

**ANNUAL GENERAL MEETING
JERÓNIMO MARTINS, SGPS, S.A.**
April 6th, 2017

**PROPOSAL OF THE BOARD OF DIRECTORS
ITEM 1 OF THE AGENDA**
(To resolve on the 2016 annual report and accounts)

The Board of Directors of Jerónimo Martins, SGPS, S.A. proposes that Shareholders resolve on the 2016 annual report and accounts, and respective annexes, as presented.

Lisbon, February 21st, 2017.

The Board of Directors

**ANNUAL GENERAL MEETING
JERÓNIMO MARTINS, SGPS, S.A.**
April 6th, 2017

**PROPOSAL OF THE BOARD OF DIRECTORS
ITEM 2 OF THE AGENDA**
(To resolve on the proposal for application of results)

In the financial year 2016, Jerónimo Martins, SGPS, S.A. declared consolidated profits of 593,218,203.38 euros and a profit in individual accounts of 350,645,129.42 euros.

The Board of Directors proposes to the Shareholders that the net profits for the year be applied in the following manner:

- Legal Reserve..... 4,837,263.38 euros.
- Free Reserves 169,045.04 euros.
- Dividends 345,638,821.00 euros.

The Board of Directors also proposes to the Shareholders the distribution of free reserves in the amount of 34,563,882.10 euros, in addition to the referred distribution of profits for the year.

The proposed distribution of profits for the year and free reserves represents a **gross dividend payment of 0.605 euros** per share, excluding own shares in the portfolio.

Lisbon, February 21st 2017.

The Board of Directors

**ANNUAL GENERAL MEETING
JERÓNIMO MARTINS, SGPS, S.A.**
April 6th, 2017

**PROPOSAL OF THE BOARD OF DIRECTORS
ITEM 3 OF THE AGENDA**
(To resolve on the 2016 consolidated annual report and accounts)

The Board of Directors of Jerónimo Martins, SGPS, S.A. proposes that Shareholders resolve on the 2016 consolidated annual report and accounts, and respective annexes, as presented.

Lisbon, February 21st, 2017.

The Board of Directors

Declaration on the Company's Corporate Bodies Remuneration Policy

The Remuneration Committee has reviewed the basic principles of the Corporate Bodies Remuneration Policy and is of the opinion that there is no justification for major changes to these principles. The principles have into account the current legal and recommendatory framework, as well as the organizational model that was adopted by the Board of Directors, pursuant to the election of the respective members for the 2016-2018 period.

With respect to the organization of the Board of Directors, the Remuneration Committee has mainly considered the following characteristics:

- The existence of a Chief Executive Officer with delegated duties (who since December 18th 2013, accumulates such duty with that of Chairman of the Board of Directors) 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 and
- The participation of non-executive Directors in Specialized Committees, who are, therefore, called to devote increased time to Company's affairs.

As long as the current organizational model is maintained, the Remuneration Committee believes there are no grounds justifying any major changes in the principles that have been adopted regarding the Corporate Bodies Remuneration Policy.

The remuneration of Directors with executive duties will continue to be comprised of a fixed and variable component and, when combined, offer a competitive remuneration in the market. This also serves as a motivation for high individual and collective performance and allows ambitious targets for accelerated growth and appropriate shareholders remuneration to be set, achieved and rewarded. Annually, the variable component will be fixed by the Remuneration Committee taking into account the contributions of Directors with executive duties to the results, shareholder value creation, the evolution of share prices, the work carried out during the preceding financial year, the

degree of achievement of the projects on the Group's Strategic Scorecard, as well as the criteria applied in the attribution of variable remuneration to the remaining executives.

The Remuneration Policy seeks to reward the Directors with executive duties for the sustained performance of the Company in the long-term, and the safeguarding of the interests of the Company and shareholders for the same period of time. For this reason the variable component takes into account the contribution of the Directors with executive duties to 1) the achievement of EVA objectives set out in the Medium and Long Term Plan approved by the Board of Directors; 2) the development of share prices and 3) the implementation of a series of projects across the Group's companies which have been identified by the Board of Directors as essential to ensure a future sustainable business.

The variable remuneration at the end of a year is determined by evaluating the performance of the Directors with executive duties using criteria fixed at the start of each year by the Remuneration Committee, following a proposal of the Chairman of the Board of Directors. These criteria take into consideration the Company's **real growth**, the **wealth created for shareholders**, the **effectiveness and health of its Organization** and the long-term **sustainability of the Company**.

Bearing in mind the contribution to total turnover and consolidated results of the several countries and business areas where the Group operates, the Remuneration Committee considers appropriate that the payment of the 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 to a ratio determined by this Committee.

As regards to the introduction of a deferred part of the variable component of the remuneration, the Remuneration Committee conducted a study on the subject in 2011 without reaching a conclusion about the advantages or inconveniences of its adoption. The Committee considers that the manner in which the remuneration of the Directors with executive duties is structured is adequate and ensures full alignment of their interests with those of the Company in the long term. 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. Furthermore

the Committee considers that the remuneration policy of the Company is aligned with the remuneration practices of its counterparts, bearing in mind the characteristics of the Company.

Additionally, the Company offers a Retirement Pension Plan for Executive Directors. It is a Defined Contribution Pension Plan, in which the value of the contribution is fixed in advance – the percentage of the monthly deduction for the Fund is currently 17.5% – the value of the benefits will vary depending on the earnings obtained.

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 recognized as such by the Portuguese Social Security.

The pensionable salary is the gross monthly base salary 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.

As established by the Remuneration Committee in 2010, life and health insurance fringe benefits for Directors with executive duties shall continue.

The remuneration of the members of the Audit Committee as well as the remuneration of Directors with non-executive duties will continue to comprise a fixed component only.

With respect to Directors with non-executive duties who are part of Specialized Committees (whether or not exclusively composed of Directors), the Remuneration Committee considers it appropriate to continue the attribution of meeting fees, having in mind that the duties performed within those Committees demand additional availability from the respective member Directors. Similarly, the Remuneration Committee considers appropriate to attribute meeting fees to Directors with non-executive duties who take part of supervisory bodies of Company's subsidiaries, bearing in mind that such duties arise from the exercise of their functions as Directors.

The amounts of the Managing and Supervisory Bodies' remunerations are set out in the Company's Report and Accounts for 2016 and reflect in their entirety decisions taken by the Remuneration Committee on this matter.

The Remuneration Committee also advises the shareholders that the Company does not have any type of plan for attribution of shares or share purchase options to Directors. In 2016, there was no remuneration paid in the form of profit sharing, or any compensation paid to former Directors, whether executive or not, related to the termination of their appointment, there being no policy foreseeing a compensation to be paid to Directors of the Company in these cases.

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 Remuneration Committee

Elizabeth Bastoni

Erik Geilenkirchen

Jorge Ponce de Leão

**ANNUAL GENERAL MEETING
JERÓNIMO MARTINS, SGPS, S.A.**

April 6th, 2017

PROPOSAL OF THE AUDIT COMMITTEE

(Item of the Agenda concerning the Appointment of a New Statutory Auditor)

Considering that:

- a) Law 140/2015, dated September 7th, 2015, which approved the New Statute of the Statutory Auditors Association (NEOROC), established a regime for the mandatory rotation of the Statutory Auditor;
- b) The Securities Exchange Commission (CMVM) is of the understanding that, under said Law 140/2015, dated September 7th, 2015, PricewaterhouseCoopers & Associados, SROC, Lda. has reached the maximum duration period of engagement with the Company and cannot stay in office beyond 2016 (under an extension that CMVM has specifically granted for the purpose), without prejudice of fulfilling its duties to certify the accounts for 2016;
- c) In this context, the Audit Committee launched, still in 2016, a tender process to select a new Statutory Auditor to be proposed to the Shareholders in the General Meeting, from which the two alternatives mentioned below have emerged.

The Audit Committee, pursuant to the terms of article 423-F, no. 1, subparagraph m) of the Portuguese Commercial Companies Code, article 3, no. 3, subparagraph f), of Law 148/2015, dated of 9 September 2015, that approved the Legal Regime of Audit Supervision, and article 16 of EU regulation no. 537/2014 from the European Parliament and Council of 16 April 2014, proposes to the Shareholders the following appointment until the **end of the current term of office** (2016-2018):

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Alternative A

Statutory Auditor

Ernst & Young Audit & Associados, SROC, S.A., member of the Statutory Auditors Association under no. 178, represented by its partner, João Carlos Miguel Alves, member of the Statutory Auditors Association under no. 896.

Substitute

Rui Abel Serra Martins, member of the Statutory Auditors Association under no. 1119.

Alternative B

Statutory Auditor

KPMG & Associados, Sociedade de Revisores Oficiais de Contas, S.A., member of the Statutory Auditors Association under no. 189, represented by its partner, José Eduardo Urpina Portugal, member of the Statutory Auditors Association under no. 1336.

Substitute

Rui Miguel Nogueira Machado, member of the Statutory Auditors Association under no. 1012

Considering the above mentioned alternatives, the Audit Committee, in compliance with article 3, no. 3, subparagraph f), of Law 148/2015, dated of 9 September 2015, **hereby recommends** the election of Ernst & Young Audit & Associados, SROC, S.A., member of the Statutory Auditors Association under no. 178, represented by its partner, João Carlos Miguel Alves, member of the Statutory Auditors Association under no. 896, as Statutory Auditor and Rui Abel Serra Martins, member of the Statutory Auditors Association under no. 1119, as Substitute (**Alternative A**), that received, in general terms, the highest grade under the criteria observed during the tender, evidencing a profile suitable for the competences attributed to the Statutory Auditor of the Company.

More declares the Audit Committee that this recommendation is exempt from the influence of third parties and that there is no clause of a contract entered into between the Company and a third party restricting the choice by the General Meeting of Shareholders to certain categories or lists of statutory auditors or audit firms, as regards the appointment of a particular statutory auditor or audit firm to carry out the statutory audit of the Company.

Lisbon, February 20th, 2017

The Audit Committee,

Representatives of Statutory Auditor Company Ernst & Young Audit & Associados, SROC, S.A. (admitted to the Chartered Accountants Association with number 178)

João Carlos Miguel Alves is a bachelor of Commerce from the University of the Witwatersrand, has an Honors Degree in Auditing and Accounting Science from the University of South Africa and completed the Advanced Management Program through Católica Lisbon's post-graduate school of business.

He has the official professional accounting qualification in four jurisdictions – Chartered Accountant (South Africa), Registered Auditor (United Kingdom), Revisor Oficial de Contas (Portugal, CMVM register number 20160515) and Perito Contabilista (Angola).

He joined EY's Johannesburg office in 1986, and transferred to EY Portugal in 1990, where he is the Country Managing Partner since 2010. He has held several responsibilities within EY Portugal, including Country Assurance Leader for EY Portugal, EY's Professional Practice Director for Portugal, responsible for overseeing the application of the Firm's professional technical standards on accounting and auditing, having also been Leader of the IFRS implementation team in Portugal.

He has a seat in EY's Mediterranean Region (Portugal, Spain and Italy) management team and is responsible for ensuring that the larger accounts across the region are appropriately managed from a staffing expertise and service quality perspective.

He is active in the local community – Vice-President of the British-Portuguese Chamber of Commerce, member of the Superior Counsel of the Ordem dos Revisores Oficiais de Contas, and a member of the Audit Committee of EPIS - Empresários pela Inclusão Social.

Throughout his career he has worked mainly on audits of multi-national organizations covering a multitude of industry sectors. As Client Serving Partner, he has served several of EY Portugal's largest accounts, both international groups operating in Portugal, and large Portuguese companies with operations abroad.

He does not own any shares of Jerónimo Martins, SGPS, S.A.

Substitute

Rui Abel Serra Martins, has a degree by Instituto Superior de Economia e Gestão (ISEG) – specialization in Finance. He has the official professional accounting qualification in Portugal (Revisor Oficial de Contas since 2011, CMVM register number 20160731) and Angola (Perito Contabilista). He is accredited in IFRS and USGAAS, also possessing industry training in Retail and Consumer Products and Oil & Gas. Executive Education at INSEAD (France), IMD (Switzerland) and FranklinCovey (Munich).

He joined EY in 1993, having 22 years of experience in Assurance (12 as Partner). He is Assurance Leader for EY Portugal. His previous positions include: Leader of EY's Assurance practice in Angola from 2012 to 2016, Analytics and Audit Transformation lead Partner, Leader for Learning and Audit Quality Control.

Over the course of his career, his client base has included large clients in the Retail, Oil & Gas, Real Estate, Private Equity and other sectors, including Public Interest Entities and listed companies.

He holds extensive experience in the coordination of international audits of large multinational companies, including direct experience in developing countries.

He does not own any shares of Jerónimo Martins, SGPS, S.A.

Representatives of Statutory Auditor Company KPMG & Associados, Sociedade de Revisores Oficiais de Contas, S.A. (admitted to the Chartered Accountants Association with number 189)

José Eduardo Urpina Portugal, has a degree in Economics from Faculdade de Ciências Económicas e Empresariais da Universidade Católica Portuguesa. Chartered Accountant (ROC) since 2008.

Along his professional career, he was Head of Industrial & Consumer Markets, and Head of Human Resources, both in Portugal. He is currently member of KPMG Portugal and Angola Board.

He is the Partner responsible for supervising and coordinating the audit work in several listed companies and in large companies.

His professional experience has been progressing in Financial, Energy and Natural Resource areas, as he managed and supervised several projects of financial audit, for entities that prepare their accounts based on IFRS/IAS.

He does not own any shares of Jerónimo Martins, SGPS, S.A.

Substitute

Rui Miguel Nogueira Machado, has a degree in Accounting and Administration, and in Financial Control, both by Instituto Superior de Contabilidade e Administração de Lisboa ("ISCAL"). He is a Chartered Accountant (ROC) since 1998. He is a member of the "Comissão de Estágios" of the Portuguese Institute of Chartered Accountants (OROC).



He joined KPMG in 1989, and he is a Partner at the Lisbon office since 2000. His activity is based mainly on the Industrial and Retail/Consumer markets managing and supervising the audit works based on the Portuguese Auditing Rules and the International Standards of Accounting (ISA).

He does not own any shares of Jerónimo Martins, SGPS, S.A.