareholder Structure, Organisation and Corporate Governance", section C. "Internal Organisation", subsection III – "Internal Control and Risk Management".	---
102-16	Values, principles, standards, and norms of behaviour.	See channel "Responsibility", page "Corporate Responsibility Publications" to consult the Code of Conduct and Code of Conduct for Suppliers on the website www.jeronimomartins.com. See channel "Investors", page "Corporate Governance", subpage "Specialised Committees" on the website www.jeronimomartins.com.	Principle 10 16
102-17	Mechanisms for advice and concerns about ethics.		Principle 10 16
102-18	Governance structure.	Refer to Chapter IV. "Corporate Governance", Part I – "Information on Shareholder Structure, Organisation and Corporate Governance".	---
102-19	Delegating authority.	Refer to Chapter IV. "Corporate Governance", Part I – "Information on Shareholder Structure, Organisation and Corporate Governance", sections A, B and C.	---
102-20	Executive-level responsibility for economic, environmental, and social topics.		
102-21	Consulting stakeholders on economic, environmental, and social topics.	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 2. "Stakeholder Engagement" and the channel "Responsibility", page "Our Responsibility Strategy", subpage "Defining our Priorities", on the website www.jeronimomartins.com.	16
102-22	Composition of the highest governance		5 | 16

GRI Standard	Description	Evidence	United Nations Global Compact Principles & Sustainable Development Goals
	body and its committees.		
102-23	Chair of the highest governance body.	Refer to Chapter IV. "Corporate Governance", Part I – "Information on Shareholder Structure, Organisation and Corporate Governance", sections A and B.	16
102-24	Nominating and selecting the highest governance body.		5 | 16
102-25	Conflicts of interest.	See channel "Responsibility", page "Corporate Responsibility Publications" to consult the Code of Conduct and Code of Conduct for Suppliers on the website www.jeronimomartins.com. See channel "Investors", page "Corporate Governance", subpage "Specialised Committees" on the website www.jeronimomartins.com. Approved in 2019, the Group's Anti-Corruption Policy was widely disclosed internally in 2020, among managers and employees of operations with critical functions and is available on the website www.jeronimomartins.com.	16
102-26	Role of highest governance body in setting purpose, values, and strategy.	Refer to Chapter IV. "Corporate Governance", Part I – "Information on Shareholder Structure, Organisation and Corporate Governance", sections A, B and C.	---
102-27	Collective knowledge of highest governance body.	The Group carries out activities (e.g. internal and external training sessions, Sustainability Conference, internal newsletters and progress reports) that enable its management bodies to become more aware of sustainability topics. Additionally, in 2019 Sustainabaility Comitees were created for all our Food Retail, Specialized Retail and Agribusiness Companies. Refer to Chapter V. "Corporate Responsibility in Value Creation" and Chapter IV. "Corporate Governance", Part I – "Information on Shareholder Structure, Organisation and Corporate Governance", section B. "Corporate Bodies and Committees", subsection II. "Management and Supervision".	---
102-28	Evaluating the highest governance body's performance.	Refer to Chapter IV. "Corporate Governance", Part I – "Information on Shareholder Structure, Organisation and Corporate Governance", section D "Remuneration".	---
102-29	Identifying and managing economic, environmental, and social impacts.	Refer to Chapter IV. "Corporate Governance", Part I – "Information on Shareholder Structure, Organisation and Corporate Governance", section C "Internal Organisation".	16
102-30	Effectiveness of risk management processes.		---
102-31	Review of economic, environmental, and social topics.		---
102-32	Highest governance body's role in sustainability reporting.	The approval of the Corporate Responsibility Report, included in the Annual Report, is a responsibility of the Shareholders' General Meeting.	---
102-33	Communicating critical concerns.	Refer to Chapter IV. "Corporate Governance", Part I – "Information on Shareholder Structure, Organisation and Corporate Governance".	---
102-35	Remuneration policies.	Refer to Chapter IV. "Corporate Governance", Part I – "Information on Shareholder Structure, Organisation and Corporate Governance", section D "Remuneration".	---
102-36	Process for determining remuneration.		---
102-37	Stakeholders' involvement in remuneration.		16
102-38	Annual total compensation ratio.	Refer to Chapter IV. "Corporate Governance", Part I – "Information on Shareholder Structure, Organisation and Corporate Governance", section D. "Remuneration", subsection IV – "Remuneration Disclosure".	---
102-40	List of stakeholder groups.	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 1. "Our Approach" and subchapter 2. "Stakeholder Engagement". See channel "Responsibility", page "Our Responsibility Strategy", subpage "Stakeholder Engagement" on the website www.jeronimomartins.com.	---

GRI Standard	Description	Evidence	United Nations Global Compact Principles & Sustainable Development Goals
102-41	Collective bargaining agreements. ✓	Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapter 8. “Being a Benchmark Employer”, section 8.3. “Our Commitments as a Benchmark Employer”, subsection 8.3.6. “Being a Benchmark Employer Means Sticking to Our Principles”.	Principle 3 8 | 10
102-42	Identifying and selecting stakeholders.	Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapter 1. “Our Approach” and subchapter 2. “Stakeholder Engagement". See channel "Responsibility", page "Our Responsibility Strategy", subpage "Stakeholder Engagement" on the website www.jeronimomartins.com.	---
102-43	Approach to stakeholder engagement.		---
102-44	Key topics and concerns raised.		---
102-45	Entities included in the consolidated financial statements.	Refer to Chapter I. "The Jerónimo Martins Group", Chapter III. "Consolidated Financial Statements" and Chapter IV. "Corporate Governance", PART I – Information on Shareholder Structure, Organisation and Corporate Governance.	---
102-46	Defining report content and topic boundaries.	Refer to Chapters I. "The Jerónimo Martins Group", III. "Consolidated Financial Statements" and V. “Corporate Responsibility in Value Creation”.	---
102-47	List of material topics. ✓	Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapter 1. "Our Approach" and subchapter 2. "Stakeholder Engagement" and the channel “Responsibility”, page “Our Responsibility Strategy”, subpage “Defining our Priorities”, on the website www.jeronimomartins.com.	---
102-48	Restatements of information.	Non-applicable.	---
102-49	Changes in reporting		---
102-50	Reporting period.	This Jerónimo Martins Group's Annual Report covers the activities carried out between 1 January and 31 December 2020.	---
102-51	Date of most recent report.	The previous Jerónimo Martins Group's Annual Report referred to 2019.	---
102-52	Reporting cycle.	The Corporate Responsibility Report (included in the Annual Report) has an annual periodicity.	---
102-53	Contact point for questions regarding the report.	comunicacao@jeronimo-martins.com	---
102-54	Claims of reporting in accordance with the GRI Standards. ✓	This report has been prepared in accordance with the GRI Standards: Core option.	---
102-55	GRI content index.	Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapter 11. “Table of Indicators”.	---
102-56	External assurance. ✓	The information contained and marked in this table with “✓” has been verified by an external third party – PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda.	---
MATERIAL ASPECTS			
103-1	Explanation of the material topic and its Boundary. ✓	List of the Jerónimo Martins Group material aspects: Food quality and safety; Reduction of packaging materials and use of sustainable materials; Ethics and transparency; Fighting food waste; Respect for Human and Workers rights; Affordable product offering; Respect for Human and Labour rights in the supply chain; Mission, vision and strategy; Support to social projects; Integration of circular economy principles. Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapter 2. "Stakeholder Engagement". See channel "Responsibility", page "Our Responsibility Strategy", subpage “Defining Our Priorities”, on the website www.jeronimomartins.com.	---
103-2	The management approach and its components.	Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapters 4. to 8. and see channel "Responsibility", page "Our Responsibility Strategy" on the website www.jeronimomartins.com.	Principles 1 and 8
103-3	Evaluation of the management approach.	Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapters 9. “Our Commitments for 2018-2020” and 10. “Commitments for 2021-2023”, and see channel "Responsibility", page "Our Commitments and Progress" on the website www.jeronimomartins.com.	---

<table>
<tr><th>GRI Standard</th><th>Description</th><th></th><th>Evidence</th><th>United Nations Global Compact Principles & Sustainable Development Goals</th></tr>
<tr><td colspan="5">ECONOMIC PERFORMANCE</td></tr>
<tr><td>201-1</td><td colspan="2">Direct economic value generated and distributed.</td><td>Refer to Chapter III. "Consolidated Financial Statements" and indicator 203-1.</td><td>8 | 9</td></tr>
<tr><td>201-2</td><td colspan="2">Financial implications and other risks and opportunities due to climate change.</td><td>Refer to Chapter IV. "Corporate Governance", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, section C. “Internal Organisation”, subsection III – “Internal Control and Risk Management”, 53. “Details and Description of the Major Economic, Financial and Legal Risks to which the Company is Exposed in Pursuing Its Business Activity” and Chapter V. “Corporate Responsibility in Value Creation”, subchapter 5. “Respecting the Environment”, section 5.3. “Fighting Climate Change”.</td><td>Principle 7
13</td></tr>
<tr><td>201-3</td><td colspan="2">Defined benefit plan obligations and other retirement plans.</td><td>Refer to Chapter IV. "Corporate Governance", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, section D. “Remuneration”. Refer to Chapter III. "Consolidated Financial Statements".</td><td>---</td></tr>
<tr><td>201-4</td><td colspan="2">Financial assistance received from government.</td><td>In Poland, a total of 3,352,485.82 euros was received, under the form of financial assistance regarding employees’ remuneration, compensatory subsidies regarding the increases in electricity prices in 2019 and refunding of costs associated with repatriated employees. In Portugal, the benefits granted by official entities, as tax credits, aimed at compensating investments made under the program SIFIDE II - Tax Incentive System for Business Research & Development. This program consists of a deduction from income tax collection, of part of the amounts incurred with personnel expenses, operating expenses, expenses with hiring Research and Development and expenses with the acquisition of fixed assets to support the R&D activity, which are certified by an external and independent entity. The aforementioned expenses, incurred in 2019, resulted in a tax credit in the amount of 2,739,199.02 euros, which was determined during the year 2020 and is still waiting for approval of the National Innovation Agency. The amount of the tax credit resulting from the expenses incurred in 2020, carried out within the scope of this program, will be determined during the year 2021. There were no financial incentives (in the form of tax benefits/credits) granted by official entities to our operations in Colombia.</td><td>---</td></tr>
<tr><td colspan="5">MARKET PRESENCE</td></tr>
<tr><td>202-1</td><td>Ratios of standard entry level wage by gender compared to local minimum wage.</td><td>✓</td><td><table><tr><th></th><th colspan="2">2020</th></tr><tr><th></th><th>Women</th><th>Men</th></tr><tr><td>Portugal</td><td>102%</td><td>102%</td></tr><tr><td>Poland</td><td>100%</td><td>100%</td></tr><tr><td>Colombia</td><td>130%</td><td>130%</td></tr></table>The lowest salaries of the Companies with the highest representation in each country are considered, that is, Pingo Doce, Biedronka and Ara, in Portugal, Poland and Colombia, respectively. Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapter 8. “Being a Benchmark Employer”, section 8.3. “Our Commitments as a Benchmark Employer”, subsection 8.3.3. “Being a Benchmark Employer Means Recognising the Dedication of Our Employees”.</td><td>Principle 6
1 | 5 | 8</td></tr>
<tr><td>202-2</td><td>Proportion of senior management hired from the local community.</td><td>✓</td><td>86% of employees with senior positions are hired locally.</td><td>Principle 6
8 | 10</td></tr>
<tr><td colspan="5">INDIRECT ECONOMIC IMPACTS</td></tr>
<tr><td>203-1</td><td>Infrastructure investments and services supported.</td><td>✓</td><td>Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapter 7. “Supporting Surrounding Communities”. See channel "Responsibility", page "Supporting Surrounding Communities" on the website www.jeronimomartins.com.</td><td>5 | 9 | 11</td></tr>
</table>

GRI Standard	Description		Evidence	United Nations Global Compact Principles & Sustainable Development Goals
203-2	Significant indirect economic impacts.	✓		1 | 3 | 8
PROCUREMENT PRACTICES				
204-1	Proportion of spending on local suppliers.	✓	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 6. "Sourcing Responsibly".	8
ANTI-CORRUPTION				
205-1	Operations assessed for risks related to corruption.		Refer to Chapter IV. "Corporate Governance", Part I – "Information on Shareholder Structure, Organisation and Corporate Governance", section C. "Internal Organisation" and section E. "Related Party Transactions".	Principle 10 16
205-2	Communication and training about anti-corruption policies and procedures.	✓	The Group conducts training sessions on its Code of Conduct in its Companies which includes the prevention of corruption theme. Approved in 2019, the Group's Anti-Corruption Policy was widely disclosed internally in 2020, among managers and employees of operations with critical functions. Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 8. "Being a Benchmark Employer", section 8.3. "Our Commitments as a Benchmark Employer", subsection 8.3.6. "Being a Benchmark Employer Means Sticking to Our Principles". See channel "Responsibility", page "Corporate Responsibility Publications" to consult the Code of Conduct; channel "Investors", page "Corporte Governance", subpage "Specialized Commitees" for information about the Ethics Committee; and channel "About Us", page "Who We are", subpage "Anti-Corruption Policy" on the website www.jeronimomartins.com.	Principle 10 16
MATERIALS				
301-1	Materials used by weight or volume.	✓	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 5. "Respecting the Environment", section 5.4. "Main Consumption of Materials and Waste Management".	Principles 7 and 8 8 | 12
301-2	Recycled input materials used.	✓		Principle 7 and 8 8 | 12
301-3	Reclaimed products and their packaging materials.		This aspect is not material. Nevertheless, the Group promotes the collection of customer waste in its stores for recovery. Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 5. "Respecting the Environment", section 5.4. "Materials Consumption and Waste Management".	Principle 8 8 | 12
ENERGY				
302-1	Energy consumption within the organization.	✓	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 5. "Respecting the Environment", section 5.3. "Fighting Climate Change".	Principles 7 and 8 7 | 8 | 12 | 13
302-2	Energy consumption outside of the organization.		This indicator is disclosed as CO_2e, concerning the calculation of the Group's Carbon Footprint - scope 3 emissions. Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 5. "Respecting the Environment", section 5.3. "Fighting Climate Change". It includes the following categories: C1. Purchased products and services; C5. Waste produced in operations; C6. Work travel; C9. Downstream transport and distribution; and C14. Franchise[142].	Principles 7 and 8 7 | 8 | 12 | 13
302-3	Energy intensity.	✓	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 5. "Respecting the Environment", section 5.3. "Figting Climate Change".	Principle 8 7 | 8 | 12 | 13
302-4	Reduction of energy consumption.	✓		Principles 8 and 9 7 | 8 | 12 | 13
302-5	Reductions in energy requirements of products and services.		Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 5. "Respecting the Environment", section 5.3. "Fighting	Principles 8 and 9

[142] This parameter includes franchising and similar models.

GRI Standard	Description		Evidence	United Nations Global Compact Principles & Sustainable Development Goals
			Climate Change" and section 5.4. "Materials Consumption and Waste Management".	7 | 8 | 12 | 13
WATER				
303-1 (2018)	Interactions with water as a shared resource.	✓	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 5. "Respecting the Environment", section 5.3. "Fighting Climate Change".	Principles 7 and 8 6 | 12
303-2 (2018)	Management of water discharge-related impacts.	✓		Principle 8 6
303-3 (2018)	Water withdrawal.	✓		Principle 8 6 | 12
303-4 (2018)	Water discharge.	✓		Principle 8 6
303-5 (2018)	Water consumption.	✓		Principles 7 and 8 6
BIODIVERSITY				
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		The Jerónimo Martins Group infrastructures comply with legal requirements concerning environmental matters and are mostly built within the urban network. Particularly regarding Agribusiness, the Group owns some properties close to the National Ecological Network, collaborating with governmental entities to ensure its conservation.	Principle 8 6 | 14 | 15
304-2	Significant impacts of activities, products, and services on biodiversity.	✓	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 5. "Respecting the Environment", section 5.2. "Preserving Biodiversity" and subchapter 6. "Sourcing Responsibly", section 6.3. "Promotion of More Sustainable Production Practices".	Principle 8 6 | 14 | 15
304-3	Habitats protected or restored.		Non-applicable to the Group's activities in 2020. Nevertheless, the Group collaborates with a number of habitat and ecosystem conservation initiatives such as the Green Heart of Cork (ANP | WWF), tree planting initiatives (conTREEbute and Arka Foundation), the clean Tatra mountains campaign (Czysta Polska), ECOs-Locais (LPN), preservation of macaws (ProAves) and SOS Polinizadores (Quercus). In addition, the Forest Management Plan in the Açor mountain range which brings together the Jerónimo Martins Group, the Arganil City Council, common landowners' associations and the Escola Superior Agrária de Coimbra - is an initiative launched in 2020 that aims to preserve and enhance the landscape devastated by forest fires in this region, covering an area of 2,500 hectares. Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 5. "Respecting the Environment", section 5.2. "Preserving Biodiversity".	Principle 8 6 | 14 | 15
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations.	✓	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 6. "Sourcing Responsibly", section 6.3. "Promotion of More Sustainable Production Practices".	Principle 8 6 | 14 | 15
EMISSIONS				
305-1	Direct (Scope 1) GHG emissions.	✓	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 5. "Respecting the Environment", section 5.3. "Figthing Climate Change".	Principles 7 and 8 3 | 12 | 13 | 14 | 15
305-2	Energy indirect (Scope 2) GHG emissions.	✓		Principles 7 and 8 3 | 12 | 13 | 14 | 15
305-3	Other indirect (Scope 3) GHG emissions.	✓		Principles 7 and 8

<table>
<tr><th>GRI Standard</th><th colspan="2">Description</th><th>Evidence</th><th>United Nations Global Compact Principles & Sustainable Development Goals</th></tr>
<tr><td></td><td></td><td></td><td></td><td>3 | 12 | 13 | 14 | 15</td></tr>
<tr><td>305-4</td><td>GHG emissions intensity.</td><td>✓</td><td></td><td>Principle 8
13 | 14 | 15</td></tr>
<tr><td>305-5</td><td>Reduction of GHG emissions.</td><td>✓</td><td></td><td>Principles 8 and 9
13 | 14 | 15</td></tr>
<tr><td>305-6</td><td>Emissions of ozone-depleting substances (ODS).</td><td>✓</td><td>In 2020, an emission of 0.04 kg of CFC-11 eq., associated to the use of hydrochlorofluorocarbons, was verified in air conditioning equipment in Colombia, which is part of the fixed assets of the acquired stores. These represent <0.1% of the total of this type of equipment used in the Group's Companies.</td><td>Principles 7 and 8
3 | 12</td></tr>
<tr><td>305-7</td><td colspan="2">Nitrogen oxides (NO_x), sulphur oxides (SO_x), and other significant air emissions.</td><td>The quantities are emitted by the combustion of fossil fuels (use of fuel on site to operate equipment, emergency and heating generators and the light vehicle fleet):
• NO_x = 159.6 tonnes (+4.2% compared to 2019);
• SO_x = 40.1 tonnes (+1.0% compared to 2019).</td><td>Principles 7 and 8
3 | 12 | 14 | 15</td></tr>
<tr><td colspan="5">EFFLUENTS AND WASTE</td></tr>
<tr><td>306-2</td><td>Waste by type and disposal method.</td><td>✓</td><td>Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 5. "Respecting the Environment", sections 5.3. "Fighting Climate Change" and 5.4. "Main Consumption of Materials and Waste Management".</td><td>Principle 8
3 | 6 | 11 | 12</td></tr>
<tr><td>306-3</td><td colspan="2">Significant spills.</td><td>In 2020, there were no spills with significant environmental impacts.</td><td>Principle 8
3 | 11 | 12 | 14 | 15</td></tr>
<tr><td colspan="5">SUPPLIER ENVIRONMENTAL ASSESSMENT</td></tr>
<tr><td>308-1</td><td>New suppliers that were screened using environmental criteria.</td><td>✓</td><td>In 2020, the Group audited 354 new suppliers and 82% of these were screened using environmental criteria. Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 6. "Sourcing Responsibly", section 6.4. "Selection and Monitoring of Suppliers".</td><td>Principle 8</td></tr>
<tr><td>308-2</td><td colspan="2">Negative environmental impacts in the supply chain and actions taken.</td><td>Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 5. "Respecting the Environment", section 5.2. "Preserving Biodiversity" and subchapter 6. "Sourcing Responsibly", section 6.4. "Selection and Monitoring of Suppliers".</td><td>Principle 8</td></tr>
<tr><td colspan="5">EMPLOYMENT</td></tr>
<tr><td>401-1</td><td>New employee hires and employee turnover.</td><td>✓</td><td>Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 8. "Being a Benchmark Employer", section 8.2. "Our People".</td><td>Principle 6
5 | 8 | 10</td></tr>
<tr><td>401-2</td><td>Benefits provided to full-time employees that are not provided to temporary or part-time employees.</td><td>✓</td><td>All benefits are applied to employees, regardless of their workload, namely life insurance, health insurance, personal accident insurance while traveling, among others.</td><td>3 | 5 | 8</td></tr>
<tr><td>401-3</td><td>Parental leave.</td><td>✓</td><td><table>
<tr><th rowspan="3"></th><th colspan="3">2020</th></tr>
<tr><th colspan="2">Gender</th><th rowspan="2">Total</th></tr>
<tr><th>Women</th><th>Men</th></tr>
<tr><td>Employees entitled to parental leave</td><td>6,972</td><td>1,744</td><td>8,716</td></tr>
<tr><td>Employees who took parental leave</td><td>6,972</td><td>1,404</td><td>8,376</td></tr>
<tr><td>Retention rate of employees who took parental leave*</td><td>90%</td><td>80%</td><td>87%</td></tr>
</table>
*Percentage of employees who returned from parental leave in 2019 and continued working for the Group 12 months later.</td><td>Principle 6
5 | 8</td></tr>
<tr><td colspan="5">LABOUR/MANAGEMENT RELATIONS</td></tr>
<tr><td>402-1</td><td>Minimum notice periods</td><td>✓</td><td>We follow the notice periods established by the law in what regards operational changes.</td><td>Principle 3
8 | 10</td></tr>
</table>

<table>
<tr><th>GRI Standard</th><th>Description</th><th></th><th>Evidence</th><th>United Nations Global Compact Principles & Sustainable Development Goals</th></tr>
<tr><td></td><td>regarding operational changes.</td><td></td><td></td><td></td></tr>
<tr><td colspan="5">OCCUPATIONAL HEALTH AND SAFETY</td></tr>
<tr><td>403-1 (2018)</td><td>Occupational health and safety management system.</td><td>✓</td><td rowspan="6">Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapter 8. “Being a Benchmark Employer”, section 8.3. "Our Commitments as a Benchmark Employer", subsection 8.3.4. “Being a Benchmark Employer Means Making the Safety and Wellbeing of Our People Our Top Priority”.</td><td>8</td></tr>
<tr><td>403-2 (2018)</td><td>Hazard identification, risk assessment, and incident investigation.</td><td></td><td>Principle 1
3 | 8</td></tr>
<tr><td>403-3 (2018)</td><td>Occupational health services.</td><td>✓</td><td>3 | 8</td></tr>
<tr><td>403-4 (2018)</td><td>Worker participation, consultation, and communication on occupational health and safety.</td><td></td><td>---</td></tr>
<tr><td>403-5 (2018)</td><td>Worker training on occupational health and safety.</td><td>✓</td><td>8</td></tr>
<tr><td>403-6 (2018)</td><td>Promotion of worker health.</td><td>✓</td><td>3</td></tr>
<tr><td>403-8 (2018)</td><td>Workers covered by an occupational health and safety management system.</td><td></td><td>In Poland, and within the scope of ISO 45001, the approximately 15 thousand non-employee workers are covered by the occupational health and safety system. In Portugal and Colombia, non-employee workers are also covered by the health and safety systems at work in the respective countries, in accordance with local legislation.</td><td>8</td></tr>
<tr><td>403-9 (2018)</td><td>Work-related injuries.</td><td>✓</td><td>In 2020, there were about 4 thousand accidents at work across the Group, of which 11 resulted in a serious consequence. The vast majority of accidents are due to physical effort, falling, cutting, pinching, hitting or manual handling of the load.
<table>
<tr><th></th><th colspan="3">2020</th></tr>
<tr><th></th><th>Women</th><th>Men</th><th>Total</th></tr>
<tr><td>Deaths</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Accidents with serious consequences*</td><td>10</td><td>1</td><td>11</td></tr>
<tr><td>Mandatory reporting accidents</td><td>2,672</td><td>1,306</td><td>3,978</td></tr>
<tr><td>Total hours worked</td><td>134,446,274</td><td>48,112,827</td><td>182,559,101</td></tr>
</table>
* Accidents with a serious consequence are those that result in a period of absence of the employee greater than 180 days. It does not include workers who are not employees of the Group. Currently, our information systems do not allow the collection and processing of this data, so we will continue to work on improving it.
Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapter 8. “Being a Benchmark Employer”, section 8.3. "Our Commitments as a Benchmark Employer", subsection 8.3.4. “Being a Benchmark Employer Means Making the Safety and Wellbeing of Our People Our Top Priority”.</td><td>3 | 8 | 16</td></tr>
<tr><td>403-10 (2018)</td><td>Work-related ill health.</td><td>✓</td><td>In 2020, 134 diseases were recorded across the Group, the main ones being Carpal Tunnel Syndrome, Scapulo-Umeral Periarthritis, epicondylitis and tendonitis.</td><td>3 | 8 | 16</td></tr>
</table>

<table>
<tr><th>GRI Standard</th><th>Description</th><th></th><th>Evidence</th><th>United Nations Global Compact Principles & Sustainable Development Goals</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th></th><th colspan="3">2020</th></tr>
<tr><th></th><th>Women</th><th>Men</th><th>Total</th></tr>
<tr><td>Deaths</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Occupational diseases with mandatory reporting</td><td>120</td><td>14</td><td>134</td></tr>
</table>
It does not include workers who are not employees of the Group. Currently, our information systems do not allow the collection and processing of this data, so we will continue to work on improving it. Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapter 8. “Being a Benchmark Employer”, section 8.3. "Our Commitments as a Benchmark Employer", subsection 8.3.4. “Being a Benchmark Employer Means Making the Safety and Wellbeing of Our People Our Top Priority”.</td><td></td></tr>
<tr><td colspan="5">TRAINING AND EDUCATION</td></tr>
<tr><td>404-1</td><td>Average hours of training per year per employee.</td><td>✓</td><td>Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapter 8. “Being a Benchmark Employer”, section 8.3. "Our Commitments as a Benchmark Employer", subsection 8.3.2. “Being a Benchmark Employer Means Continuing to Develop Our People and Empowering them to Deal with Difficult Situations”.</td><td>Principle 6
4 | 5 | 8 | 10</td></tr>
<tr><td>404-2</td><td>Programs for upgrading employee skills and transition assistance programs.</td><td>✓</td><td>Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapter 8. “Being a Benchmark Employer”, section 8.3. "Our Commitments as a Benchmark Employer", subsection 8.3.1. “Being a Benchmark Employer Means Continuing to Attract the Best People” and subsection 8.3.2. “Being a Benchmark Employer Means Continuing to Develop Our People and Empowering Them to Deal with Difficult Situations”.</td><td>8</td></tr>
<tr><td>404-3</td><td>Percentage of employees receiving regular performance and career development reviews.</td><td>✓</td><td>
<table>
<tr><th></th><th>Percentage of employees with performance evaluation*</th></tr>
<tr><th></th><th>2020</th></tr>
<tr><td>Group</td><td>75%</td></tr>
<tr><td>Portugal</td><td>84%</td></tr>
<tr><td>Poland</td><td>69%</td></tr>
<tr><td>Colombia</td><td>95%</td></tr>
</table>
*Ratio of employees who had a regular performance evaluation, out of the total number of employees in 2020.
This ratio concerns all the Group's employees, however, not all of them meet the requirements to be able to be subject to performance evaluation. For example, employees who do not complete at least 3 months of performance or who are absent for more than 9 months during the period in question are excluded. If only employees eligible for performance appraisal are considered, more than 95% of employees were assessed in 2020 for their performance in 2019. Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapter 8. “Being a Benchmark Employer”, section 8.3. "Our Commitments as a Benchmark Employer", subsection 8.3.2. “Being a Benchmark Employer Means Continuing to Develop Our People and Empowering Them to Deal with Difficult Situations”.</td><td>Principle 6
5 | 8 | 10</td></tr>
<tr><td colspan="5">DIVERSITY AND EQUAL OPPORTUNITY</td></tr>
<tr><td>405-1</td><td>Diversity of governance bodies and employees.</td><td>✓</td><td>The Jerónimo Martins’ team is described in chapters IV. "Corporate Governance", Part I – “Information on Shareholder Structure, Organisation and Corporate Governance”, section B. “Corporate Bodies and Committees”, and V. “Corporate Responsibility in Value Creation”, subchapter 8. “Being a Benchmark Employer”, section 8.2. “Our People”.</td><td>Principle 6
5 | 8</td></tr>
<tr><td>405-2</td><td>Ratio of basic salary and remuneration of women to men.</td><td>✓</td><td>Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapter 8. “Being a Benchmark Employer”, section 8.3. "Our Commitments as a Benchmark Employer", subsection 8.3.6. “Being a Benchmark Employer Means Sticking to Our Principles”.</td><td>Principle 6
5 | 8 | 10</td></tr>
</table>

GRI Standard	Description		Evidence	United Nations Global Compact Principles & Sustainable Development Goals
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk.		Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapter 8. “Being a Benchmark Employer”, section 8.3. "Our Commitments as a Benchmark Employer" and subchapter 6. “Sourcing Responsibly”, section 6.4. “Selection and Monitoring of Suppliers”.	Principle 3 8
CHILD LABOUR				
408-1	Operations and suppliers at significant risk for incidents of child labour.		Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapter 8. “Being a Benchmark Employer”, section 8.3. "Our Commitments as a Benchmark Employer" and subchapter 6. “Sourcing Responsibly”, section 6.4. "Selection and Monitoring of Suppliers".	Principle 5 8 | 16
FORCED OR COMPULSORY LABOUR				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour.		Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapter 8. “Being a Benchmark Employer”, section 8.3. "Our Commitments as a Benchmark Employer"and subchapter 6. “Sourcing Responsibly”, section 6.4. "Selection and Monitoring of Suppliers".	Principle 4 8
SECURITY PRACTICES				
410-1	Security personnel trained in human rights policies or procedures.		We are improving our information systems so that we can report this indicator.	Principle 1 16
HUMAN RIGHTS ASSESSMENT				
412-1	Operations that have been subject to human rights reviews or impact assessments.		Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapter 8. “Being a Benchmark Employer”, section 8.3. "Our Commitments as a Benchmark Employer", subsection 8.3.6. “Being a Benchmark Employer Means Sticking to Our Principles”.	Principle 1
412-2	Employee training on human rights policies or procedures.	✔	We have developed training courses on this subject in the context of the Code of Conduct, the labour legislation applicable and the Labour Fundamental Guidelines, created in 2018. See the "Responsibility" channel, page "Corporate Responsibility Publications" to read the Code of Conduct on the website www.jeronimomartins.com and Chapter V. "Corporate Responsibility in Value Creation", subchapter 8. "Being a Benchmark Employer", section 8.3. "Our Commitments as a Benchmark Employer", subsection 8.3.6. “Being a Benchmark Employer Means Sticking to Our Principles”.	Principle 1
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.		The contracts signed with new suppliers imply knowledge and acceptance to the Jerónimo Martins Group's Code of Conduct for Suppliers. Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapter 6. “Sourcing Responsibly”, section 6.4. "Selection and Monitoring of Suppliers".	Principle 2
LOCAL COMMUNITIES				
413-1	Operations with local community engagement, impact assessments, and development programs.	✔	Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapter 7. “Supporting Surrounding Communities”, section 7.2. "Managing the Policy on Supporting Communities".	Principle 1
SUPPLIER SOCIAL ASSESSMENT				
414-1	New suppliers that were screened using social criteria.	✔	In 2020, the Group audited 293 new Private Brand and Perishable suppliers being 78% evaluated concerning labour practices (e.g. existence and/or use of appropriate clothing, hand washing equipment, conduct and personal hygiene rules, existence and conditions of social areas, locker rooms and sanitary facilities for employees and the control of training administration appropriate to the exercise of the function). Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapter 6. “Sourcing Responsibly”, section 6.4. "Selection and Monitoring of Suppliers".	Principles 2 and 8 5 | 8 | 16
414-2	Negative social impacts in the	✔	In 2020, of the 2,290 Private Brand and Perishables suppliers, around 68% were subject to social impact assessment.	Principle 2 5 | 8 | 16

GRI Standard	Description		Evidence	United Nations Global Compact Principles & Sustainable Development Goals
	supply chain and actions taken.		Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 6. "Sourcing Responsibly", section 6.4. "Selection and Monitoring of Suppliers".	
PUBLIC POLICY				
415-1	Political contributions.		The companies of the Jerónimo Martins Group do not support any political parties or their representatives, nor do they contribute financially to groups that support party interests. See channel "Responsibility", page "Corporate Responsibility Publications" to read the Code of Conduct on the website www.jeronimomartins.com.	Principle 10 16
CUSTOMER HEALTH AND SAFETY				
416-1	Assessment of the health and safety impacts of product and service categories.	✔	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 4. "Promoting Good Health through Food" and subchapter 6. "Sourcing Responsibly", section 6.4. "Selection and Monitoring of Suppliers".	---
MARKETING AND LABELING				
417-1	Requirements for product and service information and labelling.		Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 4. "Promoting Good Health through Food", section 4.2. "Quality and Diversity" and subchapter 6. "Sourcing Responsibly", section 6.3. "Promotion of More Sustainable Production Practices".	12
JERÓNIMO MARTINS INDICATORS				
---	Further improve the nutritional profile of Private Brand products and Meal Solutions, through product innovation and reformulation.	✔	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 4. "Promoting Good Health through Food", section 4.2. "Quality and Diversity".	2 | 3 | 10 | 12
---	Increase the number of references of the lactose-free and gluten-free range by 5% per year compared to 2017, in Private Brand products in Portugal and Poland.	✔	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 9. "Commitments 2018-2020".	3 | 10 | 12
---	Calculation of the consumption of deforestation commodities (palm oil, soy, beef and paper and wood) in Private Brand products and Perishables.	✔	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 6. "Sourcing Responsibly", section 6.3. "Promotion of More Sustainable Production Practices" and subchapter 9. "Commitments for 2018-2020".	Principle 7 12 | 13 | 15
---	Monitoring and disclosure of the social impacts resulting from the support offered, according to the London Benchmarking Group (LBG) model.	✔	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 7. "Supporting Surrounding Communities", section 7.2. "Managing the Policy on Supporting Communities" and subchapter 9. "Commitments for 2018-2020". See channel "Responsibility", page "Supporting Surrounding Communities" on the website www.jeronimomartins.com/en	2 | 3 | 4 | 10 | 17
---	Food waste generated in	✔	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 5. "Respecting the Environment", section 5.4. "Materials	Principle 7

GRI Standard	Description		Evidence	United Nations Global Compact Principles & Sustainable Development Goals
	Group operations (kg/tonnes of product sold).		Consumption and Waste Management" and subchapter 9. “Commitments for 2018-2020”.	2 | 12 | 13
---	Limit food waste genareted to 16.1 kg/tonnes of product sold.	✔		Principle 7 2 | 12 | 13
---	Reduce water consumption annually by 2% (per €1.000 of sales).	✔	Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapter 5. “Respecting the Environment”, section 5.3. "Figthing Climate Change" and subchapter 9. “Commitments for 2018-2020”.	Principle 7 7 | 12 | 13 | 14
---	Reduce electricity consumption annually by 2% (per €1.000 of sales).	✔		Principle 7 7 | 12 | 13
---	Energy and water savings from the Let's Go Green Project	✔	Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapter 5. “Respecting the Environment”, section 5.3. "Fighting Climate Change".	Principle 7 7 | 12 | 13
---	Complete at least 20 ecodesign projects for Private Brand product packaging every year.	✔	Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapter 5. “Respecting the Environment”, section 5.4. "Materials Consumption and Waste Management" and subchapter 9. “Commitments for 2018-2020”.	12 | 13
---	Ecodesign projects savings in material and environmental benefits	✔	Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapter 5. “Respecting the Environment”, section 5.4. "Materials Consumption and Waste Management" and subchapter 9. “Commitments for 2018-2020”.	12 | 13
---	Presence of plastic in the Private Brand packaging and in single-use plastics	✔	Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapter 5. “Respecting the Environment”, section 5.4. "Materials Consumption and Waste Management".	12 | 13
---	Number of locations with environmental certification (at least 25 by 2020).	✔	Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapter 5. “Respecting the Environment”, section 5.1. "Introduction" and subchapter 9. “Commitments for 2018-2020”.	Principle 8 7 | 12 | 13
---	Continue introducing sustainability certificates (e.g. UTZ, Fairtrade, MSC, ASC, RSPO, EU Ecolabel, EU Organic Label, etc.) for at least 10 Private Brand products and Perishables.	✔	Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapter 6. “Sourcing Responsibly”, section 6.3. “Promotion of More Sustainable Production Practices” and subchapter 9. “Commitments for 2018-2020”.	Principle 8 12
---	Carry out at least 50 environmental audits every year on suppliers of	✔	Refer to Chapter V. “Corporate Responsibility in Value Creation”, subchapter 6. “Sourcing Responsibly”, section 6.4. "Selection and Monitoring of Suppliers" and subchapter 9. “Commitments for 2018-2020”.	Principle 8 12 | 13 | 15

GRI Standard	Description		Evidence	United Nations Global Compact Principles & Sustainable Development Goals
	Private Brand and Perishables.			
---	Carry out at least 40 environmental audits every year on service providers.	✔		Principle 8 12 | 13 | 15
---	Verify compliance to the Group's Sustainable Fishing Strategy.	✔	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 6. "Sourcing Responsibly", section 6.3. "Promotion of More Sustainable Production Practices".	12 | 14
---	Percentage of cage-free Private Brand fresh eggs	✔	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 6. "Sourcing Responsibly", section 6.3. "Promotion of More Sustainable Production Practices".	12
---	In Poland, expand the programme for direct food donations from the stores to local non-governmental organizations. Reach 1,500 stores by 2020.	✔	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 7. "Supporting Surrounding Communities", section 7.3. "Direct Support" and subchapter 9. "Commitments for 2018-2020".	1 | 2 | 10 | 17
---	Employee training on Hygiene and Food Safety	✔	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 4. "Promoting Good Health through Food", section 4.3. "Quality and Food Safety".	3 | 12
---	On-the-job internships.	✔	In 2020, we had 395 internships in a real work context across the Group.	8 | 10 | 17
---	Young Talent Programmes	✔	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 8. "Being a Benchmark Employer", section 8.3. "Our Commitments as a Benchmark Employer", subsection 8.3.3. "Being a Benchmark Employer Means Recognising the Dedication of Our Employees".	8 | 10
---	Promoted employees	✔	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 8. "Being a Benchmark Employer", section 8.3. "Our Commitments as a Benchmark Employer", subsection 8.3.2. "Being a Benchmark Employer Means Continuing to Develop Our People and Empowering them to Deal with Difficult Situations".	8 | 10
---	Employees in international mobility	✔		---
---	Internal mobility	✔		---
---	Internal Social Responsibility Measures	✔	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 8. "Being a Benchmark Employer", section 8.3. "Our Commitments as a Benchmark Employer", subsection 8.3.4. "Being a Benchmark Employer Means Making the Safety and Wellbeing of Our People Our Top Priority".	8 | 10
---	Human Resources Policies	✔	The Human Resources policies in force foster a culture of alignment between geographies, compliance with laws and regulations, justice and meritocracy, and sustainability in value creation, throughout the entire life cycle of the employee. In 2020, there were a total of more than 50 global internal policies aimed at employees: recruitment and selection, on-boarding, knowledge management, performance management, base salary, among others. In terms of local policies: Portugal – intervention in situations of domestic violence; prevention and tackling of harassment and discrimination; administrative human resources and salary processing, among others; Poland – performance management, and union policy, among others; Colombia – job management, and development, among others.	Principle 6 5 | 8 | 10

Note: Unless indicated otherwise, indicators are reported in accordance with the 2016 version of the GRI Standards.

Table caption:

Indicator verified by an independent external third party.

United Nations Sustainable Development Goals

- 1 No Poverty
- 2 Zero Hunger
- 3 Good Health and Wellbeing
- 4 Quality Education
- 5 Gender Equality
- 6 Clean Water and Sanitation
- 7 Affordable and Clean Energy
- 8 Decent Work and Economic Growth
- 9 Industry, Innovation and Infrastructure
- 10 Reduced Inequalities
- 11 Sustainable Cities and Communities
- 12 Responsible Consumption and Production
- 13 Climate Action
- 14 Life Below Water
- 15 Life on Land
- 16 Peace, Justice and Strong Institutions
- 17 Partnerships for the Goals

United Nations Global Compact Principles

Human Rights
- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour
- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment
- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption
- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

WE SUPPORT UN GLOBAL COMPACT

Jerónimo Martins

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INDIVIDUAL FINANCIAL STATEMENTS

Jerónimo Martins, SGPS, S.A. Public Company

Registered at the Commercial Registry Office and Tax Number: 500 100 144
Share Capital: EUR 629,293,220 • Rua Actor António Silva, N.º 7 1649 - 033 LISBOA

Individual Financial Statements

1. Individual Financial Statements

Index to the Notes to the Individual Financial Statements

INCOME STATEMENT BY FUNCTIONS

For the years ended 31 December 2020 and 2019

Euro thousand

	Notes	2020	2019
Services rendered	26	17,397	17,649
Costs of services rendered	3	(15,684)	(16,416)
Gross profit		**1,713**	**1,233**
Administrative costs	3	(18,249)	(20,896)
Other operating profits/losses	3	(37,154)	(29,825)
Operating profit		**(53,690)**	**(49,488)**
Net financial costs	5	(981)	(1,232)
Gains (losses) in subsidiaries	8	495,647	796,305
Gains (losses) in other investments	9	201	199
Profit before taxes		**441,177**	**745,784**
Income tax	7.1	(4,675)	8,611
Net profit (loss)		**436,502**	**754,395**
Basic and diluted earnings per share - Euros	18	0.6946	1.2004

To be read with the attached notes to the individual financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December 2020 and 2019

Euro thousand

	Notes	2020	2019
Net profit		**436,502**	**754,395**
Other comprehensive income:			
Remeasurements of post-employment benefit obligations	4.2	(662)	1,893
Related tax	7.3	150	(426)
Items that will not be reclassified to profit or loss		**(512)**	**1,467**
Items that may be reclassified to profit or loss		**-**	**-**
Other comprehensive income, net of income tax		**(512)**	**1,467**
Total comprehensive income		**435,990**	**755,862**

To be read with the attached notes to the individual financial statements.

BALANCE SHEET

As at 31 December 2020 and 2019

Euro thousand

	Notes	2020	2019
Assets			
Tangible assets	10	2,155	1,952
Intangible assets	11	5,158	5,516
Investment property	12	2,470	2,470
Right-of-use assets	6.1	621	631
Investments in subsidiaries	13	665,038	665,066
Loans to subsidiaries	14	1,674,045	1,575,145
Other debtors	15	157	19,476
Deferred tax assets	7.3	7,193	12,598
Total non-current assets		**2,356,837**	**2,282,854**
Income tax receivable	7.4	199	-
Loans to subsidiaries	14	197,175	119,740
Trade debtors, accrued income and deferred costs	15	9,432	18,005
Cash and cash equivalents	16	170,596	93,460
Total current assets		**377,402**	**231,205**
Total assets		**2,734,239**	**2,514,059**
Shareholders' equity and liabilities			
Share capital	17.1	629,293	629,293
Share premium	17.1	22,452	22,452
Own shares	17.2	(6,060)	(6,060)
Retained earnings	17.3	2,048,985	1,829,805
Total shareholders' equity		**2,694,670**	**2,475,490**
Lease liabilities	6.2	317	296
Employee benefits	4.2	13,908	14,291
Provisions for risks and contingencies	20	6,167	6,593
Deferred tax liabilities	7.3	164	165
Total non-current liabilities		**20,556**	**21,345**
Borrowings	19	-	-
Lease liabilities	6.2	309	338
Trade creditors, accrued costs and deferred income	21	18,682	15,891
Income tax payable	7.4	22	995
Total current liabilities		**19,013**	**17,224**
Total shareholders' equity and liabilities		**2,734,239**	**2,514,059**

To be read with the attached notes to the individual financial statements.

Jerónimo Martins

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended 31 December 2020 and 2019

Euro thousand

	Notes	Share capital	Share premium	Own shares	Retained earnings	Shareholders' equity
Balance Sheet as at 1 January 2019		**629,293**	**22,452**	**(6,060)**	**1,278,184**	**1,923,869**
Equity changes in 2019						
Remeasurements of post-employment benefit obligations						
- Gross amount	4.2	-	-	-	1,893	**1,893**
- Deferred tax	7.3	-	-	-	(426)	**(426)**
Other comprehensive income		**-**	**-**	**-**	**1,467**	**1,467**
Net profit of 2019		-	-	-	754,395	**754,395**
Total comprehensive income		**-**	**-**	**-**	**755,862**	**755,862**
Dividends	17.4	-	-	-	(204,241)	**(204,241)**
Balance Sheet as at 31 December of 2019		**629,293**	**22,452**	**(6,060)**	**1,829,805**	**2,475,490**
Equity changes in 2020						
Remeasurements of post-employment benefit obligations						
- Gross amount	4.2	-	-	-	(662)	**(662)**
- Deferred tax	7.3	-	-	-	150	**150**
Other comprehensive income		**-**	**-**	**-**	**(512)**	**(512)**
Net profit of 2020		-	-	-	436,502	**436,502**
Total comprehensive income		**-**	**-**	**-**	**435,990**	**435,990**
Dividends	17.4	-	-	-	(216,810)	**(216,810)**
Balance Sheet as at 31 December of 2020		**629,293**	**22,452**	**(6,060)**	**2,048,985**	**2,694,670**

To be read with the attached notes to the individual financial statements.

CASH FLOW STATEMENT

For the years ended 31 December 2020 and 2019

Euro thousand

	Notes	2020	2019*
Net results		436,502	754,395
Adjustments for:			
Income tax	7.1	4,675	(8,611)
Depreciations and amortisations	3	1,991	1,940
Net financial costs	5	981	1,232
Gains/Losses in subsidiaries	8	(495,647)	(796,305)
Gains/Losses in other investments	9	(201)	(199)
Profit/ Losses in tangible, intangible and right-of-use assets	3	-	(25)
Operating cash flow before changes in working capital		**(51,699)**	**(47,573)**
Changes in working capital:			
Provisions and employee benefits		(1,432)	(16,427)
Trade debtors, accrued income and deferred costs		1,952	211
Trade creditors, accrued costs and deferred income		5,304	1,694
Cash generated from operations		**(45,875)**	**(62,095)**
Income taxes		3,713	4,686
Cash flow from operating activities		**(42,162)**	**(57,409)**
Investment activities			
Repayment of loans and capital contributions from subsidiaries	14	37,745	58,710
Disposal of tangible assets	10	-	24
Disposal of investments in subsidiaries		108	-
Disposal of other financial assets	15	19,367	-
Interest received	8	1,838	1,320
Dividends received	8	493,700	794,950
Loans and capital contributions given to subsidiaries	14	(214,080)	(168,470)
Acquisition of tangible assets	10	(493)	(1,092)
Acquisition of intangible assets	11	(965)	(1,711)
Acquisition and capital increase in subsidiaries	13	-	(50)
Cash flow from investment activities		**337,220**	**683,681**
Financing activities			
Loans interest and other similar costs paid	5	(1,011)	(1,572)
Leases interest paid	6.3	(14)	(15)
Net changes in loans	19	-	(327,500)
Leases paid	6.2	(376)	(401)
Interest and similar income received	5	289	358
Dividends paid	17.4	(216,810)	(204,241)
Cash flow from financing activities		**(217,922)**	**(533,371)**
Net changes in cash and cash equivalents		**77,136**	**92,901**
Cash and cash equivalents changes			
Cash and cash equivalents at the beginning of the year		93,460	559
Net changes in cash and cash equivalents		77,136	92,901
Cash and cash equivalents at the end of the year	16	**170,596**	**93,460**

To be read with the attached notes to the individual financial statements.

* As allowed by IAS 7, par. 18, cash flows from operating activities are now presented using the indirect method. 2019 information was restated accordingly.

1. Activity

Jerónimo Martins, SGPS, S.A. (JMH) is the parent Company of Jerónimo Martins Group (Group). Its activity consists mostly of managing its investment portfolio. The activities of the Group and its performance during the year 2020 are detailed in Chapter II of this Annual Report.

Head Office: Rua Actor António Silva, n.º 7, 1649-033 Lisboa.

Share Capital: 629,293,220 euros.

Registered at the Commercial Registry Office and Tax Number: 500 100 144.

JMH has been listed on the Euronext Lisbon since 1989.

The Board of Directors approved these Individual Financial Statements on 2 March 2021.

Covid-19

The year 2020 is marked by the impact caused directly and indirectly by Covid-19 pandemic, which, along with the economic and financial impacts caused on families and companies, also brought behavioral changes that will continue over the next few months.

For further details regarding the impacts resulting from the pandemic, as well as the measures implemented by JMH and its subsidiaries, it is recommended to read the information provided in Chapter II – Consolidated Management Report, along with the notes to the Consolidated Financial Statements available in Chapter III.

2. Accounting policies

The most significant accounting policies are described in the notes to these Individual Financial Statements. The accounting policies identified in this note are applied across the preparation of the Financial Statements and were consistently applied in comparative periods, except where otherwise stated.

2.1. Basis for preparation

All amounts are shown in thousand euros (EUR thousand) unless otherwise stated.

The Individual Financial Statements of JMH were prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU), as at 31 December 2020.

The Financial Statements were prepared in accordance with the historical cost principle, except for Investment property and Financial assets at fair value through profit or loss, which were measured at fair value.

The preparation of Financial Statements in accordance with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on the Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. However, Management firmly believes that the estimates and assumptions adopted do not involve significant risks that may, over the course of the coming financial year, cause material adjustments in the value of the assets and liabilities (note 2.8).

Change in accounting policy and basis for presentation

2.1.1. New standards, amendments and interpretations adopted by JMH

Between November 2019 and October 2020, the EU issued the following Regulations, which were adopted by JMH since 1 January 2020:

EU Regulation	IASB Standard or IFRIC Interpretation endorsed by EU	Issued in	Mandatory for financial years beginning on or after
Regulation no. 2075/2019	References to the Conceptual Framework in IFRS Standards (amendments)	March 2018	1 January 2020
Regulation no. 2104/2019	IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material (amendments)	October 2018	1 January 2020
Regulation no. 34/2020	Interest Rate Benchmark Reform (amendments to IFRS 9, IAS 39 and IFRS 7)	September 2019	1 January 2020

EU Regulation	IASB Standard or IFRIC Interpretation endorsed by EU	Issued in	Mandatory for financial years beginning on or after
Regulation no. 551/2020	IFRS 3 Business Combinations: Business Definition (amendments)	October 2018	1 January 2020
Regulation no. 1434/2020	IFRS 16 Leases Covid-19 Related Rent Concessions (amendments)	May 2020	1 January 2020

JMH adopted the above amendments, with no significant impact on its Individual Financial Statements.

2.1.2. New standards, amendments and interpretations endorsed by EU but not effective for the financial year beginning 1 January 2020 and not early adopted

The EU endorsed between December 2020 and January 2021, several amendments, issued by the International Accounting Standards Board (IASB), to be applied in subsequent periods:

EU Regulation	IASB Standard or IFRIC Interpretation endorsed by EU	Issued in	Mandatory for financial years beginning on or after
Regulation no. 2097/2020	IFRS 4 Insurance Contracts (will be superseded by IFRS 17): Extension of the Temporary Exemption from Applying IFRS 9 (amendments)	June 2020	1 January 2021
Regulation no. 25/2021	IFRS 9 Financial Instruments; IAS 39 Financial Instruments: Recognition and Measurement; IFRS 7 Financial Instruments: Disclosures; IFRS 4 Insurance contract; and IFRS 16 Leases – Interest Rate Benchmark Reform – Phase 2 (amendments)	August 2020	1 January 2021

These amendments are effective for annual periods beginning on or after 1 January 2021 and have not been applied in preparing these Individual Financial Statements. None of these changes are expected to have a significant impact on the JMH's Individual Financial Statements.

2.1.3. New standards, amendments and interpretations issued by IASB and IFRIC, but not yet endorsed by EU

IASB issued between May 2017 and May 2020 the following standard and amendments that are still pending endorsement by the EU:

IASB Standard or IFRIC Interpretation	Issued in	Expected application for financial years beginning on or after
IFRS 17 Insurance Contracts (new)	May 2017 and June 2020	1 January 2023
IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (amendments)	January and July 2020	1 January 2023
IFRS 3 Business Combinations: References to the Conceptual Framework (amendments)	May 2020	1 January 2022
IAS 16 Property, Plant and Equipment: Income prior to expected use (amendments)	May 2020	1 January 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Costs of fulfilling onerous contracts (amendments)	May 2020	1 January 2022
2018-2020 Cycle of improvements to the IFRS standards: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases and IAS 41 Agriculture (amendments)	May 2020	1 January 2022

The Management is currently evaluating the impact of adopting these new standard and amendments to standards already in place, and so far does not expect a significant impact on the JMH's Individual Financial Statements.

2.1.4. Change of accounting policies

Except as disclosed above, JMH has not changed its accounting policies during 2020, nor were any errors identified regarding previous years, which would require the restatement of Financial Statements.

2.2. Transactions in foreign currencies

Transactions in foreign currencies are translated into the functional currency (euro) at the exchange rate prevailing on the transaction date.

At the balance sheet date, monetary assets and liabilities expressed in foreign currencies are translated at the exchange rate prevailing on that date, and exchange differences arising from this conversion are recognised in the income statement, except when qualifying as cash flow hedges, for which the exchange differences are deferred in equity or when classified as other financial investments, which are equity instruments.

2.3. Investments and loans to subsidiaries

Subsidiaries are all entities over which JMH has control. JMH controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and when it has the ability to affect those returns through its power over the entity.

Investments and loans to subsidiaries are stated at cost. When so justified, adjustments for impairment losses are set up, namely when the financial shareholdings register significant deterioration in their financial position and the impairment tests performed by JMH conclude that it is necessary to recognise impairment losses in respect of investments and other net assets (note 2.5).

2.4. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are offset, and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.4.1. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through Other Comprehensive Income (OCI), fair value through profit or loss (FVTPL), or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the JMH's model adopted for managing them. With the exception of trade receivables, JMH initially measures a financial asset at its fair value plus transaction costs, in the case of a financial asset not measured at fair value through profit or loss. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Trade receivables are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The model adopted by JMH for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The model adopted determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification, as described below:

i. Financial assets at amortised cost

JMH measures financial assets at amortised cost if held within the adopted model, with the objective to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment tests. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

JMH's financial assets at amortised cost includes mostly loans to subsidiaries and trade receivables.

ii. Financial assets at fair value through OCI

JMH measures financial assets at fair value through OCI if held within the adopted model, with the objective of both holding to collect contractual cash flows and selling, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the income statement and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

JMH does not have any financial assets under this category.

iii. Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, JMH can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets previously recognised in OCI are never recycled to profit or loss. Dividends are recognised as financial income in the income statement when the right of payment has been established. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

JMH does not have any financial assets under this category.

iv. Financial assets at fair value through profit or loss

This category corresponds to the financial assets that do not meet the criteria for amortised cost or fair value through OCI and include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the short term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the adopted model. Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the income statement.

This category includes the contributions to public Work Compensation Fund (FCT – "Fundo de Compensação do Trabalho").

Derecognition

Financial assets are derecognised when: i. JMH's contractual rights to receive their cash flows expire; ii. JMH has substantially transferred to third parties all the risks and rewards of ownership; or iii. although it retains a portion but not substantially all the risks and rewards of ownership, JMH has transferred control over the assets.

2.4.2. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

JMH's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

i. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the short term. This category also includes derivative financial instruments entered into by JMH that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Gains or losses on liabilities held for trading are recognised in the income statement.

ii. Financial liabilities at amortised cost

After initial recognition, trade and other creditors, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method (EIR). Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

2.5. Impairment

2.5.1. Impairment of non-financial assets

Except for Investment property (note 12) and Deferred tax assets (note 7.3), all other JMH assets, essentially Investments in subsidiaries, are analysed at each balance sheet date in order to assess for indicators of possible impairment losses. If such indicators exist, the asset's recoverable amount is estimated.

In the impairment tests for Investments in subsidiaries, the inputs of these valuations for calculation of the value in use are determined by past performance and the expectation of market development for each business area. Based on future cash flow projections, for a five-year period, and on medium and long-term plans approved by the Board of Directors.

The recoverable amount of assets with indicators of potential impairment loss is determined annually. Whenever the carrying value of an asset exceeds its recoverable amount, its value is reduced to the recoverable amount and the impairment is recognised in the income statement of the year.

Determining the recoverable amount of assets

The recoverable amount of non-financial assets corresponds to the higher amount of fair value less costs of disposal and value in use.

Value in use of an asset is calculated as the present value of estimated future cash flows. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the specific risks of the asset in question.

The recoverable amount of assets that do not generate independent cash flows is determined together with the cash-generating unit to which these assets belong.

Reversal of impairment losses

Impairment losses are reversed whenever there are changes in the estimates used to determine the respective recoverable amount. Impairment losses are reversed to the extent of the amount, net of amortisation or depreciation, which would have been determined for the asset if no impairment loss was recognised.

2.5.2. Impairment of financial assets

Loans to subsidiaries

The impairment test for Loans to subsidiaries is held simultaneously with the impairment test to Investments in subsidiaries. The investment considered for comparison with the calculated value in use considers the historical cost of the subsidiary and the loans. An impairment loss on Loans to subsidiaries will only be recognised after the total investment in the subsidiary is fully covered by an impairment loss.

Customers, debtors and other financial assets

JMH recognises an impairment for expected credit losses (ECLs) for financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that JMH expects to receive, discounted base on estimation of the original effective interest rate. The estimated cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, JMH applies a simplified approach in calculating ECLs, not tracking changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. When performing the loss allowance assessment, JMH takes into consideration the historical credit loss experience, adjusted to forward looking factors specific to the debtors or the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.6. Revenue recognition

Services rendered

Revenues from Services rendered are recognised as income in accordance with their stage of completion as at the balance sheet date.

2.7. Segment information

Given that JMH's main activity consists of the management of equity holdings, it does not make sense to report the operating segments related information in these Individual Financial Statements. Detailed information is presented in the Group Consolidated Financial Statements.

2.8. Critical accounting estimates and judgments made in preparation of Financial Statements

Tangible assets, Intangible assets and Investment property

Determining the fair value of investment properties, as well as the useful life of assets, is based on Management estimates. Determining impairment losses of tangible or intangible assets also involves the use of estimates. The value in use or the fair value of these assets is normally determined using the discounted cash flow method, which incorporates market assumptions. Identifying indicators of impairment, as well as estimating future cash flows and determining the fair value of assets, requires significant judgment by Management in validating indicators of impairment, expected cash flows, applicable discount rates, estimated useful life and residual values.

Leases – estimating the incremental borrowing rate

JMH cannot readily determine the interest rate implicit in most leases, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that JMH would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. JMH estimates the IBR using observable inputs (such as market interest rates) when available, performing certain entity-specific estimates, whenever necessary. The average IBR used by JMH to discount the lease liabilities was 2.47% (2.52% as of 31 December 2019).

Fair value of financial instruments

The fair value of financial instruments not quoted on an active market is determined based on valuation methods. The use of valuation methodologies requires using assumptions, with some assumptions requiring the use of estimates. Therefore, changes in those assumptions could result in a change in the fair value reported.

Impairment in investments and loans to subsidiaries

As a rule, according to IFRS an investment is recorded as impaired when the carrying amount of the investment exceeds the present value of future cash flows. Calculating the present value of estimated cash flows and the decision to consider an asset as impaired involves judgment and substantially relies on Management analysis of the future development of its subsidiaries. When measuring impairment, market prices are used if they are available, or other valuation parameters are used, based on the information available from the subsidiaries.

JMH considers the capacity and intention to retain the investment for a reasonable period of time that is sufficient to predict recovery of the fair value up to (or above) the carrying amount, including an analysis of factors such as the expected results of the subsidiary, the economic environment, and the status of the sector.

Deferred taxes

Recognising deferred taxes assumes the existence of results and future taxable income. Deferred tax assets and liabilities were determined based on tax legislation currently effective or on legislation already published for future application. Changes in the tax legislation may influence the value of deferred taxes.

If the rates used to recognise deferred taxes increase by 1p.p., the impact in JMH accounts would be the following:

	Impact on JMH accounts	
	Income statement	Other comprehensive income
Rate increase of 1 p.p.	263	49

A positive amount means a gain in JMH accounts.

Impairment losses of customers and debtors

Whenever there is impairment losses risk on customers and debtors, Management maintains impairment losses, in order to reflect the estimated losses resulting from clients' inability to make payments on the required dates and for the contracted amounts. When evaluating the reasonability of the adjustment for the impairment losses, Management bases its estimates on an analysis of the ageing of the accounts receivable from its clients, its historical experience of write-offs, the client's credit history, changes in the client's payment terms and forward-looking factors specific to the debtors and the economic environment. If the client or debtor's financial conditions deteriorate, impairment losses and actual write-offs may be higher than expected.

Pensions and other long-term benefits granted to employees

Determining responsibilities for pension payments and other long-term benefits requires the use of assumptions and estimates, including actuarial projections and other factors that may impact the costs and responsibilities of the defined benefit plans.

In determining the appropriate discount rate, Management considers the interest rates of corporate bonds with an 'AA' rating or above, as set by an internationally acknowledged rating agency. These rates are extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The definition of the criteria to select the corporate bonds to include in the population from which the yield curve is derived requires judgement, the most significant being the selection of the size of the sample, the bond issue size, the quality of the bonds, and identification of outlier data to exclude.

Considering the information available from Bloomberg and some necessary estimation to derive the yield curve, JMH defined the following ranges:

- Narrow range [0.15% - 0.55%]
- Extended range [-0.05% - 0.75%]

Based on these results, JMH, following the recommendation of external actuaries, has decided to decrease its discount rate from 0.55% to 0.35%.

The table below shows the impacts on the obligations with defined benefit plans of JMH, resulting from changes in the following assumptions:

	Impact on defined benefit liabilities			
	Assumption used	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.35%	0.50%	(501)	533
Salary growth rate	3.00%	0.50%	45	(42)
Pension growth rate	3.00%	0.50%	487	(457)
Life expectancy	TV 88/90	1 year	966	(911)

A positive amount means an increase in liabilities. A negative amount means a decrease in liabilities.

Provisions

JMH exercises considerable judgment in measuring and recognising provisions and its exposure to contingent liabilities related to legal proceedings. This judgment is necessary to determine the probability that a lawsuit may be successful or to record a liability. Provisions are recognised when JMH expects that proceedings under way will result in cash outflows, the loss is considered probable and may be reasonably estimated. Due to the uncertainties inherent in the evaluation process, real losses may be different from those originally estimated. These estimates are subject to changes as new information becomes available, mainly with the support of internal specialists, if available, or through the support of external consultants, such as actuaries or legal advisers. Changes to estimates of potential losses on proceedings under way may affect future results.

2.9. Fair value of financial instruments

To determine the fair value of a financial asset or liability, the market price is applied, if such a market exists. A market is regarded as active if quoted prices are readily and regularly available from an exchange, broker or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Otherwise, which is the case of some financial assets and liabilities, valuation techniques that are generally accepted in the market are used based on market assumptions.

JMH applies valuation techniques for unlisted financial instruments, such as derivatives and fair value financial instruments through profit and loss. The evaluation models most frequently used are discounted cash flow and options models which incorporate, for example, interest rate curves and market volatility. For derivatives valuation JMH also uses the valuations provided by the counterparties.

In the case of more complex derivatives, advanced valuation models are used. These models include assumptions and data that are not directly observable in the market and for which JMH uses estimates and internal assumptions.

Cash and cash equivalents, debtors and accruals

These financial instruments include mainly short-term financial assets and, for that reason, their accounting value at the reporting date is considered approximately its fair value.

Borrowings

The fair value of borrowings is achieved from the discounted cash flow of all expected payments. The expected cash flows are discounted using actual market interest rates. At the reporting date the accounting value is approximately its fair value.

Creditors and accruals

These financial instruments include mainly short-term financial liabilities, and for that reason their accounting value at the reporting date is considered approximately their fair value.

2.10. Fair value hierarchy

The following table shows JMH's financial assets and liabilities that are measured at fair value as at 31 December 2020 and 2019, according to the following fair value hierarchy levels:

- Level 1: the fair value of financial instruments is based on quoted prices obtained in active and liquid markets at balance sheet date;

- Level 2: the fair value is determined using valuation models, involving other comparable quoted prices obtained in active markets or adjusted quotes. Thus, main inputs used on these valuation models are based on observable market data;

- Level 3: the fair value is determined by using valuation models which main inputs are not based on observable market data. This level includes Investment property, which are evaluated by external independent experts, using in their valuations inputs that are not directly observable in the market.

2020	Total	Level 1	Level 2	Level 3
Assets measured at fair value				
Investment property	2,470	-	-	2,470
Total assets	**2,470**	**-**	**-**	**2,470**
Liabilities measured at fair value				
Total liabilities	**-**	**-**	**-**	**-**

2019	Total	Level 1	Level 2	Level 3
Assets measured at fair value				
Investment property	2,470	-	-	2,470
Total assets	**2,470**	**-**	**-**	**2,470**
Liabilities measured at fair value				
Total liabilities	**-**	**-**	**-**	**-**

2.11. Financial instruments by category

	Financial assets at fair-value through results	Financial assets or liabilities at amortised cost	Total financial assets and liabilities	Non-financial assets and liabilities	Total assets and liabilities
2020					
Assets					
Cash and cash equivalents	-	170,596	**170,596**	-	**170,596**
Loans to subsidiaries	-	1,871,220	**1,871,220**	-	**1,871,220**
Debtors, accruals and deferrals	157	7,430	**7,587**	2,002	**9,589**
Other non-financial assets	-	-		682,834	**682,834**
Total assets	**157**	**2,049,246**	**2,049,403**	**684,836**	**2,734,239**
Liabilities					
Lease liabilities	-	626	**626**	-	**626**
Creditors, accruals and deferrals	-	10,672	**10,672**	8,010	**18,682**
Other non-financial liabilities	-	-	**-**	20,261	**20,261**
Total liabilities	**-**	**11,298**	**11,298**	**28,271**	**39,569**

	Financial assets at fair-value through results	Financial assets or liabilities at amortised cost	Total financial assets and liabilities	Non-financial assets and liabilities	Total assets and liabilities
2019					
Assets					
Cash and cash equivalents	-	93,460	**93,460**	-	**93,460**
Loans to subsidiaries	-	1,694,885	**1,694,885**	-	**1,694,885**
Debtors, accruals and deferrals	109	35,136	**35,245**	2,236	**37,481**
Other non-financial assets	-	-		688,233	**688,233**
Total assets	109	1,823,481	1,823,590	690,469	2,514,059
Liabilities					
Lease liabilities	-	634	**634**	-	**634**
Creditors, accruals and deferrals	-	8,224	**8,224**	7,667	**15,891**
Other non-financial liabilities	-	-	**-**	22,044	**22,044**
Total liabilities	**-**	**8,858**	**8,858**	**29,711**	**38,569**

3. Operating costs

Costs of services rendered
The costs of services rendered correspond to the costs incurred by each one of JMH departments in rendering technical and specialised services to its subsidiaries.

Administrative costs
The administrative costs shown in the income statement include, among others, the costs incurred by each of the departments of JMH not corresponding to services rendered, as well as the non-deductible VAT arising from the application of the effective allocation method.

Other operating profits/losses
Other operating profits/losses include the costs not related with the services rendered to its subsidiaries and the costs not related with the role as Holding of the Group.

3.1. Operational costs by nature

	2020	2019
Supplies and services	15,543	18,799
Rents	973	822
Staff costs (note 4.1)	50,526	44,441
Depreciation and amortisation of tangibles and intangibles assets	1,613	1,535
Depreciation of right-of-use assets	378	405
Profit/loss with tangible and intangible assets	-	(24)
Profit/loss with right-of-use assets	-	(1)
Other natures of profit/loss	2,054	1,160
Total	**71,087**	**67,137**

4. Employees

4.1. Staff costs

	2020	2019
Wages and salaries	15,506	13,332
Social security	2,690	2,500
Employee benefits	26,043	25,910
Other staff costs	6,287	2,699
Total	**50,526**	**44,441**

Other staff costs include labour accident insurance, social responsibility costs, training costs, and indemnities, among others.

The number of employees at the end of 2020 was 193 (2019 was 185). The average number of employees during the year was 191 (174 in 2019).

4.2. Employees benefits

Post-employment benefits (retirement)

Defined contribution plans

Defined contribution plans are pension plans for which JMH makes defined contributions to independent entities (funds), and for which it has no legal or constructive obligation to pay any additional contribution at the time when the employees come into use of those benefits.

The contributions are based on a percentage of the fixed and variable remuneration of the employees included in the plan, which is defined in the respective Regulation and only changes according to the seniority of the beneficiaries.

JMH encourages the employees to participate in their own pension scheme. Therefore, the funds are open to employee private contributions, with no guaranties given by JMH over those contributions.

JMH contributions to defined contribution plans are recognised as expenses at the time they are due.

Defined benefit plans

Defined benefit plans are pension plans where JMH guarantees a certain benefit to the employees included in the plan at the time such employees retire, with the respective responsibilities assured directly by JMH.

The liability recognised in the balance sheet with respect to defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using life annuity method, considering that the plans include only retired employees. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

No service costs are recognised since the current defined benefit plans only include retired employees. The net interest is recognised in the income statement on a yearly basis.

Remeasurements (actuarial gains and losses) arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

At the time of plan amendments in defined benefit plans, past-service costs are immediately considered due and are recognised immediately in the income statement.

Other benefits

Post-employment benefits (Compensation plan to Group employees)

JMH implemented in 2019 a post-employment compensation plan for employees of the Group, which consists of an annual contribution to a foundation that guarantees its independent management by third parties. These contributions have the characteristics of a defined contribution plan, given that JMH has no responsibility for making contributions, in addition to the annual amount defined by the Board of Directors. Additionally, JMH does not assume any risk, namely on the value of the assets in which its contributions are invested, nor on the final value of the benefits to be attributed, with this risk falling entirely on the plan participants.

Seniority awards

The programme of seniority awards existing in JMH comprises a component of defined contribution and a defined benefit.

The defined contribution component consists in a life insurance granted to the employees covered by this programme, starting from a specific number of years of service. This benefit is awarded only when employees reach the age defined in the programme and the costs related to this component are recognised in the year to which they relate.

The component of defined benefit consists of an award in the year that employees complete a number of years of service. Accordingly, the liabilities for this component are determined annually based on actuarial valuations, carried out by a specialised independent entity.

The costs of current services, net interest as well remeasurements (actuarial gains or losses) are recognised as costs of the year.

Amounts of employee benefits in the balance sheet:

	2020	2019
Retirement benefits - Defined benefit plan paid for by the Company	12,950	13,520
Seniority awards - Defined benefit plan	958	771
Total	**13,908**	**14,291**

Amounts recognised in the income statement in staff costs and remeasurements reflected in other comprehensive income:

	Income statement		Other comprehensive income	
	2020	**2019**	**2020**	**2019**
Retirement benefits - Defined contribution plan	815	573	-	-
Retirement benefits - Defined benefit plan paid for by the Company	71	222	662	(1,893)
Seniority awards - Defined benefit plan	214	170	-	-
Post-employment compensation - Defined contribution plan	24,943	24,945	-	-
Total	**26,043**	**25,910**	**662**	**(1,893)**

The changes in each plan are detailed below:

	Defined contribution plans for active employees		Defined benefit plans for former employees		Other comprehensive income	
	2020	2019	2020	2019	2020	2019
Balance as at 1 January	-	15,000	13,520	16,576	771	636
Interest costs	-	-	71	222	5	10
Current service cost	25,758	25,518	-	-	109	84
Actuarial (gains) losses						
Changes in demographic assumptions	-	-	-	-	-	-
Changes in financial assumptions	-	-	186	822	18	58
Changes in experience	-	-	476	(2,715)	82	18
Contributions or Retirement pensions paid	(25,758)	(40,518)	(1,303)	(1,385)	(27)	(35)
Balance as at 31 December	**-**	**-**	**12,950**	**13,520**	**958**	**771**

Actuarial assumptions used in the calculation of the responsibilities for defined benefit plans and other long-term benefits:

	2020	2019
Mortality table	TV 88/90	TV 88/90
Discount rate	0.35%	0.55%
Pension and salaries growth rate	3.00%	3.00%

The mortality assumptions used are those most commonly adopted in Portugal and are based on actuarial advice in accordance with published statistics. The sensitivity analyses made to the assumptions is stated in note 2.8.

4.3. Expected future payments

The expected maturity for the next ten years for the liabilities associated with defined benefit plans is as follows:

	1 year	1 to 5 years	5 to 10 years
Retirement benefits - Defined benefit plan paid for by the Company	1,217	3,987	3,022
Seniority awards - Defined benefit plan	17	284	501
Total	**1,234**	**4,271**	**3,523**

5. Net financial costs

Net financial costs represent the interest on borrowings, the interest on investments made, foreign exchange gains and losses in financial operations, gains and losses resulting from changes of financial assets measured at fair value through profit and loss, cost of issuing and maintaining bank guarantees and other costs and income with financing operations. Net financial costs are accrued in the income statement in the period in which they are incurred.

	2020	2019
Loans interest expense	(105)	(590)
Leases interest expense	(14)	(15)
Interest received	10	161
Other financial gains and losses	(872)	(788)
Net financial costs	**(981)**	**(1,232)**

Interest expenses includes the interest related with loans measured at amortised cost. Other financial costs include, namely, stamp tax on credit lines opening, issuing and maintaining bank guarantees and issuance costs related to non-current debt recognised in the income statement for the loan's term.

6. Leases

JMH assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Leases are recognised as a right-of-use and a corresponding liability at the date at which the leased asset is available for use by JMH. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. When the split information is available, JMH has elected to separate lease and non-lease components included in lease payments for all leases.

At the commencement date, lease liabilities measurement is mainly composed by the present value of lease payments to be made over the lease term, which includes fixed payments less any lease incentives receivable and variable lease payments that depend on an index or rate.

In calculating the present value of lease payments, JMH used its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made. In additional, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments). The weighted-average rate applied is 2.47% (2.52% as of 31 December 2019), based on the features of the agreement (underlying asset and guarantees, currency and lease term).

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities., The cost of right-of-use assets includes the amount of initial lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

JMH applies the short-term lease recognition exemption to its short-term leases (lease term of 12 months or less) and it also applies the lease of low-value assets recognition exemption to leases considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

JMH's leases relate mostly to vehicles rent contracts, with initial terms between 3 and 4 years. The lease agreements do not impose any covenants. Right-of-use assets are also subject to impairment tests, as referred in note 2.5.1.

6.1. Right-of-use assets

2020	Transport equipment and others	Total
Gross amount		
Opening balance	**979**	**979**
New contracts	347	347
Contracts update	22	22
Contracts cancellation	(173)	(173)
Closing balance	**1,175**	**1,175**
Depreciation and impairment losses		
Opening balance	**348**	**348**
Increases	378	378
Contracts cancellation	(172)	(172)
Closing balance	**554**	**554**
Net value		
As at 31 December 2019	**631**	**631**
As at 31 December 2020	**621**	**621**

2019	Transport equipment and others	Total
Gross amount		
Opening balance	-	-
Changes of accounting policies	746	746
New contracts	275	275
Contracts update	40	40
Contracts cancellation	(82)	(82)
Closing balance	**979**	**979**
Depreciation and impairment losses		
Opening balance	-	-
Increases	405	405
Contracts cancellation	(57)	(57)
Closing balance	**348**	**348**
Net value		
As at 31 December 2018	-	-
As at 31 December 2019	**631**	**631**

6.2. Lease liabilities

2020	Current	Non-current	Total
Opening balance	**338**	**296**	**634**
Increases (new contracts)	100	247	347
Payments	(376)	-	(376)
Transfers	226	(226)	-
Contracts change/ cancel	21	-	21
Closing balance	**309**	**317**	**626**

2019	Current	Non-current	Total
Opening balance	-	-	-
Change in accounting policy	384	362	746
Increases (new contracts)	77	198	275
Payments	(401)	-	(401)
Trnansfers	275	(275)	-
Contracts change/ cancel	3	11	14
Closing balance	338	296	634

6.3. Expenses recognised in the income statement

The income statement includes the expenses referred below related with leases:

	2020	2019
Depreciation of right-of-use assets		
Transport equipment	378	405
Subtotal	**378**	**405**
Lease liabilities interests	14	15
Gains/losses with contract cancellation	-	(1)
Rents (note 3)		
Expense related with short term leases	609	570
Expense related with low value assets leases	78	44
Expenses related with non-lease component included in payments	286	208
Subtotal	**973**	**822**
Total	**1,365**	**1,241**

The total cash outflow for leases in 2020 was EUR 1,363 thousand (2019: EUR 1,238 thousand).

7. Taxes

Income tax includes current and deferred taxes. Income tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in the same heading.

Tax on current income is calculated in accordance with tax criteria prevailing as of the balance sheet date.

Deferred tax is calculated in accordance with the balance sheet liability method on temporary differences between the carrying amount of assets and liabilities and the respective tax base.

The measurement of deferred tax assets and liabilities should reflect the tax consequences that would follow from the manner in which the Company estimates, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities. The rate used to determine deferred tax is that in force during the period when temporary differences are reversed.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be used. Deferred tax assets are revised on an annual basis and derecognised when it is no longer probable that they may be used.

For transactions with uncertainty regarding their tax treatment, JMH considers the effects of that uncertainty in the income tax estimations, whenever the tax authorities are not likely to accept the tax treatment given by JMH. Assets and liabilities related to uncertain tax positions are presented as deferred tax assets or liabilities.

For tax litigation and for all situations in which the position of the tax authorities is already known, an assessment is made on the probability of outcome, setting up provisions for the amounts estimated to represent future disbursements (when the probability of outcome is above 50%), or, proceeding with the payment (although maintaining the tax litigation), whenever it is considered to be the best way to protect the JMH's interest.

7.1. Income tax

	2020	2019
Current income tax		
Current tax of the year	600	3,033
Adjustment to prior year estimation	345	254
	945	**3,287**
Deferred tax		
Temporary differences created and reversed	(347)	5,391
Change to the recoverable amount of tax losses and temporary differences from previous years	(5,207)	-
	(5,554)	**5,391**
Other gains/losses related to tax		
Impact of changes in estimates for tax litigations	(66)	(67)
	(66)	**(67)**
Total income tax	**(4,675)**	**8,611**

7.2. Reconciliation of effective tax rate

	2020	2019
Profit before tax	**441,177**	**745,784**
Income tax using the Portuguese corporation tax rate (22.5%)	**(99,265)**	**(167,801)**
Fiscal effect due to:		
Non-taxable or non-recoverable results	107,107	177,151
Changes in estimates for tax litigations	(66)	(67)
Non-deductible expenses and fiscal benefits	(7,165)	(474)
Adjustment to prior years estimation	345	254
Change to the recoverable amount of tax losses and temporary differences of prior years	(5,207)	-
Results subject to autonomous taxation and other forms of taxation	(424)	(452)
Income tax	**(4,675)**	**8,611**
Efective tax rate	**1.06%**	**(1.15)%**

In 2020 and 2019, the Corporate Income Tax rate (CIT) applied to companies operating in Portugal was 21%. For companies with a positive tax result, there is a surcharge of 1.5% regarding municipal tax, and an additional state tax that varies between 3%, 5% and 9%, for taxable profits higher than EUR 1,500 thousand, EUR 7,500 thousand and EUR 35,000 thousand respectively.

JMH's effective tax rate is significantly influenced by the fiscal effect of the dividend income received from subsidiaries. This income is not subject to taxation according with the current tax legislation, as it has already been considered for Income Tax purposes in the companies which generated them.

7.3. Deferred tax assets and liabilities

Deferred taxes are presented in the balance sheet as follows:

	2020	2019
Deferred tax assets	7,193	12,598
Deferred tax liabilities	(164)	(165)
Total	**7,029**	**12,433**

JMH did not recognised any amounts in deferred taxes regarding uncertain tax positions.

2020	Opening balance	Impact on results	Impact on equity	Closing balance
Deferred tax assets				
Provisions and adjustments behind tax limits	393	(110)	-	283
Liabilities with employee benefits granted	12,203	(5,444)	150	6,909
Effects of the application of leases standard	2	(1)	-	1
	12,598	**(5,555)**	**150**	**7,193**
Deferred tax liabilities				
Update of assets to fair value	(165)	1	-	(164)
	(165)	**1**	**-**	**(164)**
Net change in deferred tax	**12,433**	**(5,554)**	**150**	**7,029**

2019	Opening balance	Impact on results	Impact on equity	Closing balance
Deferred tax assets				
Provisions and adjustments behind tax limits	3,764	(3,371)	-	393
Liabilities with employee benefits granted	3,873	8,756	(426)	12,203
Effects of the application of leases standard	-	2	-	2
	7,637	**5,387**	**(426)**	**12,598**
Deferred tax liabilities				
Update of assets to fair value	(169)	4	-	(165)
	(169)	**4**	**-**	**(165)**
Net change in deferred tax	**7,468**	**5,391**	**(426)**	**12,433**

7.4. Receivable or payable income tax

Income tax reflected on the balance sheet is as follows:

	2020	2019
Income tax payable	(22)	(955)
Income tax receivable	199	-
Total	**177**	**(955)**

Since 1 January 2014, JMH integrates a group of companies taxed according with the Special Group Taxation Regime (RETGS), as the dominant Company of the group. In addition to JMH, the taxation group is currently composed of the following companies:

- Recheio, SGPS, S.A.
- Recheio - Cash & Carry, S.A.
- Imocash – Imobiliário de Distribuição, S.A.
- Larantigo – Sociedade de Construções, S.A.
- Masterchef, S.A.
- Recheio Masterchef, Lda.
- Jerónimo Martins – Serviços, S.A.
- Desimo, Lda.
- Jerónimo Martins – Agro-Alimentar, S.A.
- Terra Alegre Lacticínios, S.A.
- Best-Farmer – Actividades Agro-pecuárias, S.A.
- Seaculture – Aquicultura, S.A.
- João Gomes Camacho, S.A.
- Jerónimo Martins – Restauração e Serviços, S.A.
- Jerónimo Martins Inovação, S.A.
- Santa Maria Manuela Turismo, S.A.

7.5. Unrecognised deferred taxes on tax losses

JMH did not recognise deferred tax assets related to tax losses in respect of which, with reasonable accuracy, no sufficient future taxable profits are expected to guarantee the recovery of deferred tax assets in the short and/or medium-term. Total unrecognised deferred tax asset is presented below:

Expiring date	Tax	
	2020	**2019**
2022	-	818
2024	818	1,455
2026	1,460	-
2032	3,808	-
Total	**6,086**	**2,273**

Law n. 27-A/2020, of 24 July 2020, which approved the 2020 State Supplementary Budget, foresees a 2-year suspension of the counting of the period for reporting tax losses, applicable to those existing on the first day of the 2020 tax period. Thus, JMH tax losses generated in 2017 and 2019, now have an expiring date of 2024 and 2026, respectively.

8. Gains (losses) in subsidiaries

	2020	**2019**
Dividends received	493,700	794,950
Interest from loans granted	1,867	1,355
Gains from the disposal of subsidiaries (note 13)	80	-
Total	**495,647**	**796,305**

9. Gains (losses) in other investments

Rents received for the lease of investment property are recognised as gains in other investments in the income statement in the period to which they relate.

	2020	**2019**
Rents from investment property	201	199
Total	**201**	**199**

10. Tangible assets

Tangible assets are recognised at historical cost net of accumulated depreciation and impairment losses.

Historical cost includes the purchase price and any other expenditure that is directly attributable to the acquisition of the assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the operating profit.

Repairs and maintenance costs that do not extend the useful life of these assets are charged directly to the income statement during the financial period in which they are incurred.

Depreciation

Depreciation is calculated by the straight-line method, on a monthly basis on acquisition cost according to the useful life estimated for each class of asset. The most important annual depreciation rates, in percentage, are as follows:

	%
Buildings and other constructions	10
Tools	25
Transport equipment	25
Office equipment	10-25
Other tangible assets	10

Whenever considered necessary, the estimated useful life of assets is reviewed and adjusted at the balance sheet date. Residual values are not taken into consideration, as it is JMH's intention to use the assets until the end of their economic life.

10.1. Changes occurred during the year

2020	Buildings and other constructions	Transport equipment	Tools and utensils	Office equipment	Other tangible assets	Tangible assets in progress	Total
Gross amount							
Opening balance	**675**	**101**	**2**	**3,091**	**412**	**982**	**5,263**
Increases	-	109	-	81	-	303	493
Transfers and reclassifications	-	-	-	61	-	(61)	-
Closing balance	**675**	**210**	**2**	**3,233**	**412**	**1,224**	**5,756**
Depreciation and impairment losses							
Opening balance	**297**	**23**	**2**	**2,662**	**327**	**-**	**3,311**
Increases	64	38	-	188	-	-	290
Disposals and write offs	-	-	-	-	-	-	-
Closing balance	**361**	**61**	**2**	**2,850**	**327**	**-**	**3,601**
Net value							
As at 1 January 2020	**378**	**78**	**-**	**429**	**85**	**982**	**1,952**
As at 31 December 2020	**314**	**149**	**-**	**383**	**85**	**1,224**	**2,155**

10.2. Changes occurred in the previous year

2019	Buildings and other constructions	Transport equipment	Tools and utensils	Office equipment	Other tangible assets	Tangible assets in progress	Total
Gross amount							
Opening balance	664	88	2	3,003	392	97	4,246
Increases	11	87	-	89	20	885	1,092
Disposals and write offs	-	(74)	-	(1)	-	-	(75)
Closing balance	675	101	2	3,091	412	982	5,263
Depreciation and impairment losses							
Opening balance	233	88	2	2,496	326	-	3,145
Increases	64	9	-	167	1	-	241
Disposals and write offs	-	(74)	-	(1)	-	-	(75)
Closing balance	297	23	2	2,662	327	-	3,311
Net value							
As at 1 January 2019	431	-	-	507	66	97	1,101
As at 31 December 2019	378	78	-	429	85	982	1,952

10.3. Guarantees

No assets have been pledged as security for the fulfilment of bank or other obligations.

11. Intangible assets

Intangible assets are stated at historical cost net of accumulated amortisation and impairment losses.

Research and development expenditure

Research expenditure incurred in the search for new technical or scientific knowledge or alternative solutions are recognised in the income statement as incurred.

Development expenditure is recognised as an intangible asset when the technical feasibility of the product or process being developed can be demonstrated and JMH has the intention and capacity to complete its development and start trading or using it.

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software, being amortised over their estimated useful lives.

Costs associated with developing or maintaining computer software are recognised as an expense as incurred, except if those costs are directly associated with development projects that will probably generate future economic benefits (reliably measured), they are recognised as development expenditure in intangible assets.

Amortisations

Amortisations are recognised in the income statement on a linear basis over the estimated useful life of the intangible assets, except if that life is considered indefinite.

Amortisation of the intangible assets is calculated by the straight-line method, on a duodecimal basis on acquisition cost. The most important annual amortisation rates, in percentage, are as follows:

	%
Development expenditure	20-33,33
Computer software	33,33

Whenever considered necessary, the estimated useful life of assets is reviewed and adjusted, at the balance sheet date.

Intangible assets are made up of development expenses and include expenses incurred with the implementation of information system platforms.

11.1. Changes occurred during the year

2020	Development expenses	Intangible assets in progress	Total
Gross amount			
Opening balance	**6,919**	**2,370**	**9,289**
Increases	304	661	965
Transfers and reclassifications	636	(636)	-
Closing balance	**7,859**	**2,395**	**10,254**
Amortisation and impairment losses			
Opening balance	**3,773**	**-**	**3,773**
Increases	1,323	-	1,323
Closing balance	**5,096**	**-**	**5,096**
Net value			
As at 1 January 2020	**3,146**	**2,370**	**5,516**
As at 31 December 2020	**2,763**	**2,395**	**5,158**

11.2. Changes occurred in the previous year

2019	Development expenses	Intangible assets in progress	Total
Gross amount			
Opening balance	6,355	1,365	7,720
Increases	60	1,508	1,568
Transfers and reclassifications	504	(503)	1
Closing balance	6,919	2,370	9,289
Amortisation and impairment losses			
Opening balance	2,479	-	2,479
Increases	1,294	-	1,294
Closing balance	3,773	-	3,773
Net value			
As at 1 January 2019	3,876	1,365	5,241
As at 31 December 2019	3,146	2,370	5,516

12. Investment properties

Investment property are land and buildings that are accounted at fair value, determined by specialised independent entities, with appropriate recognised professional qualifications and experience in valuing assets of this nature.

The fair value is based on market values, being the amount at which two independent willing parties would be interested in making a transaction of the asset.

The methodology adopted in the valuation and determination of fair value consists of applying the market's comparative method, in which the asset under valuation is compared with other similar assets that perform the same function, negotiated recently in the same location or in comparable zones. The known transaction values are adjusted to make a proper comparison, and the variables of size, location, existing infrastructure, state of conservation and other variables that may be relevant in some way are considered.

In addition, and particularly in cases in which comparison with transactions that have occurred is difficult, an income approach is used. It is assumed that the value of the asset corresponds to the present value of all the future benefits and rights arising from its ownership.

For this purpose, an estimation of the market rent is used, considering all the endogenous and exogenous variables of the asset under valuation, and a yield that reflects the risk of the market of which that asset is a part, as well as the characteristics of the asset itself.

Changes to fair value of investment property are recognised in the income statement, in gains/(losses) in other investments, since it is related with assets owned for appreciation.

JMH owns a property, which was partially rented to a Group company generating profits in the amount of EUR 201 thousand (2019: EUR 199 thousand). This property is valued at its market value, according to an independent valuation, regularly confirmed with the application of income method and is recorded at EUR 2,470 thousand (2019: EUR 2,470 thousand).

In 2020, JMH incurred expenses regarding this property in the amount of EUR 4 thousand (2019: EUR 4 thousand), recognised in results in other operating costs.

13. Investments in subsidiaries

The equity holdings in subsidiaries corresponds to investments in the acquisition of shareholdings in the companies listed in note 24.

	2020	2019
Net value as at 1 January	665,066	665,016
Increases	-	50
Decreases	(28)	-
Net value as at 31 December	**665,038**	**665,066**

In December 2020, the subsidiary EVA - Sociedade de Investimentos Mobiliários e Imobiliários, Lda., was dissolved and liquidated, generating a capital gain EUR 80 thousand. In December 2019 it was incorporated the subsidiary Jerónimo Martins Inovação, S.A..

14. Loans to subsidiaries

Non-current loans	2020	2019
Net value as at 1 January	**1,575,145**	**1,468,145**
Increases	126,500	145,000
Decreases	(27,600)	(38,000)
Net value as at 31 December	**1,674,045**	**1,575,145**

Non-current loans are granted as supplementary capital contributions (which do not bear interest).

Current loans	2020	2019
Net value as at 1 January	**119,740**	**116,980**
Increases	87,580	23,470
Decreases	(10,145)	(20,710)
Net value as at 31 December	**197,175**	**119,740**

Current loans are granted as treasury operations (remunerated at normal market rates).

15. Trade debtors, accrued income and deferred costs

Subsidiaries and debtor balances are amounts to be received regarding services rendered by JMH in the ordinary course of business. They are initially recognised at fair value, being subsequently measured at amortised cost in accordance with the effective interest rate method, net of any impairment losses (notes 2.4.1 and 2.5.2).

	2020	2019
Non-current		
Other debtors (work compensation fund - FCT)	157	109
Collateral deposits associated to financial debt	-	19,367
Total	**157**	**19,476**
Current		
Subsidiaries	3,260	10,639
Other debtors	560	618
Other taxes receivable	1,459	1,225
Accrued income	3,519	4,449
Deferred costs	634	1,074
Total	**9,432**	**18,005**

In December 2019, JMH had EUR 19,367 thousand of remunerated deposits in financial institutions, with limited availability according to specific conditions. These deposits were being used as a collateral guarantee for financial loans to its subsidiary Jeronimo Martins Colombia, S.A.S.. During the year of 2020 these deposits were released with the loans repayment.

Amounts recognised in subsidiaries refers mainly to invoices issued to Group companies relating to various services provided, in the amount of EUR 516 thousand (2019: EUR 1,138 thousand), as well as the allocation of Corporate Income Tax (CIT) between JMH Group companies, which is taxed by the Special Group Taxation Regime (RETGS), in the amount of EUR 2,598 thousand (2019: EUR 9,384 thousand).

Accrued income refers mainly to EUR 3,461 thousand (2019: EUR 4,339 thousand) regarding the rendering of technical and administrative services to subsidiaries not yet invoiced. In December 2020 there are no interests receivable pending being invoiced to subsidiaries (2019: EUR 72 thousand).

Deferred costs include EUR 91 thousand (2019: EUR 63 thousand) of issuance costs of commercial paper and bank guarantees and EUR 543 thousand (2019: EUR 1,011 thousand) of other costs relating to future periods, paid in 2020, or when not paid, already charged by the competent entities.

16. Cash and cash equivalents

Cash and cash equivalents include cash, deposits on hand and other short-term highly liquid investments with original maturities of three months or less. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

	2020	2019
Bank deposits	170,579	93,445
Cash	17	15
Total	**170,596**	**93,460**

17. Capital and reserves

Share capital

Share capital corresponds to the nominal value of the ordinary shares issued.

Share premium is recognised when the issued share price exceeds its nominal value. Costs incurred with the issuance of new shares are recognised directly in this heading, net of respective taxes.

Own shares purchased are shown at cost as a deduction in equity. When they are disposed, the amount received, net of costs related with the transaction and taxes, is recognised directly in equity.

Payable and receivable dividends

Payable dividends are recognised as a liability in JMH financial statements in the period in which they are approved by the shareholders for distribution.

Receivable dividends are recognised as revenues when the right to receive payment is established.

17.1. Share capital and share premium account

The authorised share capital is represented by 629,293,220 ordinary shares (2019: 629,293,220), each with a nominal value of one euro.

The owners of ordinary shares have the right to receive dividends in accordance with the deliberations of the General Shareholder's Meeting and have the right to one vote for each share owned. There are no preferential shares. Rights relating to own shares are suspended until they are placed on the market.

During the year 2020, no changes occurred in the amount of EUR 22,452 thousand showed in share premium in 2019.

17.2. Own shares

At 31 December 2020 JMH held 859,000 own shares, acquired in 1999 at an average price of 7.06 euros per share. There were no transactions in 2020.

17.3. Retained earnings

As at 31 December 2020, the total amount of retained earnings was EUR 2,048,985 thousand (2019: EUR 1,829,805 thousand), resulting from profit generated in the financial year, in the amount of EUR 436,502 thousand (2019: EUR 754,395 thousand) and the remaining in the previous years.

Of this amount EUR 316,778 thousand (2019: EUR 317,290 thousand) are not able to be distributed, as provided in articles 32, 218, 295, 296 and 324 of the Commercial Companies Code.

17.4. Dividends

According with the decision made at the 25 June 2020 General Shareholders Meeting, the amount of EUR 130,086 thousand was distributed to Jerónimo Martins shareholders in July 2020. Additionally, it was approved the distribution of free reserves in the amount of EUR 86,724 thousand, at the 26 November 2020 Extraordinary General Shareholders Meeting, which were paid in December 2020. According with the decision made at the 11 April 2019 General Shareholders Meeting, the amount of EUR 204,241 thousand was distributed as dividends to Jerónimo Martins shareholders in May 2019.

In accordance with the results appropriation proposal described in point 8 included in the Management Report chapter, which is integrated in the consolidated annual report, the Board of Directors proposes to the shareholders the distribution of the amount EUR 180,989 thousand, which corresponds to a dividend per share of EUR 0.288 (excluding own shares in the portfolio).

18. Earnings per share

Basic and diluted earnings per share are calculated based on the net profit attributable to shareholders divided by the weighted average of outstanding ordinary shares.

18.1. Basic and diluted earnings per share

	2020	2019
Ordinary shares issued at the beginning of the year	629,293,220	629,293,220
Own shares at the beginning of the year	(859,000)	(859,000)
Weighted average number of ordinary shares	**628,434,220**	**628,434,220**
Diluted net results of the year attributable to ordinary shares	436,502	754,395
Basic and diluted earnings per share – Euros	**0.6946**	**1.2004**

19. Borrowings

Borrowings are initially recognised at fair value less the transaction costs that were incurred and, are subsequently measured at the amortised cost. Any difference between the issued value (net of transaction costs incurred) and the nominal value is recognised in the results during the period of the borrowings, in accordance with the effective interest rate method (note 2.4.2).

Borrowings are classified as current liabilities, unless JMH has the unconditional right to defer settlement of the liability for more than 12 months after the reporting date.

This note provides information on the terms of loan contracts and other forms of financing. For further details regarding the Company's exposure to interest rates see note 27.

19.1. Current and non-current loans

During the year of 2020 JMH did not use any amount of bank or intercompany loans.

2019	Opening balance	Cash flows	Closing balance
Non-current loans			
Bank loans - commercial paper	-	-	-
Total	-	-	-
Current loans			
Loans from Group companies	327,500	(327,500)	-
Total	327,500	(327,500)	-

19.2. Loan terms and maturities

During the year of 2019 JMH reimbursed the loan that had been received from Group companies, being the average financing rate of 2019 rising to 0.67%.

JMH uses, with other Group companies, grouped credit lines, which means that the maximum amount approved by a financial entity can be used simultaneously by more than one company. The amount of credit lines granted to JMH which are not being used amount to EUR 114,750 thousand (2019: EUR 114,750 thousand).

19.3. Bank loans: commercial paper

There are several issued bank loans in the form of a commercial paper program, in the global amount of EUR 215,000 thousand (2019: EUR 185,000 thousand), with variable interest rate. At the end of 2020 and 2019, no amount of these credit lines was being used.

19.4. Financial net debt

	2020	2019
Financial lease liabilities - non-current (note 6.2)	317	296
Financial lease liabilities - current (note 6.2)	309	338
Interest on accruals and deferrals	-	(72)
Bank deposits (note 16)	(170,579)	(93,445)
Total	**(169,953)**	**(92,883)**

20. Provisions

Provisions are recognised in the balance sheet whenever JMH has a present obligation (legal or implicit) as a result of a past event and it is probable that a reasonably estimated outflow of resources embodying economic benefits will be required to settle the obligation.

Restructuring provision

Provisions for restructuring costs are set up whenever a formal restructuring plan has been approved by JMH and the restructuring has started to be implemented or has been announced publicly.

Provisions for restructuring include all liabilities to be paid with the implementation of the plan, including employee termination payments. These provisions do not include any estimated future operating losses or estimated profits from the disposal of assets.

Provision for other risks and contingencies (Legal claims)

Provisions related with litigation against JMH are set up in accordance with risk assessments carried out by JMH, with the support and advice of its lawyers and legal advisors.

2020	Opening balance	Set up and reinforced	Used and reversed	Closing balance
Other risks and contingencies	6,593	66	(492)	6,167
Total provisions	**6,593**	**66**	**(492)**	**6,167**

2019	Opening balance	Set up and reinforced	Used and reversed	Closing balance
Other risks and contingencies	21,506	108	(15,021)	6,593
Total provisions	**21,506**	**108**	**(15,021)**	**6,593**

The heading other risks and contingencies consists of provisions for possible compensation to be paid by JMH regarding guarantees provided in business sales agreements entered into over the last few years and provisions for litigation processes where there are no prospects for resolution in less than one year.

In 2018, a provision for other risks and contingencies was set up, in the amount of EUR 15,000 thousand, regarding a post-employment compensation plan for employees of the Group, which were in the implementation phase. With the conclusion of the plan implementation in 2019, the provision was fully used.

21. Trade creditors, accrued costs and deferred income

Suppliers and other creditors' balances are obligations to pay services that have been acquired by JMH in the ordinary course of the business. They are initially recognised at the fair value and subsequently at the amortised cost, in accordance with the effective interest rate method (note 2.4.2).

Suppliers and other creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

	2020	2019
Current		
Subsidiaries	1,161	4,024
Other commercial creditors	1,620	2,250
Other non-commercial creditors	50	71
Other taxes payables	665	659
Accrued costs	15,169	8,870
Deferred income	17	17
Total	**18,682**	**15,891**

The heading accrued costs includes salaries and wages payable in the amount of EUR 7,328 thousand (2019 EUR 6,991 thousand), and EUR 2,305 thousand (2019: EUR 1,879 thousand) regarding various costs (utilities, insurances, consultants, rents, among others), relating to 2020 and not invoiced by the respective entities prior to the end of the year. Accrued costs in 2020 include also EUR 5.536 thousand regarding several corporate programs and support for research projects related to the Covid-19 pandemic.

22. Guarantees

The bank guarantees are as follows:

	2020	2019
Guarantees for Tax Authorities	39,668	14,348
Financing bank guarantees	132,309	266,020
Other guarantees provided	1,669	1,669
Total	**173,646**	**282,037**

The financing bank guarantees respect to financial loans obtained by the subsidiary Jerónimo Martins Colombia, S.A.S.. These guarantees will be released following the guaranteed loans reimbursement.

23. Contingencies, contingent assets and contingent liabilities

Contingent assets are potential JMH assets that result from past events, but whose recognition depends on the occurrence or not of one or more future events that are not under its control.

Disclosure is made in the notes when it becomes probable that future economic benefits will be received by JMH. It is recognised in the Individual Financial Statements when it becomes virtually certain to be received.

Contingent liabilities correspond to potential obligations as result of past events and whose recognition depends on the occurrence or not of one or more uncertain future events not wholly within the control of JMH. They may also represent present obligations as result of past events, which are not recognised in the Financial Statements, because its payment is not probable, or it is not possible to obtain a reliable value estimation.

JMH discloses in the notes whenever the probability of future disbursement is not considered remote. It is recognised, or a provision is set up, when it becomes probable that economic benefits will be paid, and its value can be estimated with some degree of reliability.

Contingent liabilities

There are several relevant disputes pending resolution. With respect to these issues, the Board of Directors, supported by the opinion of its lawyers and tax advisors considers that there is enough ground for its appeal in court, assesses the outcome of each proceedings, and for those where the Board estimates that a future cash outflow may occur a provision is taken (note 20):

- The Portuguese Tax Authorities have informed JMH to restate the dividends received, amounting to EUR 10,568 thousand, from its subsidiary in the Madeira Free Zone in 2004 and 2005, considering them as interest for tax purposes. According to the Portuguese Tax Authorities the said income should be subject to CIT as opposed to the dividends received that are exempt. Regarding this correction the tax amount in dispute is EUR 3,065 thousand;

- The Portuguese Tax Authorities have claimed EUR 989 thousand from JMH regarding CIT for an indemnity paid by the Company due to an agreement reached in arbitration court, and which the Tax Authorities considered as dealing with a payment to an entity subject to a more favourable tax regime, and therefore not accepted for tax purposes. The Board of Directors does not consider the report of the Tax Authorities to have a legal basis or validity, and has challenged it;

- The Portuguese Tax Authorities have informed JMH that they do not accept the capital losses associated with a liquidation of one company and the sale of another, amounting to EUR 24,660 thousand, which generated a correction on the Company's tax losses regarding 2007, and an amount of tax estimated of EUR 6,800 thousand. In 2019, the Lisbon Tax Court ruled in favour of JMH, having the Tax Authorities appealed the said decision to a higher court;

- The Portuguese Tax Authorities assessed, regarding 2016 and 2017, JMH (as the head of the Tax Group in which Recheio SGPS is included), in the amount of EUR 19,972 thousand, related to the taxation in CIT of ¼ of the results generated in internal operations of the Tax Group. As explained in the 2018 Group Consolidated Annual Report (and previous years), this assessment results from the application of the transitional rule included in the Portuguese State Budget of 2016 (and in the followings). Based on the assessment of our lawyers and tax advisors, we firmly believe that there are sufficient grounds to oppose the said rules. Therefore, no provisions have been made for the amount assessed, neither for the ones which are expected to be further assessed, as a result of the application of the 2016, 2017, 2018 and 2019 transitory rules - c. EUR 50,000 thousand in income taxes.

24. Subsidiaries

The direct investments owned by JMH, as at 31 December 2020, are as follows:

Company	Notes	Head office	% Owned	Stake held directly	Total assets	Shareholder's equity	Net profit/loss
Desimo, Lda.	a)	Lisbon	100.00	50	185	181	16
Jerónimo Martins - Serviços, S.A.	a)	Lisbon	100.00	50	6,125	886	731
Jerónimo Martins Inovação, S.A.	a)	Lisbon	100.00	50	50	49	(1)
Friedman - Sociedade Investimentos Mobiliários e Imobiliários, Lda.	a)	Funchal	100.00	5	180	167	(1)
Warta - Retail & Services Investments B.V.	a)	Amsterdam	100.00	18	1,378,233	1,377,926	488,965
Tagus - Retail & Services Investments B.V.	a)	Amsterdam	100.00	18	422,017	421,994	38,592
New World Investments B.V.	a)	Amsterdam	100.00	18	644,021	643,937	(389)
Origins - Agro Business Investments B.V.	a)	Amsterdam	100.00	18	139,081	139,077	(19)

a) For the purposes of the Art. 486, paragraph 3, of the Portuguese Commercial Companies Code, we declare that we hold the control of the companies indicated.

In December 2020, subsidiary Eva – Soc. Investimentos Mobiliários e Imobiliários, Lda., was dissolved and liquidated, having the commercial registration been completed on 6 January 2021.

25. Subsidiaries, joint ventures and associates – interests held directly and indirectly

The companies held directly and indirectly by Jerónimo Martins, SGPS, S.A., as at 31 December 2020, are those mentioned in notes 25 and 27 of Chapter III of the Group Consolidated Annual Report.

26. Related parties

A related party is a person or entity that is related to JMH, including those that have, or are subject to, the influence or control of JMH.

Transactions with related parties are always carried out at market prices.

26.1. Transactions with related parties (shareholders)

JMH is owned 56.136% by Sociedade Francisco Manuel dos Santos B.V.. There were no direct transactions between this company and JMH in 2020, nor are there any open amounts between them as at 31 December 2020.

26.2. Transactions with other related parties

26.2.1. Technical and administrative services provided

As the Group's Holding Company and Corporate Center, JMH co-ordinates and provides consultancy services to its subsidiaries. The Functional Divisions of support to the Group are described in Point 21 of Chapter IV, related with Corporate Governance. The turnover from these services in 2020 was EUR 15,529 thousand (2019: EUR 15,861 thousand).

26.2.2. Financial services

The JMH Financial Operations Department centralises part of the Group companies' financial management.

This management includes acting on behalf of the companies in the negotiation and contracting of debt conditions and application of funds with banks and other financial institutions. The purpose of this centralised management is to obtain more favourable conditions for funding and applications than would be obtained if negotiated on an individual basis. This centralised management is remunerated for this service, which amounted to EUR 1,446 thousand in 2020 (2019: 1,327 thousand).

This management includes also the centralised treasury operations, responsible for payments to suppliers, employees and other entities, as well as daily cash flow management. This management is also remunerated for this service, which amounted to EUR 422 thousand in 2020 (2019: EUR 461 thousand).

26.2.3. Lease of property

JMH develops its activity in premises rented from subsidiaries, which represented in 2020 costs of EUR 499 thousand (2019: EUR 484 thousand).

As mentioned in note 12, JMH owns a property which is partially rented out to a Group company, and generated profits in 2020 in the amount of EUR 201 thousand (2019: EUR 199 thousand).

26.2.4. Treasury operations (current loans)

JMH granted treasury operations to subsidiaries, which generated interest in 2020 in the amount of EUR 1,867 thousand (2019: EUR 1,355 thousand).

26.2.5. Staff related costs

As a Group, Jerónimo Martins takes advantage of the synergies existing between various companies, and frequently transfers staff from one company to another according to the needs of the various businesses. In 2020 total costs incurred with services rendered by personnel from other companies amounted to EUR 7,386 thousand (2019: EUR 8,200 thousand).

26.2.6. Open balances as at 31 December 2020

Company	Current loans granted	Non-current loans granted	Accounts receivable and accrued income	Accounts payable, deferred income and accrued costs
Subsidiary companies				
Best-Farmer - Actividades Agro-Pecuárias, S.A.	9,080	-	20	98
Desimo, Lda.	-	-	4	-
Escola de Formação Jerónimo Martins, S.A.	-	-	1	-
Friedman - Soc. Inv. Mobiliários e Imobiliários, Lda.	-	170	-	-
Hussel Ibéria – Chocolates e Confeitaria, S.A.	-	-	5	1
Imocash – Imobiliário de Distribuição, S.A.	-	-	1,044	-
Imoretalho – Gestão de Imóveis, S.A.	-	-	37	37
Jerónimo Martins - Agro-Alimentar, S.A.	3,335	-	73	1
Jeronimo Martins Colombia, S.A.S.	-	-	13	-
Jeronimo Martins Drogerie i Famacja Sp. z o.o.	-	-	7	-
Jeronimo Martins Polska S.A.	-	-	2,289	17
Jerónimo Martins – Restauração e Serviços, S.A.	5,095	-	24	1
Jerónimo Martins - Serviços, S.A.	-	-	3	2,029
JMR – Gestão Empresas Retalho, SGPS, S.A.	132,220	-	227	-
JMR - Prestação Serviços para a Distribuição, S.A.	-	-	99	71
João Gomes Camacho, S.A.	-	-	115	-
Larantigo - Sociedade de Construções, S.A.	-	-	-	41
Lidinvest - Gestão de Imóveis, S.A.	-	-	1	-
Lidosol II – Distrib. Produtos Alimentares, S.A.	-	-	21	-
Masterchef, S.A.	-	-	-	10
New World Investments B.V.	-	645,950	-	-
Origins - Agro Business Investments B.V.	-	139,195	-	-
Pingo Doce – Distribuição Alimentar, S.A.	-	-	932	50
Recheio - Cash & Carry, S.A.	-	-	1,435	23
Recheio Masterchef, Lda.	-	-	2	750
Recheio, SGPS, S.A.	33,525	-	285	-
Santa Maria Manuela Turismo, S.A.	-	-	16	-
Seaculture - Aquicultura, S.A.	150	-	5	-
Tagus - Retail & Services Investments B.V.	-	1,950	-	-
Terra Alegre - Lacticínios, S.A.	13,770	-	57	2
Warta - Retail & Services Investments B.V.	-	886,780	6	-
Subtotal	197,175	1,674,045	6,721	3,131
Other related parties				
Marismar Aquicultura Marinha S.A.	-	-	3	-
Soc. Francisco Manuel Santos SGPS, S.E.	-	-	7	-
Unilever Fima, Lda	-	-	-	45
Subtotal	-	-	10	45
Total	197,175	1,674,045	6,731	3,176

26.2.7. Open balances as at 31 December 2019

Company	Current loans granted	Non-current loans granted	Accounts receivable and accrued income	Accounts payable, deferred income and accrued costs
Subsidiary companies				
Best-Farmer - Actividades Agro-Pecuárias, S.A.	8,515	-	18	661
Desimo, Lda.	-	-	14	-
Friedman - Soc. Inv. Mobiliários e Imobiliários, Lda.	-	170	-	-
Hussel Ibéria – Chocolates e Confeitaria, S.A.	-	-	2	2
Imocash – Imobiliário de Distribuição, S.A.	-	-	943	-
Imoretalho – Gestão de Imóveis, S.A.	-	-	34	39
Jerónimo Martins - Agro-Alimentar, S.A.	3,055	-	44	193
Jeronimo Martins Colombia, S.A.S.	-	-	12	-
Jeronimo Martins Drogerie i Famacja Sp. z o.o.	-	-	23	-
Jeronimo Martins Polska S.A.	-	-	2,152	98
Jerónimo Martins – Restauração e Serviços, S.A.	2,905	-	104	1
Jerónimo Martins - Serviços, S.A.	-	500	56	2,993
JMR – Gestão Empresas Retalho, SGPS, S.A.	68,090	-	200	-
JMR - Prestação Serviços para a Distribuição, S.A.	-	-	235	43
João Gomes Camacho, S.A.	-	-	255	-
Larantigo - Sociedade de Construções, S.A.	-	-	-	49
Lidinvest - Gestão de Imóveis, S.A.	-	-	1	-
Lidosol II – Distrib. Produtos Alimentares, S.A.	-	-	41	-
Masterchef, S.A.	-	-	-	10
New World Investments B.V.	-	543,450	-	-
Origins - Agro Business Investments B.V.	-	115,195	-	-
Pingo Doce – Distribuição Alimentar, S.A.	-	-	1,952	96
Recheio - Cash & Carry, S.A.	-	-	8,192	19
Recheio Masterchef, Lda.	-	-	160	-
Recheio, SGPS, S.A.	13,110	-	460	-
Seaculture - Aquicultura, S.A.	2,700	-	7	333
Tagus - Retail & Services Investments B.V.	-	1,950	-	-
Terra Alegre - Lacticínios, S.A.	21,365	-	73	2,494
Warta - Retail & Services Investments B.V.	-	913,880	-	-
Subtotal	119,740	1,575,145	14,978	7,031
Other related parties				
JMDB - Repr. e Distribuição Marcas, Lda.	-	-	1	-
Unilever Fima, Lda	-	-	-	5
Subtotal	-	-	1	5
Total	119,740	1,575,145	14,979	7,036

26.2.8. Remuneration paid to Directors

	2020	2019
Salaries and cash awards	1,478	1,441
Retirement benefits	477	306
Total	**1,955**	**1,747**

The Board of Directors of the Company consists of 10 Members. The remuneration shown includes the amounts paid to the members of the Board of Directors that work on the Audit Committee, which annual amount was of EUR 60 thousand (2019: EUR 60 thousand).

The remuneration of the Members of the Board of Directors and of the Supervisory Board is stated in the Consolidated Annual Report, under the Corporate Governance Chapter.

The retirement benefits granted to the Directors correspond to post-employment benefits and are part of the plans described in note 4.2.

27. Financial risks

JMH is exposed to various financial risks, namely market risk (which includes interest rate risk), liquidity risk and credit risk.

The management of these risks is focused on the unpredictable nature of the financial markets and aims to minimize its adverse effects on the Company's financial performance. Certain types of exposure are managed using financial derivative instruments.

The activity in this area is carried out by the Financial Operations Department. It is responsible, with the cooperation of the financial areas of the Group´s companies, for identifying and assessing risks and for executing the hedging of financial risks, by following the guidelines set out in the Financial Risk Management Policy.

27.1. Interest rate risk

All financial liabilities are directly or indirectly indexed to a reference interest rate which exposes JMH to cash flow risk. A given portion of this risk is hedged through fixed interest rate swaps, thus Jerónimo Martins is also exposed to fair value risk.

Exposure to interest rate risk is monitored continuously. In addition to evaluating future cash flows based on forward rates, sensitivity tests to variations in interest rate levels are performed.

27.2. Credit risk

Credit risk is managed centrally. The main sources of credit risk are bank deposits, short-term investments and derivatives contracted with financial institutions.

The financial institutions that JMH chooses to do business with are selected based on the ratings they receive from one of the independent benchmark rating agencies. Apart from the existence of a minimum accepted rating there is also a maximum exposure to each of these financial institutions.

The following table shows a summary of credit quality of bank deposits and short-term investments, as at 31 December 2020 and 2019:

Rating company	Rating	2020	2019
Standard & Poor's	[A+ : AA]	17	73
Standard & Poor's	[BBB+ : A]	56,675	37,125
Standard & Poor's	[BB+ : BBB]	56,589	34,168
Standard & Poor's	[B+ : BB]	242	21
Moody's	[Caa2 : Caa1]	41	15
Fitch	[A- : A+]	56,913	22,013
Fitch	[BB+ : BBB]	102	30
Total		**170,579**	**93,445**

The ratings shown correspond to those given by Standard and Poor's, Moody's and Fitch. The maximum exposure to credit risk at 31 December 2020 and 2019 is the financial assets carrying value.

27.3. Liquidity risk

Liquidity risk is managed by maintaining an adequate level of cash or equivalents, as well as by negotiating credit facilities that not only allow the regular development of JMH activities, but also ensuring some flexibility to be able to absorb shocks unrelated to its activities.

To manage this risk, JMH uses, for example, credit derivatives in order to mitigate the impact of credit spreads increase that are the result of impacts beyond the control of JMH. Treasury needs are managed based on short-term planning, executed on a daily basis, which it derives from the annual financial plans which are reviewed at least twice a year.

The following table shows JMH's liabilities by ranges of contractual residual maturity. The amounts shown in the table are the non-discounted contractual cash flow.

2020	Exposure to liquidity risk		
	Less than 1 year	1 to 5 years	More than 5 years
Borrowings			
Commercial paper	13	12	-
Creditors	2,831	-	-
Lease liabilities	318	324	-
Total	**3,162**	**336**	**-**

2019	Exposure to liquidity risk		
	Less than 1 year	1 to 5 years	More than 5 years
Borrowings			
Commercial paper	8	15	-
Creditors	6,345	-	-
Lease liabilities	385	312	-
Total	**6,738**	**327**	**-**

The cash flows presented for commercial paper programs include fixed expenses incurred with these programs, whether they are being used or not.

28. Additional information requested by law

In accordance with article 66-A of the Portuguese Commercial Companies Code, we hereby inform of the following:

a) In addition to all operations described in the notes above, as well as in the Management's Report, there are no other operations considered relevant which are not already contained either in the balance sheet or in these notes;

b) The total remuneration paid to the External Auditor and Statutory Auditor in 2020 was EUR 97 thousand, corresponding fully to the statutory audit of the accounts;

c) Note 26 of the Notes to the Financial Statements include all the related parties' disclosures, in accordance with the International Accounting Standards;

d) During the years of 2018 and 2019, JMH incurred in expenses with Research and Development ("R&D") activities, which are, in your understanding, likely to be eligible for the purposes of Entrepreneurial R&D Tax Incentives System ("Sistema de Incentivos Fiscais em I&D Empresarial II – SIFIDE II").

   Hence, regarding the year of 2018, JMH received the final decision from the Technical Committee with power delegated by the Agência Nacional de Inovação, S.A., granting a tax credit of EUR 309 thousand as a result of investments related with R&D activities in the total amount of EUR 374 thousand, consisting of human resources expenses amounting to EUR 246 thousand and operating expenses amounting to EUR 128 thousand.

   Regarding the year of 2019, JMH is still waiting for the decision from the Technical Committee with power delegated by the Agência Nacional de Inovação, S.A.. JMH has requested a tax credit of EUR 349 thousand as a result of investments related with R&D activities in the total amount of EUR 537 thousand, consisting of human resources expenses amounting to EUR 367 thousand and operating expenses amounting to EUR 170 thousand.

   Lastly, taking into consideration the investments made in 2020 in this particular area, JMH is also preparing an application to this Tax Incentive (SIFIDE II), within the legally stipulated deadline.

29. Events after the balance sheet date

Where events occur after the balance sheet date that provide evidence of conditions that existed at the end of the reporting period, the impact of these events is adjusted within the financial statements. Otherwise, events after the balance sheet date of a material size or nature are disclosed below.

At the conclusion of this Report there were no relevant events to highlight that are not disclosed in the Financial Statements.

Lisbon, 2 March 2021

The Certified Accountant **The Board of Directors**

Building a better working world

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(Translation from the original document in the Portuguese language.
In case of doubt, the Portuguese version prevails)

Statutory and Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Jerónimo Martins, S.G.P.S., S.A. (the Entity), which comprise the Balance Sheet as at 31 December 2020 (showing a total of 2.734.239 thousand euros and total equity of 2.694.670 thousand euros, including a net profit for the year of 436.502 thousand euros), the Statement of Income by Functions, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of Jerónimo Martins, S.G.P.S., S.A. as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section below. We are independent of the Entity in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors´ code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the current year audit are the following:

1. Investments in subsidiaries and loans to subsidiaries

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
The total amount of investments in subsidiaries and loans to subsidiaries recognized in the separate financial statements of Jerónimo Martins, S.G.P.S., S.A., as at 31 December 2020, amounts to 2.339 million euros. As disclosed in the Notes 2.3 to the financial statements, the investments in subsidiaries and loans to subsidiaries are recorded at cost and are analysed at each balance sheet date	Our audit procedures included: ► Understanding and evaluating controls over the investments in subsidiaries and loans to subsidiaries process; ► Obtaining impairment tests performed by management to the investments in subsidiaries and loans to subsidiaries and confirmation of the assumptions used with the business plans approved by the Board;

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
in order to identify any indicators of possible impairment losses. When indicators are identified, the recoverable amount of the assets is tested by the management, using the discounted cash flow method. The valuation data used to calculate the value in use, is supported by past performance and market development expectations for each of the investments, in accordance with the discounted cash flow projections, discount rates and perpetuity growth rates. The valuation models that reflect the projected business performance of the various companies were revised in order to incorporate the effect of COVID-19 Pandemic on the operating results of the group's companies. Due to the relevance of the amounts involved, as well as the complexity and judgment inherent in the model adopted for the impairment assessment, we consider that the valuation of investments in subsidiaries and loans to subsidiaries was a material matter for the purposes of our audit.	► We were involved in the assessment of the main tax and legal disputes and contingencies existing in the entities participated by Jerónimo Martins SGPS; ► Performing analyses, with the support of internal specialists, of the assumptions and methodologies used by the management, namely the impairment testing model, the discount rates and perpetuity growth rates; ► Performing substantive procedures regarding impairment indicators on investments in subsidiaries and loans to subsidiaries, namely by comparing the equity of the subsidiaries or the value in use obtained through the models prepared by the Management with the amounts recorded in the financial statements; and ► Review of the amounts of impairment losses recognized by the Entity regarding investments in subsidiaries and loans to subsidiaries and assessment of its reasonableness. We have also verified the adequacy of the disclosures presented in the financial statements.

Responsibilities of Management and the Audit Committee for the financial statements

Management is responsible for:

- the preparation of financial statements that presents a true and fair view of the Entity´s financial position, financial performance and cash flows in accordance with International Financial Reporting Standards as endorsed by the European Union;
- the preparation of the Management Report, including the Corporate Governance Report in accordance with the laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Entity's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Entity´s ability to continue as a going concern.

The Audit Committee is responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- communicate with those charged with governance, including the Audit Committee, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- from the matters communicated to those charged with governance, including the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and
- we also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the procedures taken to eliminate the threats or safeguards that have been applied.

Our responsibility includes the verification of the consistency of the Management Report with the financial statements, and the verifications under Nº 4 and Nº 5 of article 451 of the Commercial Companies Code and the verification that the non-financial information and remunerations report was presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, Nº 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment over the Entity, we have not identified any material misstatements.

Pursuant to article 451, paragraph 7 of the Companies Code, this opinion is not applicable to the non-financial statement included in the Management Report.

On the non-financial information set out in article 508-G of the Commercial Companies Code

Pursuant to article 451, Nº 6 of the Commercial Companies Code, we inform that the Entity included in the Management Report the non-financial information of the set out in article 508-G of the Commercial Companies Code.

On the Corporate Governance Report

Pursuant to article 451, Nº 4 of the Commercial Companies Code, in our opinion, the Corporate Governance Report includes the information required to be provided by the Entity as per article 245-A of the Securities Code, and we have not identified material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and m) of the said article.

On the Remunerations Report

Pursuant to article 245º-C, Nº 6 of the of the Securities Code, we inform that the Entity has included in a separate chapter, on the Corporate Governance Report, the information in compliance with nº2 of the said article.

On additional items set out in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) Nº 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were appointed as auditors of the Jerónimo Martins, S.G.P.S., S.A. for the first time at the shareholders' general meeting held on 6 April 2017 for the mandate from 2017 to 2018, and reappointed for the mandate from 2019 to 2021 at the shareholders' general meeting held on 11 April 2019;
- Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred with a material effect on the financial statements. In planning and executing our audit in accordance with ISAs, we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work, we have not identified any material misstatement to the financial statements due to fraud;
- We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the Audit Committee of the Entity on February 18, 2020; and
- We declare that we have not provided any prohibited services as described in article 77, Nº 8, of the Statute of the Institute of Statutory Auditors, and we have remained independent of the Entity in conducting the audit.

Lisbon, 05 March 2021

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

João Carlos Miguel Alves (ROC nº 896)
Registered with the Portuguese Securities Market Commission under license Nº 20160515

Independent Limited Assurance Report

(Free translation from the original in Portuguese)

To the Board of Directors of Jerónimo Martins, S.G.P.S., S.A.,

Introduction

We were engaged by the Board of Directors of Jerónimo Martins, S.G.P.S., S.A. ("Jerónimo Martins" or "Company") to perform a limited assurance engagement on the indicators identified below in the section "Responsibilities of the auditor", which integrate the sustainability information included in Chapter 5. "Corporate Responsibility in Value Creation" of the Annual Report 2020 ("Report"), for the year ended in December 31, 2020, prepared by the Company for the purpose of communicating its annual sustainability performance.

Responsibilities of the Board of Directors

It is the responsibility of the Board of Directors to prepare the indicators identified below in the section "Responsibilities of the auditor", included in Chapter 5. "Corporate Responsibility in Value Creation" of the Annual Report 2020, in accordance with the sustainability reporting guidelines Global Reporting Initiative, GRI Standards, for the option "In accordance – Core" and with the instructions and criteria disclosed in Chapter 5. "Corporate Responsibility in Value Creation" of the Annual Report 2020, as well as for the maintenance of an appropriate internal control system that enables the adequately preparation of the mentioned information.

Responsibilities of the auditor

Our responsibility is to issue a limited assurance report, which is professional and independent, based on the procedures performed and specified in the paragraph below.

Our work was conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance engagements other than audits or reviews of historical financial information", issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants and we have fulfilled other technical standards and recommendations issued by the Institute of Statutory Auditors. These standards require that we plan and perform our work to obtain limited assurance about whether the GRI and specific indicators, identified in the subchapter 11. "Table of Indicators", of Chapter V. "Corporate Responsibility in Value Creation" of the Annual Report 2020, as "✓ Indicator verified by an independent external third party" are free from material misstatement.

Our limited assurance engagement also consisted in carrying out procedures with the objective of obtaining a limited level of assurance as to whether the Company applied, in the sustainability information included in the Annual Report 2020, the GRI Standards guidelines.

For this purpose the above mentioned work included:

(i) Inquiries to management and senior officials responsible for areas under analysis, with the purpose of understanding how the information system is structured and their awareness of issues included in the report;

(ii) Identification of the existence of internal management procedures leading to the implementation of economic, environmental and social policies;
(iii) Testing, on a sampling basis, the efficiency of processes and systems in place for collection, consolidation, validation and reporting of the performance information previously mentioned, through calculations and validation of reported data;
(iv) Confirmation that operational units follow the instructions on collection, consolidation, validation and reporting of performance information;
(v) Execution of substantive procedures, on a sampling basis, in order to collect evidence of the reported information;
(vi) Comparison of financial and economic data included in the sustainability information with the data audited by the external auditor, in the scope of the audit of Jerónimo Martins' financial statements for the year ended in December 31, 2020;
(vii) Verification that sustainability information included in the Report complies with the requirements of GRI Standards, for the option "In Accordance - Core".

The procedures performed were more limited than those used in an engagement to obtain reasonable assurance and, therefore, less assurance was obtained than in a reasonable assurance engagement.

We believe that the procedures performed provide an acceptable basis for our conclusion.

Quality control and independence

We apply the International Standard on Quality Control 1 (ISQC1) and, accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and of the ethics code of the Institute of Statutory Auditors.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the indicators identified above in the section "Responsibilities of the auditor", included in Chapter 5. "Corporate Responsibility in Value Creation" of the Annual Report 2020, relating to the year ended in December 31, 2020, were not prepared, in all material respects, in accordance with GRI Standards requirements and with the instructions and criteria disclosed in the Report and that the Company has not applied, in the sustainability information included in the Report, the GRI Standards guidelines, for the option "In accordance – Core".

Restriction on use

This report is issued solely for information and use of the Board of Directors of the Company for the purpose of communicating its annual sustainability performance in the Chapter 5. "Corporate Responsibility in Value Creation" of the Annual Report 2020 and should not be used for any other purpose. We will not assume any responsibility to third parties other than Jerónimo Martins by our work and the conclusions expressed in this report, which will be attached to the Company's Annual Report 2020.

March 5, 2021

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

António Brochado Correia, R.O.C.

(This is a translation, not to be signed)

Jerónimo
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