Jerónimo Martins

2021

ANNUAL REPORT

Non-ESEF compliant version

European Single Electronic reporting Format (ESEF) and PDF version

This document is the PDF/printed version of the Annual Report 2021 of Jerónimo Martins, SGPS, S.A.. This version has been prepared for ease of use and is not presented in the format foreseen as specified in the Regulatory Technical Standards on ESEF (Delegated Regulation (EU) 2019/815). The official ESEF reporting package is available on our website at www.jeronimomartins.com. In case of discrepancies between this version and the official ESEF package, the latter prevails.

MESSAGE FROM THE CHAIRMAN

Pedro Soares dos Santos
Chairman and Chief Executive Officer

As I write this message that accompanies and introduces our 2021 Annual Report, we have entered the second week of the invasion of Ukraine by the Russian armed forces. This military aggression has brought back the nightmare of war in Europe, as the world sees an escalation of ceaseless violence that includes civilian targets.

The severe economic sanctions imposed on Russia by the Western world and much of the rest of the world (including Australia and Japan, for example) are multiplying, isolating the country. The suspension of trade relations, the withdrawal of investment, the removal of Russian and Belarusian products from shelves (as our companies Biedronka and Hebe in Poland have done), the ban on all Russian aircraft and private planes from operating in and over the European and US space, and the removal of Russian banks from the SWIFT payment network are just some of the reactions expressing outrage at Russia's actions. Also of note are the growing number of complaints filed with the International Criminal Court by 39 nations calling for an investigation into alleged war crimes, crimes against humanity and genocide perpetrated by Russian forces in Ukraine, particularly in the cities of Kyiv, Kharkiv and Kherson.

With only a few days since the start of the aggression, it is too early to determine the full extent of the humanitarian and economic consequences in the short, medium, and long term. But it is already clear that the impacts will go far beyond the regional scale. At the moment, the immediate priority is to give as much support as possible to refugees, which the United Nations High Commissioner for Refugees estimates to be more than 2 million people.

From the outset, Poland, which borders Ukraine and Russia, as well as Belarus, has been leading the efforts to welcome and support those fleeing the war. To date, and despite the ever-increasing numbers, it is estimated that more than 1.2 million refugees have entered Poland, and hundreds of hospitals have been placed on alert across the country, ready to receive the injured.

Poland and Ukraine have very close ties. Before this crisis, the Ukrainian community in Poland already exceeded one million people, easily integrated into the labour market and the country. Biedronka, for example, employs around 1,800 Ukrainian employees and to whom it immediately made a non-repayable contribution of 1,000 złoty to support their families.

This mutual relationship and understanding also underpin Poland's enormous solidarity that the world is witnessing. Poles are sparing no effort to help Ukrainians, which naturally includes all our teams, who are fully engaged in these efforts.

In a few days, Biedronka and the Biedronka Foundation have already channelled the equivalent of 10 million złoty (over 2 million euros) to provide food and non-food support for Ukrainian refugees, implemented in collaboration with non-governmental organisations particularly active on the ground. The Biedronka Foundation also received 2.5 million euros from Sociedade Francisco Manuel dos Santos, the largest shareholder of Jerónimo Martins, to support the accommodation of refugees. And at the Group level, we announced the donation of 5 million euros, split equally among five Polish humanitarian aid institutions: the Red Cross, Caritas, Humanitarian Action, the Medical Mission, and the SOS Children's Villages in Poland.

In short, we were able to quickly raise the equivalent of about 9.5 million euros to help people who are fleeing the war.

Also, in Portugal, our main companies – Pingo Doce and Recheio – immediately offered to participate in the collective effort to receive and integrate Ukrainian refugees coming to Portugal.

The situation in Eastern Europe adds complexity and uncertainty to a context already marred by unpredictability clouding economic recovery, despite the pandemic threat being largely ignored and receiving less media coverage in recent days.

Moreover, the accelerated inflation seen since 2021, particularly in the energy sector, is likely to be exacerbated by the military conflict, which will compound constraints in logistics routes.

Our companies feel prepared to face 2022, thanks to our robust performance in 2021. Our resilience and ability to fight resulted in remarkable sales growth in all the countries where we do business, with our companies, including Ara, delivering positive operating results regarding EBITDA.

For the first time, the Group exceeded – by far – the 20-billion-euro milestone. In 2015 we internally set the ambitious target of closing 2020 with 20 billion euros in sales. The pandemic (still underway), and sharp currency depreciation, delayed the achievement of this goal by one year. We closed 2021 just below 21 billion euros in global turnover.

Biedronka's sales increased 11% in złoty. Pingo Doce had its best year ever, exceeding 4 billion euros in sales. Ara grew 36.1% in Colombian pesos and broke the billion-euro sales barrier, while Recheio sold 7% more, and Hebe grew 16.7% in złoty.

Biedronka has always kept the bar very high, constantly innovating its assortment and having an unbeatable price-quality ratio in the Polish market. The Company has invested heavily in refurbishing its chain of stores. Between refurbishments and new openings, it has added about 500 stores with a new and more modern layout to its chain, thus improving the shopping experience. Throughout the year, Biedronka maintained exemplary flexibility, adapting its operating hours to the needs of its customers. As part of its innovation agenda, the Company invested significantly in the online channel, offering home deliveries in around 30 cities and creating Biek – in partnership with Glovo –, an ultra-fast delivery service (less than 15 minutes) available in the six major cities.

Hebe began to market products beyond Polish borders and already delivers in four more countries besides Poland. With its e-commerce platform increasingly consolidated, the weight of online sales has doubled and already accounts for 13% of total turnover.

Pingo Doce saw its decisive investment in pricing and promotions in the year rewarded by Portuguese families: managing to recover sales and recording its best year ever. It is worth highlighting the ability to manage under pressure of all Pingo Doce teams, who operated at negative basket inflation, given that strong investment in competitive prices was accompanied by very low food inflation in Portugal (0.7%).

In 2021 Recheio managed to recover part of its losses in the first year of the pandemic, when the deep economic crisis in Portugal hit its main customers hard. The Company faced 2021 under new leadership and was able to create the conditions to quickly adapt to customer needs, both in traditional retail and HoReCa, with the development of new food solutions.

Ara, also under new leadership, significantly increased the pace of store openings: 157 new stores in 2021, a new location practically every two days, above the targets set for the year. The Company is already present in more than 20 departments of Colombia. Ara's investment in ensuring the preference of its *vecinos* (neighbours) by offering the best market value proposition was significant; however, with a broader customer base and well-controlled costs, the Company was able to achieve positive EBITDA profitability (with IFRS 16).

Our agribusiness area also saw new developments in the year. Investments in this area led the Group to a new country to produce sea bass and sea bream (Morocco) and entry into new areas in Portugal: organic oranges – our goal is to cultivate the largest orange grove of its kind in the country – and lambs. Jerónimo Martins Agro-Alimentar maintains a strong focus on sustainable production and on investing in animal welfare, which has already been rewarded with several important certifications.

We planned to celebrate Biedronka's 25th anniversary and Pingo Doce's 40th in style in 2020. However, we had to focus our strategy on what became a priority: protecting our employees, supply chains and customers. Lessons learned in 2020 enabled us to face 2021, aware of the constant changes in measures imposed by the national authorities to fight the pandemic, mainly when, in the second half of the year, the number of infections rose yet again with the spread of the Omicron variant.

More structural are the reasons that make 2022 a year of transition, one to enable us all to envisage the world trajectory in this and the following decades. Sustained global economic recovery, leading to widespread growth and a fair distribution of gains, is still far off. Granted, 2021 was a year of strong economic growth, but 2022 and next year may well see a slowdown – with war making it all the more hazy.

The economic slowdown brings a number of pitfalls. One is inflation, which many economists and scholars define as a hidden tax, to the extent that it reduces the purchasing power of households and businesses.

We will have to wait and see what action western central banks will take, some more aggressive than others. Still, everything points to a hike in interest rates – making the lives of families, businesses and governments even more complex and more expensive.

As regards food, our companies, in their respective markets, will continue to be part of the solution that families need, fighting inflation by investing in price competitiveness. The very solid financial position with which we closed 2021, enables us to maintain this focus and continue supporting our consumers and suppliers in these uncertain times.

This Annual Report also demonstrates the extraordinary cash-generating ability of all our Companies, which enables us to continue investing without financial leverage, while rewarding the efforts of our employees - in 2021, we allocated 217 million euros to awards and bonuses – and remunerating our shareholders. To this end, we have submitted a proposal to the Shareholders' General Meeting to distribute 493.3 million euros in dividends relating to the 2021 financial year, culminating an extraordinary decade of growth.

As a Group, we have created a lot of value and have also distributed a lot of value. It is worth recalling that in the past ten years we have invested around 6.5 billion euros, created 70,000 jobs, and improved the remuneration and conditions of our employees. Without this multidimensional effort, we would certainly not have managed to double our turnover, as we did.

We achieved all this while standing firm in our commitment to environmental and social sustainability. About ten years ago, we set the first targets and measured our carbon footprint for the first time. Today, we are listed on over 100 international indices that recognise the world's most sustainable companies.

Therefore, my heartfelt thanks go to all the people who work at Jerónimo Martins, to our more than 123,000 employees, representing over 70 nationalities, who show a passion and commitment that fills me with pride.

Our operational teams deserve a special mention. From stores to logistics, they once again stood firm on the front lines, ensuring that we were always ready to receive consumers and that they would find everything they needed.

I would also like to thank the executive directors of the Companies for their commitment and drive, and those of the corporate areas, for their professionalism amidst a profound change in the forms of work organisation, which I believe are here to stay.

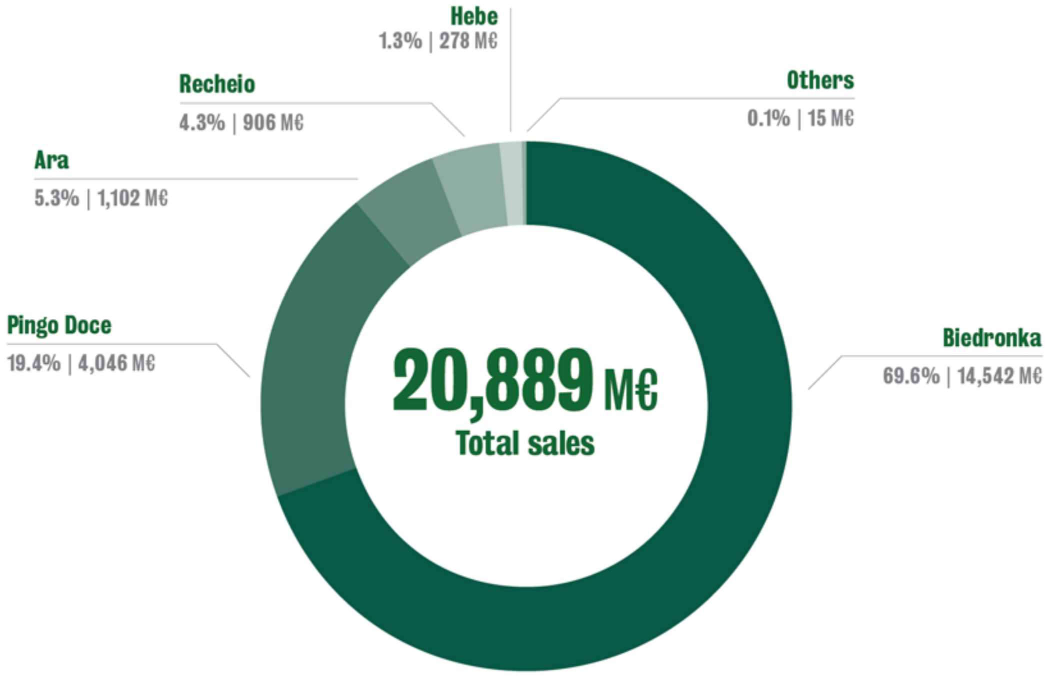
Without the decisive support and confidence of the Group's shareholders, particularly the family I represent, it would be impossible to maintain the long-term vision that guides us while responsibly and jointly managing our business's day-to-day and short-term operations.

Lastly, a word to thank my colleagues on the Managing Committee and the Board of Directors, without whom our collective journey and the positive impact we seek to have on the Companies would not be the same. I couldn't be prouder.

Pedro Soares dos Santos
Chairman and Chief Executive Officer

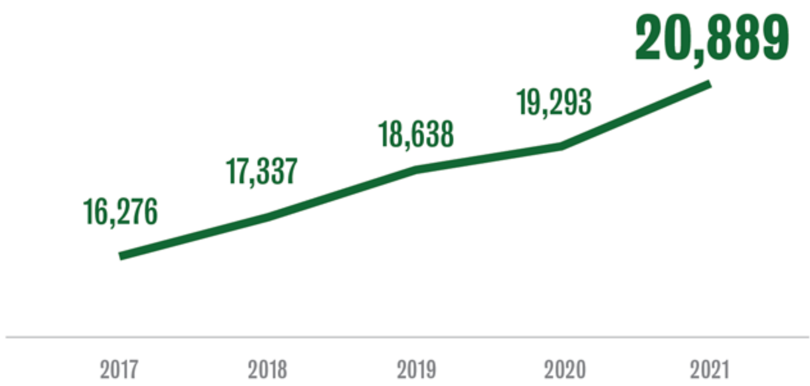
2021

SALES BY BUSINESS AREA



SALES PERFORMANCE

(millions of euros)



KPIs

1,585 M€
EBITDA

463 M€
NET PROFIT

4,908
STORES

123,458
EMPLOYEES

HIGHLIGHTS

Bonuses paid to employees: **217** M€

Community support: **51.3** M€

Gender pay ratio: **97.6%**

Management positions held by women: **68.1%**

Listed in more than **100** international sustainability indices

I

THE JERÓNIMO MARTINS GROUP

The Jerónimo Martins Group

This Annual Report of the Jerónimo Martins Group (Group) covers the period from 1 January to 31 December 2021 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 2021, the Group recorded sales of 20.9 billion euros, 70% of which in Biedronka, and an EBITDA of 1.6 billion euros, with Biedronka accounting for 84% of the amount. The Group had a total of 123,458 employees and ended the year with a market capitalisation of 12.6 billion euros on the Euronext Lisbon stock exchange.

In Poland, **Biedronka**, a chain of food stores combines the quality of its assortment, a pleasant store environment and proximity locations with the most competitive prices in the market. It is the undisputed leader in Food Retail and in 2021 continued to strengthen its market share.

Also in Poland, **Hebe** operates in the Health and Beauty sector, managing a considerable assortment of products at competitive prices and an in-store consultation service. In 2021 Hebe consolidated its omnichannel approach, reinforcing the digital channel and its integration with the store network.

In Portugal, the Group has a leadership position in Food Distribution. It operates the banners **Pingo Doce** and **Recheio**, which are market leaders in the supermarket and cash & carry segments, respectively.

Pingo Doce has a restaurant area in 35 of its stores and opened its first standalone restaurant in 2021. It has two central kitchens that supply not only these restaurants, but also its in-store takeaway operation. Pingo Doce operates **Bem-Estar** para-pharmacys, petrol stations, and **Code** in clothing (in partnership with a specialised Portuguese operator).

Recheio operates a chain of cash & carry stores and has strengthened its business model with a specialised delivery operation in food service, underpinned by dedicated platforms, which essentially serve HoReCa customers. Recheio also develops a network of Traditional Retail partners under the **Amanhecer** banner.

In Colombia, **Ara** operates in three regions: 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.

Jerónimo Martins Agro-Alimentar

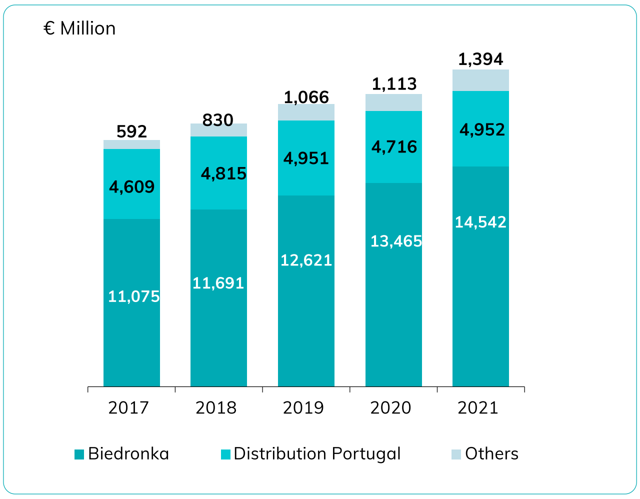
The main objective of **Jerónimo Martins Agro-Alimentar (JMA)** is to ensure supply of some strategic products to the Group's Companies. It currently operates in four distinct areas: dairy, livestock farming, aquaculture, and fruits and vegetables.

The Group also operates two specialised chains, **Jerónimo Martins Restauração e Serviços**, which manages kiosks and coffee shops under the banner **Jeronymo**, and **Hussel**, a Specialised Retail chain that sells chocolates and confectionery.

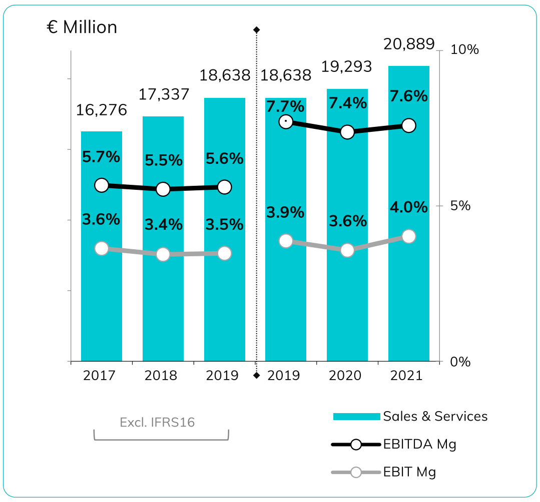
More information about the Group Companies can be found in Chapter 2 of this Annual Report under "Performance of the Business Areas".

1.2. Operating and Financial Indicators

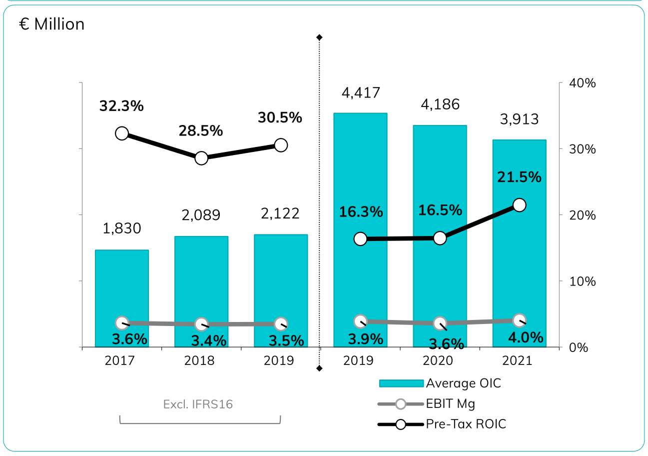
Sales & Services



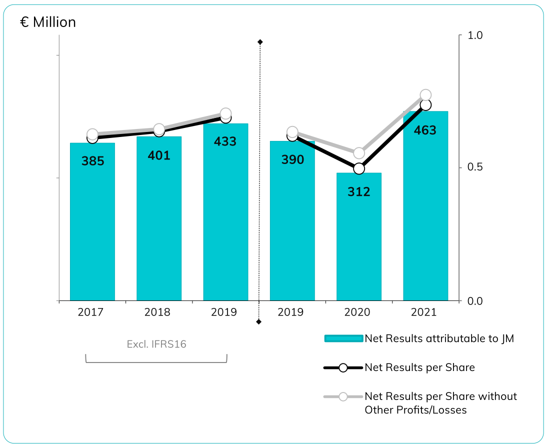
Sales, EBITDA Margin & EBIT Margin



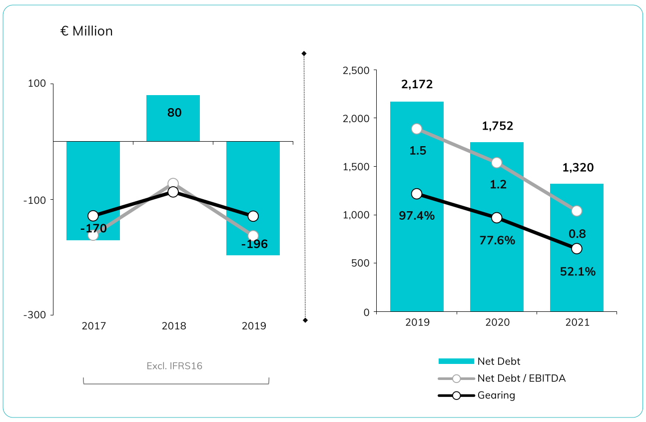
Pre-Tax ROIC



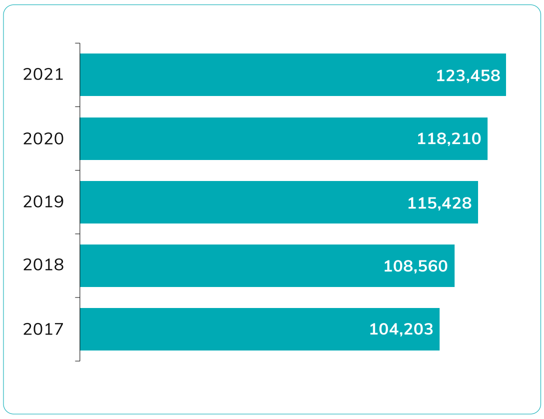
Net Results and Net Results per Share



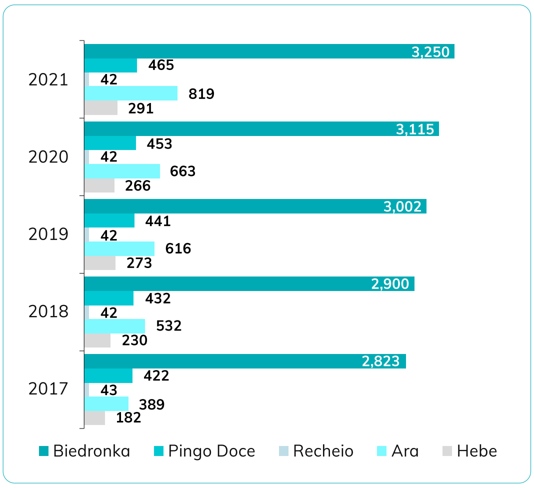
Net Debt



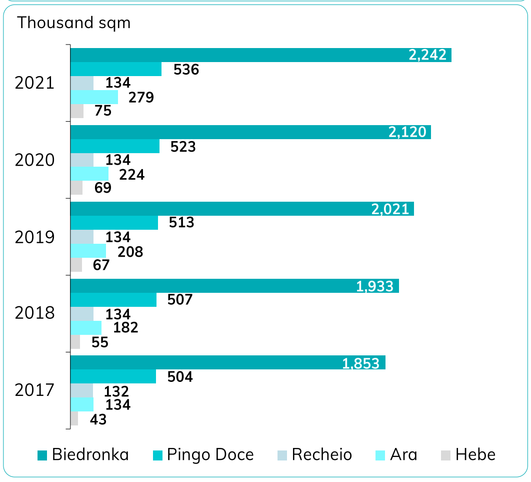
Employees



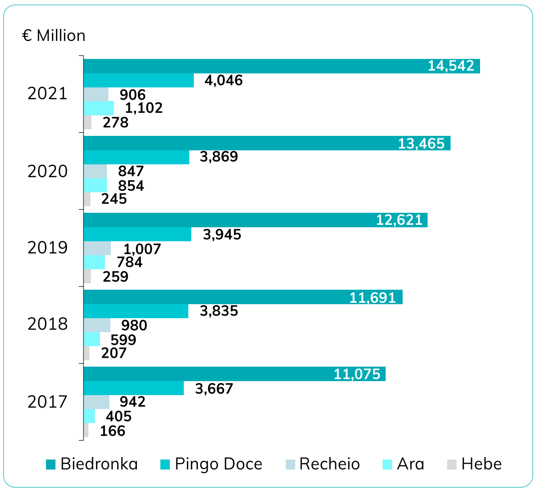
Number of Stores



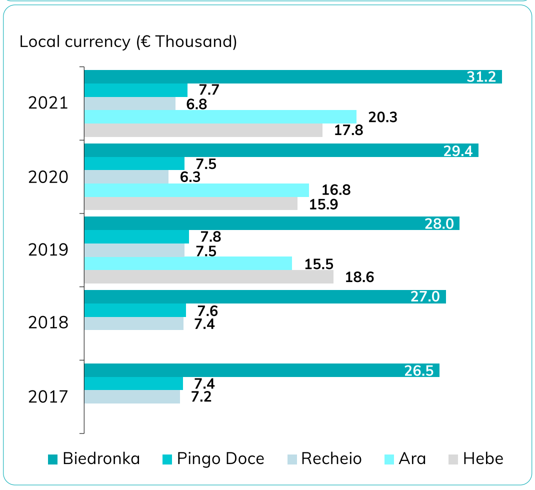
Sales Area



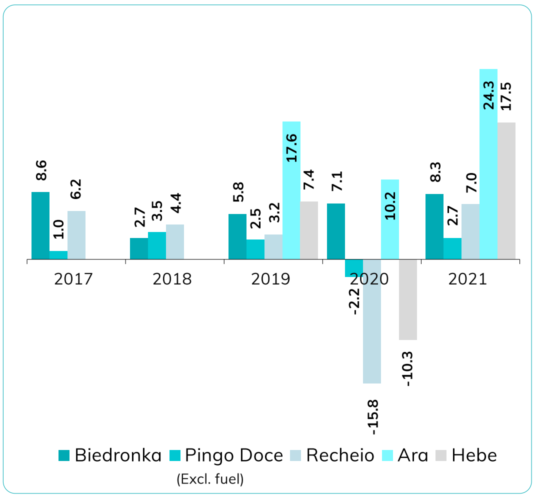
Sales



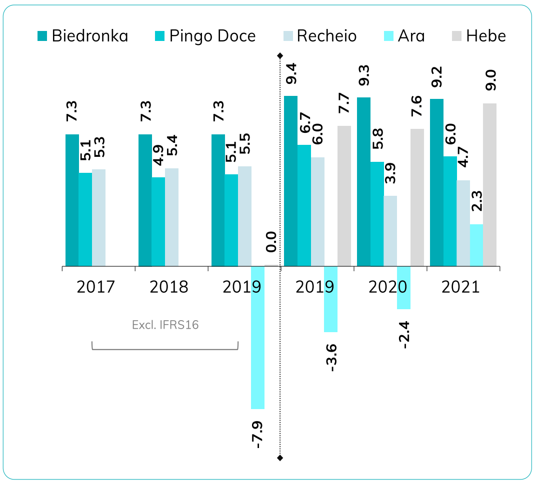
Sales / sqm



LFL Growth (%)



EBITDA Margin (%)



Note 1: In 2020 Hebe closed the 28 establishments that operated exclusively as pharmacies.
Note 2: Disclosure for Ara and Hebe only from 2019 onwards.

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 since April 2010
Member of the Board of Directors since March 1995

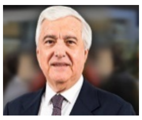
Andrzej Szlęzak
Born on 7 July 1954
Member of the Board of Directors since April 2013

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

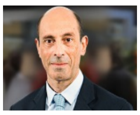
Elizabeth Ann Bastoni
Born on 24 July 1965
Member of the Board of Directors since April 2019
Member of the Audit Committee since April 2019



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

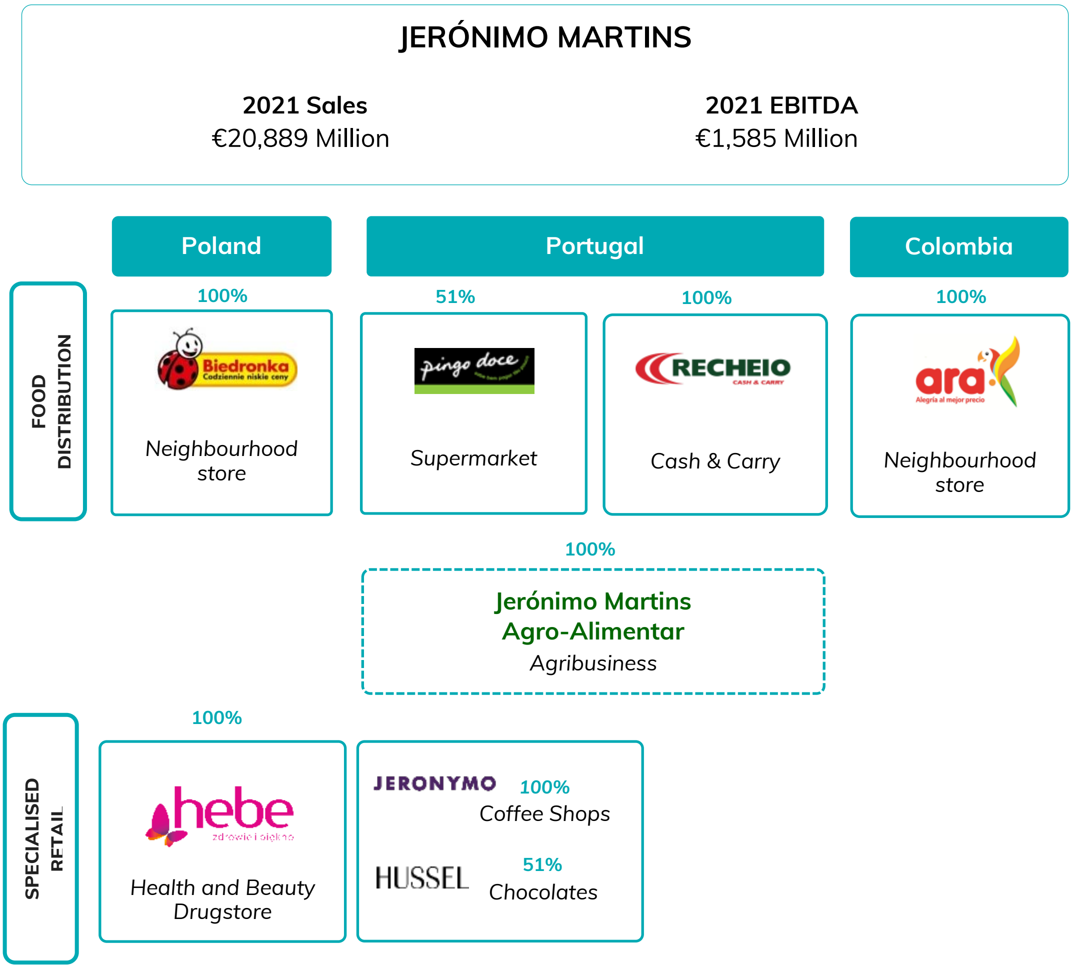
Chairman of the Board of the Shareholders' Meeting

Abel Bernardino Teixeira Mesquita

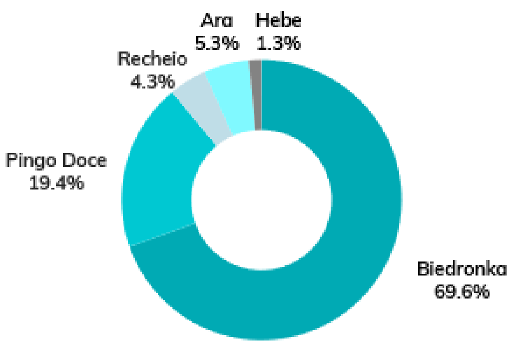
Secretary of the Board of the Shareholders' Meeting

Nuno de Deus Pinheiro

1.3.2. Business Structure



Sales by Business Area 2021



EBITDA by Business Area 2021

€ Million	EBITDA	% Total
Biedronka	1,339	84.5%
Pingo Doce	244	15.4%
Recheio	43	2.7%
Ara	26	1.6%
Hebe	25	1.6%
Others	(92)	(5.8)%
JM	1,585	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.

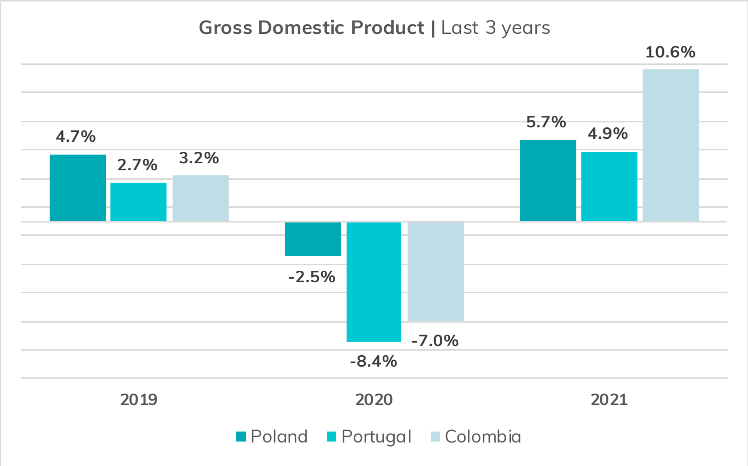
2

MANAGEMENT REPORT

Management Report - Creating Value and Growth

1. Environment in 2021

After the significant socio-economic impact in 2020 of the Covid-19 pandemic, 2021 was marked by a recovery in economic activity, underpinned by the gradual reopening of the markets and government policies to mitigate the sharp declines of the previous year.



Despite the constraints associated with the pandemic, the Gross Domestic Product (GDP) in some countries rose above pre-pandemic levels, as was the case in Poland and Colombia.

The Polish economy again showed considerable *momentum*, recording 5.7% growth in 2021 (-2.5% in 2020), driven by internal demand, in particular private consumption (6.2%), which reflected the increase in household disposable income, inclusively through wages.

In Colombia, and despite social tension and the initial constraints resulting from the pandemic, the economy recorded considerable growth in 2021, rooted in private consumption, mainly as a result of a reduction in the unemployment rate.

Portuguese economy grew 4.9% against a very sharp drop in 2020 (-8.4%), limited by the country's heavy reliance on tourism. It remained below pre-pandemic levels and is only expected to return to such levels in the first half of 2022.

Two years after the beginning of the pandemic, global economic development remains plagued by uncertainty and poorly consolidated growth. That said, the last months of 2021 showed positive signs of economic progress.

In 2022, growth is estimated to be between 5% and 6% in the three countries where the Group operates. The main risk for the Polish economy is linked to possible freezing of EU funds, over concerns namely for the independence of the judiciary power, and the potential impacts of the expected rise in inflation.

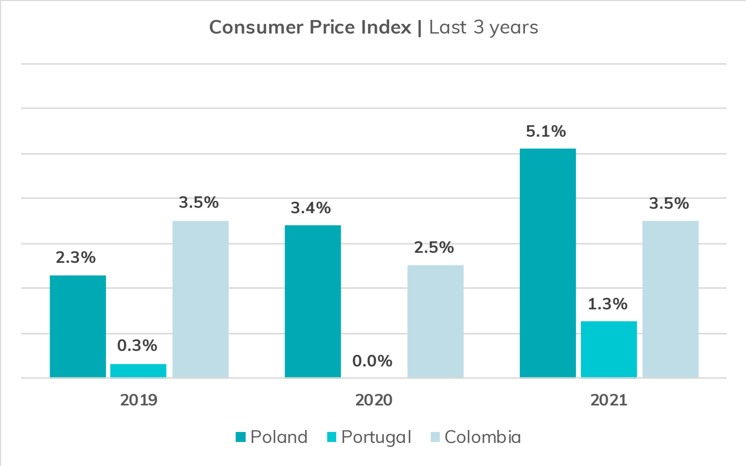
In Portugal, economic growth may still be affected by restrictions on movement and a slower recovery in touristic activity.

Investment is expected to increase significantly, benefiting from increased EU funds, in particular from the ones under the Recovery and Resilience Plan, and the prospects of a regain in international demand.

In Colombia, GDP is expected to continue to recover, driven by internal demand, in particular private consumption, and investment should continue to grow at a steady pace, albeit slower than in 2021.

Financing the economy, in a more demanding global environment, may pose a significant challenge, made worse by recent increases in the current balances and government's deficit.

At a global level, in addition to uncertainty about worldwide control of the pandemic, a significant rise in inflation is also expected as a result of increasing wages, energy prices and the price of major raw materials.



These inflationary pressures could lead central banks to review their interest rate policies, thereby reducing household disposable income.

The upward trend in inflation began in the second half of 2021, with significant and widespread increases in the price of energy, food and industrial raw materials.

These increases were due to the drop in prices in the previous year and fast global economic recovery, with an impact on the sharp rise in demand for raw materials, and supply chain capacity constraints.

General inflation in Poland was one of the highest ever recorded, driven by the increase in energy prices and the rise in core inflation (excluding food and energy products), under pressure from depreciation of the zloty and an increase in labour costs. On average, food inflation remained below that of 2020, despite the gradual increase in food prices, which stood at 6.7% in the last quarter of the year.

In Portugal, inflation remained steady in 2021, below the increase in most Eurozone countries, with food inflation standing at 0.7%.

In Colombia, food inflation rose significantly, reaching 9.7% in the year, after two years with high food inflation (around 5% on average), for exogenous reasons and also due to domestic issues in the country, in particular disruptions in the domestic supply chain as a result of the strikes and social protests that took place in May and June.

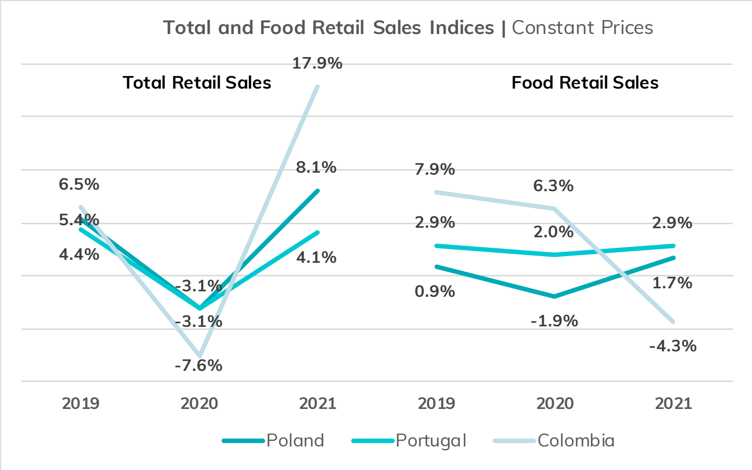
For 2022, global inflation is expected to continue to rise in the first few months and then stabilise in the second half of the year. This rise and stabilisation reflects the expected change in energy prices, which should follow crude oil prices in international markets. Non-energy raw material prices are also expected to remain high in 2022, following the sharp rise in 2021.

In Poland, inflation is expected to remain high (around 5.8% vs 5.1% in 2021), but with an expected downward trend in the year, reflecting a reduction in commodity prices and a return to normalcy in supply chains.

In Portugal, inflation is expected to rise due to an increase in energy prices but should remain one of the lowest in Eurozone.

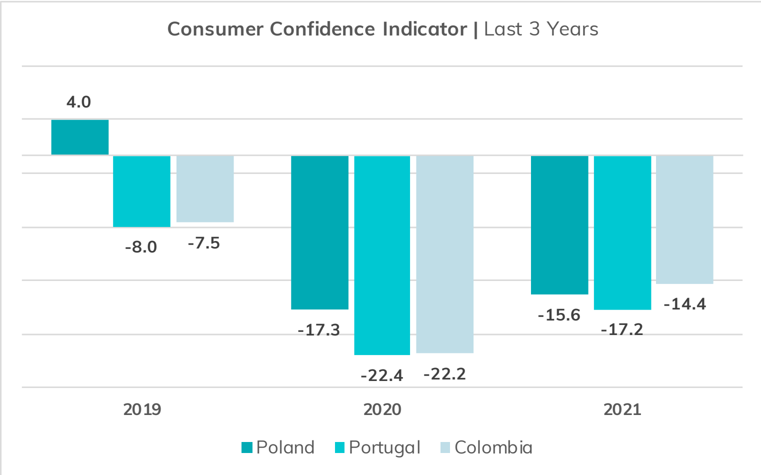
In Colombia, inflation is also expected to be higher than in 2021. In addition to rising food prices, general inflation will also be impacted by the categories with price increases resulting from inflation of the previous year, such as rents, tolls, services and healthcare.

Retail sales grew significantly in 2021, due mainly to the positive base effect, in part as a result of the postponement of some purchasing decisions in 2020, particularly as regards durable goods.



Food sales in the countries where the Group operates showed strong growth rates of between 4% and 5% (at current prices). In Portugal and Poland this meant relevant growth against the previous year, in particular when considering the low level of food inflation relative to 2020.

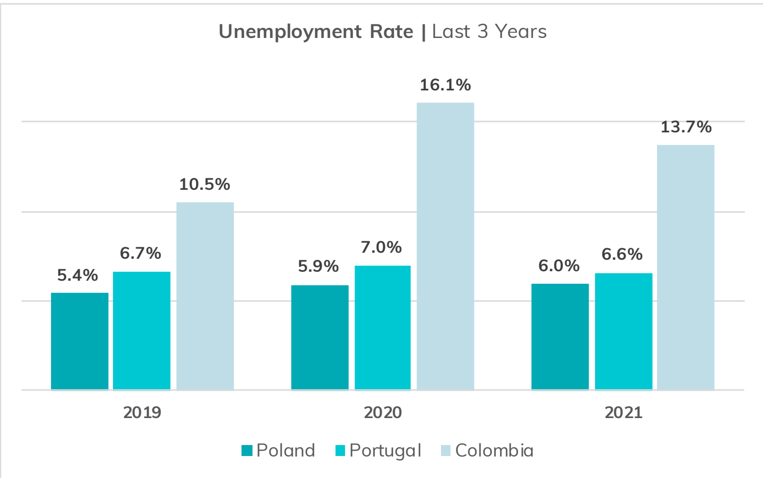
In Colombia the opposite occurred, with the growth recorded due only to a significant rise in inflation, given that food sales, at constant prices, fell 4.3% compared to the previous year.



Despite uncertainty concerning economic development, due to the restrictions and constant changes in measures to control the pandemic, consumer confidence levels have improved in relation to the previous year but remained well below the levels recorded in 2019.

While confidence levels are expected to continue to increase in 2022, this will largely depend on the effective control of the pandemic situation.

Management of the different stages of vaccination globally, the evolution in the exponential growth in infections at the end of 2021 and in early 2022, and the measures each of the countries implement to mitigate the economic downturn, in particular those resulting from the effects of increased inflation, will determine consumers' confidence levels in the near future.



In the case of Colombia, employment trends will also be a determining factor for positive changes in confidence levels. The high unemployment rate recorded in 2021, well above that of 2019, was one of the factors that most contributed to the poor recovery of this indicator.

In Poland and Portugal, unemployment rates remained steady, underpinned by state aid measures for families and businesses. However, this support impacted deficits and sovereign debt, which may limit the economic stimulus measures to be adopted in the future, thereby making financing more difficult for both countries.

Rising global inflation has also led to the start of a reversal of some expansionary monetary policies adopted by central banks in recent years, with successive increases in reference interest rates in Poland and Colombia at the end of 2021. In Poland, the reference rate increased 1.65 p.p., standing at 1.75% at the end of the year, while in Colombia the rate increased 1.25 p.p., ending the year at 3.0%.

These increases have an immediate impact on the financing costs of households and businesses, thereby reducing disposable income, which, along with high inflation, could curtail consumption.

The level of reference interest rate increases will also determine changes in exchange rates.

Foreign exchange rates

Average exchange rates 2020-2021

Currency		2020	2021	Δ annual avg value of the currency
Polish zloty	PLN/EUR	4.4443	4.5662	-2.7%
Colombian peso	COP/EUR	4,204	4,434	-5.2%

In 2021, the zloty recorded an average annual exchange rate[1] of 4.5662 against the euro, a depreciation of 2.7% compared to 4.4443 in 2020.

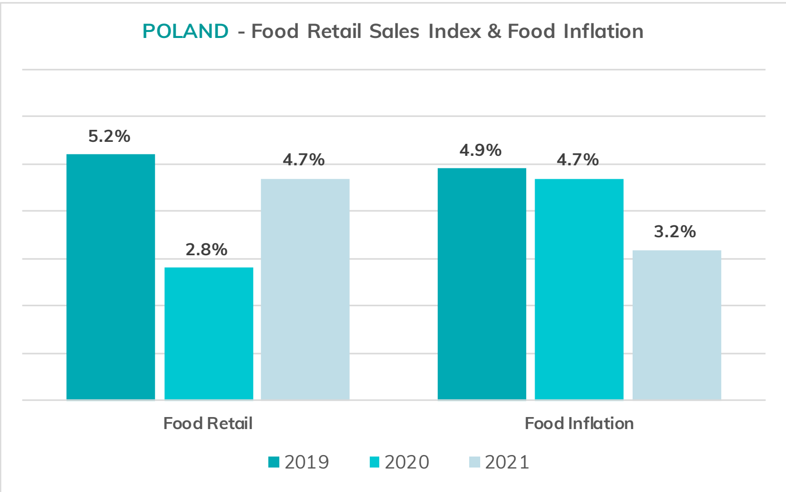
This depreciation was due to multiple political and economic factors, the effects of which are expected to last throughout 2022. As a result, depreciation of the zloty is likely to continue, albeit amidst extreme uncertainty.

The Colombian peso recorded an average annual exchange rate[1] of 4,434 against the euro, a depreciation of 5.2% against the 4,204 of 2020, explained by low reference interest rates, weaknesses in the Colombian economy and by an increase in the deficit and sovereign debt.

1.1. Poland

Modern Food Retail

The Polish Food Retail market has shown great resilience with very solid sales evolution, with an increase of 4.7% in the year, well above the 2.8% recorded in 2020[2].



Competitiveness has remained very high, encouraging Food Retail operators to find increasingly innovative solutions to meet the specific needs of consumers.

The main players have various store formats, and most are present in all regions of the country. Some have opted for proximity solutions, designing smaller stores to meet the needs of smaller population clusters or those adjacent to urban centres. This move results in a large network of stores, giving the consumer greater choice.

According to Nielsen IQ recent study[3], Polish consumers shop, on average, at four different stores each month, often comparing the assortment, price and quality of products and service. This behaviour places Poland in the top three European countries regarding the number of operators that each consumer visits to do their shopping.

The high level of competition observed in the market creates consolidation pressures, an example of which is the acquisition of about 300 Tesco stores by Netto (announced in 2020 and effective in 2021).

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

[2] Source: IGD - Study for site handelextra.pl

[3] Source: Nielsen IQ – Report on consumer trends 2021

With regard to purchasing profile, the pandemic has had significant impacts on how consumers do their shopping. For example, the upward trend in purchases of higher value, but with fewer visits to stores, and experimenting with online purchases.

A recent survey conducted by CBRE[4] states that half of respondents' mention "time saving" as the main argument for online purchases, followed by convenience (41%) and home delivery (25%), and expects the overall online retail market to continue to grow at a significant pace. As regards Food Retail, the online channel is expected to follow this growth trend but will likely not represent a significant weight on total sales. In 2021, online sales accounted for about 1% of total sales, similar to 2020.

Another important trend, which continued to increase in 2021, is the growing demand for plant-based products. Meat substitutes are part of the categories of plant-based products that presented higher growth, with vegetarian and vegan diets being adopted by more than 8% of the population.

Moreover, the organic food market continued to show strong growth momentum and is worth around 1.5 billion zloty[5], with an estimated average annual growth rate of 10% for the period 2021-2026. Subsequently, proximity stores play an important role in making this type of product available to consumers. According to a PMR survey[6], more than half of consumers purchase these foods at proximity chains and the private brand packaging of these organic foods are also the most recognisable among consumers.

The Food Retail market is expected to continue to present relevant growth, driven by store openings and the expansion of the assortment, notably with greater supply of perishable and fresh products and with the development of higher value-added Private Brand products. This expansion will also be driven by the development of new proximity formats, such as the stores that Biedronka has been opening since 2020 and during 2021, which accounted for a significant portion of the openings in the year, and of convenience formats.

The imposition of the Sunday trade ban, which began in 2018, remained in force in 2021, resulting in 41 less shopping days. From February 2022, the Government will remove some of the exclusions provided for under this law, particularly by extending the closure requirements to establishments operating as post offices, which account for less than 40% of the turnover relating to the postal business.

As a measure to support consumption and to prevent the increase in inflation, the government has decided to apply a 0% VAT rate to most food products. This exemption will be in force for six months, between February and July 2022.

In the future, the Polish Food Retail market is likely to continue to grow robustly and consolidate itself as one of the most important markets in the world. A recent IGD study estimates that in 2022 Poland will rank twentieth among the world's largest food markets, valued at 322 billion zloty, and will present an average growth of 2.5% per year by 2025.

Health and Beauty Retail

In 2021, the Health and Beauty market resumed the upward trend of previous years, increasing 5.2%[7] compared to 2020. The Covid-19 pandemic severely limited the Polish consumer, with almost 50% reporting that the pandemic affected their financial situation, also mentioning inflation as having a direct impact on disposable income. Moreover, the market remained highly competitive, with significant investments in pricing and increased promotions.

After restrictions and constraints that impacted the first half of the year, the situation gradually returned to normal. However, some consumption patterns that emerged during the pandemic are expected to remain, namely the greater relevance of online sales, reinforced by strong investment in this channel by several

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[4] Source: CBRE – Poland food retail sector in 2021

[5] Source: Blix awards – Consumer choice – Referral from Carrefour Board member

[6] Source: PMR – Biological Food Market in Poland 2021. Market analysis and development forecast for 2021-2026

[7] Source: NielsenIQ - Retail Measurement for drug category, January-December 2021

operators, and the preference for proximity stores to purchase cosmetics and personal care products. These changes have reshaped the Health and Beauty market and will determine market development in the coming years.

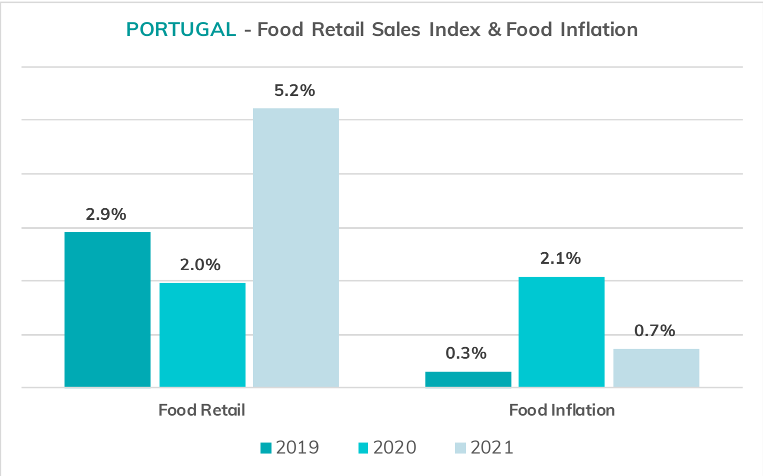
The categories most affected in 2020, such as make-up or perfumes, grew significantly in 2021, as did the categories of face and hair care. Natural cosmetics have strengthened their position, with an increasing number of customers showing an interest in products that are made using natural ingredients. In this respect, PMR[8] estimates that the average growth rate in the natural cosmetics market for the period 2021-2026 will be above 10%.

The outlook for the Health and Beauty market in 2022 is very positive. The online channel should continue to develop at an accelerated pace, all the more so given that penetration of e-commerce in total sales of this market is still relatively low, whereas in the case of Hebe it is already 13%. This growth will be underpinned by greater integration of online and offline operations, driven not only by demand but also by the significant investment that is expected to be made by the main operators to accelerate the digital transformation underway.

1.2. Portugal

Modern Food Retail

The year 2021 was challenging but important in continuing to improve control of the pandemic situation. Nonetheless, some significant constraints remained, with an impact on normal operation in retail and other key sectors of the economy, in particular catering and tourism.



Despite some recovery, the tourism sector remained far from pre-pandemic levels of activity.

It is important to note the changes in inflation, which accelerated progressively throughout 2021, first with an increase in energy prices and then food prices, both affecting economic activity in general and Food Retail in particular.

Against this environment, the retail sales of food, beverages and tobacco grew 5.2% (2.9% at constant prices), well above the 2.0% recorded in the previous year.

Despite the difficult and uncertain economic environment, the modern Food Retail market remained highly competitive, with significant promotional levels and an accelerated pace of store expansion.

We expect 2022 to be another demanding year, with higher levels of inflation, possible increase in social pressure and some unpredictability in what refers the pandemic.

The number of Food Retail stores is expected to increase actively and continuously, focusing on the opening of proximity and ultra-proximity stores. Consumers are likely to remain very price-oriented but will give increased importance to other factors such as the origin of products purchased, respective environmental performances, social responsibility and transparency. Preference for healthier solutions will also be a relevant influencing factor, with an expected increase in the consumption of fresh and nutritionally balanced products. Furthermore, innovative solutions in plant-based foods will also be

[8] Source: PMR – Natural cosmetics Market in Poland 2021. Development forecast for 2021-2026

developed to replace or complement a more balanced protein diet or the consumption of certain products with a specific nutrient profile.

Wholesale Market

As anticipated at the end of 2020, the effects of the pandemic crisis continued to have an impact in 2021, particularly in the first quarter of the year.

According to Nielsen TSR data, the cash & carry segment grew 4.4% compared to the previous year, after a 9.3% decline in 2020.

With the easing of restrictions, the HoReCa (hotels, restaurants, and coffee shops) channel began showing signs of recovery. According to Nielsen data, between July and December this channel reported 15.6% sales growth, still 29% below the figure recorded in 2019 for the same period, demonstrating the significant impacts the pandemic has had on the activities of this channel.

Tourism recorded an increase of around 45% in the number of overnight stays in 2021. Still, when compared to the same period in 2019, the decline is around 47%.

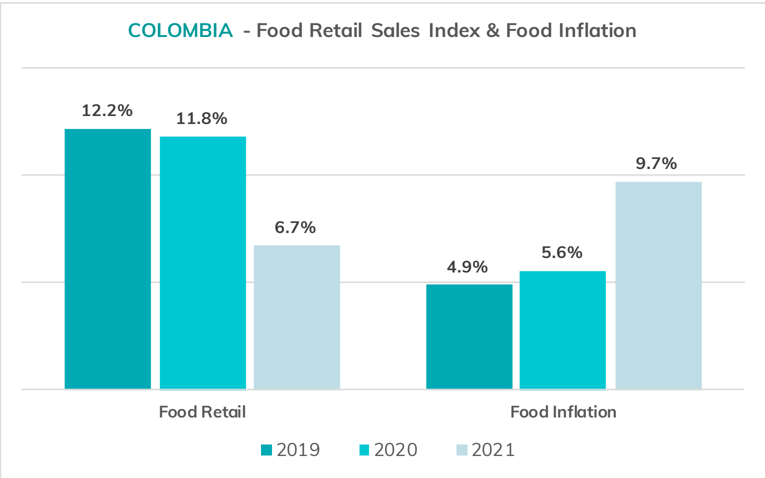
Performance in Traditional Retail was in line with the previous year, even with the lifting of the restrictions imposed on organised retail which, in the previous year, benefited proximity grocery stores. According to Nielsen estimates, Proximity Retail turnover reduced 0.7% in 2021, after recording a 3.6% growth in 2020.

In 2022, and despite the uncertainty about complete control of the pandemic situation, wholesale market sales are expected to increase, driven in particular by growth in HoReCa sales.

1.3. Colombia

Modern Food Retail

The Food Retail market recorded 12.0%[9] growth in 2021, driven by a slight improvement in consumer confidence levels, a reduction in the unemployment rate, and greater control of the progression of Covid-19 with a decrease in the number of new infections and deaths, and with the progression of the national vaccination programme.



In the same period, discount stores recorded a sales growth of 15.5%. In net additions, more than 250 stores in this format were added.

As regards channels and store formats, of note is the 21.0% increase in sales recorded by Traditional Retail, which nearly equalled the pre-pandemic market share, as opposed to the drop recorded in Independent Retail (-6.2%). The so-called organised chains, which include Organised Food Retail operators, excluding the discount format, increased its sales by 3.2%, versus the previous year.

The Food Retail market is expected to present a positive context, amidst economic growth and less social tensions. Among the key factors to consider are: i) sales recovery of categories affected by the pandemic and the supply chain disruptions that marked the year; ii) continued inflationary pressures on costs and

[9] Source: Study NielsenIQ - Total Market Q4 2021

purchase prices; and iii) the growing number of consumers whose environmental concerns will determine their choice of products and the chains where they do their shopping.

The strategy of retailers will also include constant monitoring of pricing and the development of Private Brands that not only meet the needs of lower income families, but also the needs of more demanding consumers, who favour innovative products with higher added value.

Sources:

Eurostat; Banco de Portugal Economic Bulletins; Portuguese Ministry of Finance; Portuguese National Statistics Institute (INE); National Bank of Poland Economic Bulletins; Central Statistical Office (GUS); Banco de la República (Colombian Central Bank); Colombia's National Administrative Department of Statistics (DANE); Fedesarrollo; Nielsen and PMR.

2. Group Performance

2.1. Performance Overview

+8.3% SALES	+11.4% EBITDA	+48.3% NET PROFIT
To €20,889 Million (+10.7% excl. FX)	To €1,585 Million (+14.1% excl. FX)	To €463 Million (EPS €0.74)
CAPEX PROGRAMME	CASH FLOW	NET DEBT
€690 Million	€723 Million	€1,320 Million (net cash €1,046 Million excl. cap. operating leases)

The firm commitment of all the Group's banners to provide quality at low prices to its consumers enabled it to deliver strong sales growth of 8.3% in 2021, far exceeding, in total, the 20 billion euro milestone.

This performance was achieved in a challenging year plagued by uncertainty and during which our teams, in particular those on the front lines of the business, working under especially difficult circumstances, remained committed to serving consumers.

The good sales performance in all business areas, combined with careful margin mix management and increased cost discipline, enabled the Group to mitigate the pressure of the sales tax introduced in January 2021 in Poland, recover operating leverage in Portugal, and make significant progress towards profitability in Colombia. At Group level, the EBITDA margin grew from 7.4% in 2020 to 7.6% in 2021.

The outstanding operating performance was reflected in a strong cash generation and drove the Group to close the year with a net cash position (excluding capitalised operating lease liabilities) of one billion euros.

The increase in consolidated Pre-Tax ROIC to 21.5% (vs 16.5% in 2020) definitely marks 2021 as a year of profitable growth, one which Jerónimo Martins closed with a very solid financial situation.

Market positions were also strengthened in all the countries where the Group operates while maintaining a long-term view, having made important progress towards the goals set in all pillars of corporate responsibility.

Corporate Responsibility Highlights

The solidity of our financial indicators was supported by the reinforced results attained in the areas of environment and social sustainability. Ten years after the definition of the first Corporate Responsibility goals, we are present in more than 100 international sustainability indices.

In 2021, we were classified with the maximum level (A) in the Climate and Water programs of CDP – Disclosure Insight Action and with the level (A-), for the third consecutive year, in the commodities associated with the risk of deforestation (palm oil, cattle and soy). We are therefore the highest ranked food retailer in the world. We were also one of the first signatories of the EU Code of Conduct on Responsible Business and Business Practices.

In a relevant investment from the food safety area, we opened our own molecular microbiology laboratory, which performs 350 monthly analysis of Private Brand products and fresh food for Portugal, Poland and Colombia.

We integrate, once again, the Bloomberg Gender-Equality Index for gender equality and we have improved the gender pay ratio to 97.6%. In 2021, we invested 217 million euros in employee recognition awards – at the end of the year, we were 123,458 people. Also noteworthy is the inauguration of the "Centro Incluir" (Include Center) which, based on innovative development and training methodologies, aims to increase the employability of people with disabilities.

More information about these and other sustainability initiatives can be found under Chapter 5 of this Annual Report.

2.2. Managing in a Pandemic context

Throughout 2021, the effects of the pandemic, in particular as regards the imposition of lockdown measures, continued to impact the operating environment, albeit with varying intensity in each country. In this context, the remarkable execution capacity of the management teams was once again vital, with appropriate monitoring by the Board of Directors, who, quickly and flexibly, were able to implement the action plans outlined for managing uncertainty.

In 2021 managing under the effects of the pandemic led to additional direct costs, at EBITDA level, of c.17 million euros (c.41 million euros in 2020).

In Poland, restrictions were maintained in the first quarter of the year with a limit imposed on the number of people allowed in retail stores (five people per checkout in stores of up to 100 sqm and one person per 15 sqm in larger stores). At the end of March, the limit was changed to one person per 15 sqm in stores with area up to 100 sqm and to one person per 20 sqm in larger stores.

Shopping centres were closed in January and, again, from mid-March, with schools using online learning. Restaurants remained closed during this period. The country gradually started reopening during the second quarter. Shopping centres and restaurants resumed operations in May, although the latter still saw their occupancy reduced. Schools gradually reopened from the end of April.

The limitation on the number of people allowed inside retail stores was eased at the end of June, from one person per 15 sqm (in stores larger than 100 sqm) to one person per 10 sqm.

At the end of November, and amidst fears of infections from the new Omicron variant, the Polish Government announced new restrictions to be imposed between 1 and 17 December. The authorized occupancy capacity for cinemas, theatres, restaurants and hotels was further reduced and occupancy limitations were again imposed for supermarkets larger than 100 sqm, returning to those applied at the beginning of the year, with a maximum of one person per 15 sqm.

These measures adversely affected the HoReCa channel with consumers preferring in-home consumption, which was seen as positive for Food Retail in the country, even though the measures created continued uncertainty and stood a major challenge of adaptation.

In Portugal, retail stores continued to be limited to five people per 100 sqm and the ban on selling alcoholic beverages after 8:00 p.m. remained in force.

From mid-January, the imposition of more stringent lockdown measures saw the closure of all stores selling non-essential goods, restaurants, shopping centres and schools, and food retail stores were banned from selling non-food products and advertising promotional campaigns. Trading hours were also limited, forcing establishments to close at 8:00 p.m. on weekdays and at 5:00 p.m. at weekends.

From March onwards, measures were gradually eased with the regions lifting restrictions according to the number of cases per inhabitant, and food retail stores were allowed to remain open until 9:00 p.m. during the week and 7:00 p.m. at weekends.

From April, in-store promotions were allowed to resume, and restaurants were able to open, but still with limitations on the number of people allowed per table (four inside and six outside). Even so, operating hours in this sector remained limited to 10:00 p.m. on weekdays and 1:00 p.m. at weekends.

From May onwards, operating hours returned to normal, and, in July, limits were imposed in at-risk municipalities on the opening hours of stores, restaurants and coffee shops.

At the beginning of the third quarter, the limitation of the number of people allowed inside stores remained at a maximum of five people per 100 sqm. From the end of August, and after the country reached a vaccination rate of 70%, it was eased to eight people per 100 sqm.

Restrictions on the number of people per table in restaurants were lifted in October. However, in December, and in the attempt to contain the progression of the new variant, new measures were brought forward, including compulsory telework and a limit of one person per each 5 sqm in commercial spaces.

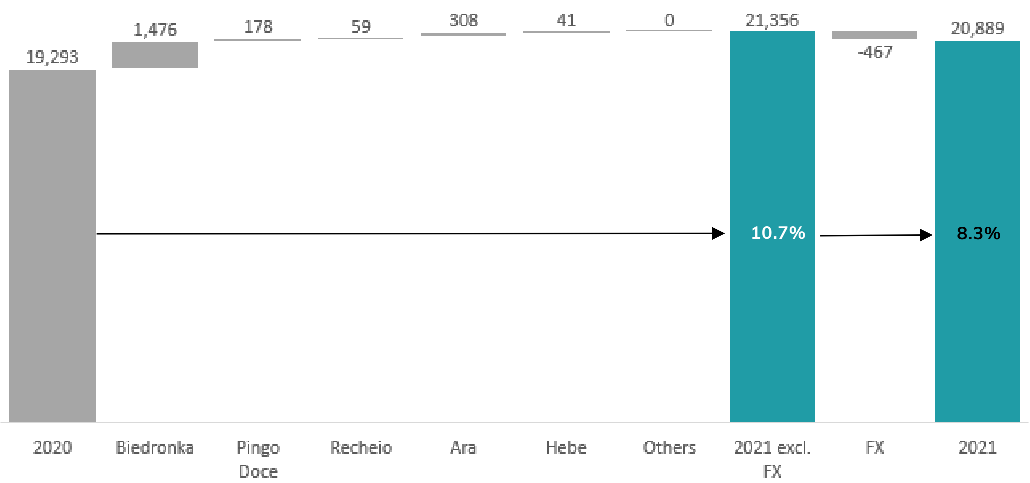
In Colombia, the increase in the number of infections dictated the imposition, in some regions and intermittently, on movement restrictions. The situation reached its peak in mid-March, with intermittent restrictions being eased during the second half of the year. Despite the uncertainty and volatility of the measures imposed, a lockdown as restrictive as that imposed in 2020 was not reinstated in the country.

Uncertainty about the progression of the pandemic, the peaks of infections recorded at certain moments, and the implementation of restriction measures once again created an extremely challenging environment for our teams, who continued to serve consumers in stores and ensure supply by the distribution centres.

2.3. Focus on Profitable Growth

Group Sales grew 8.3% to 20.9 billion euros, up 10.7% excluding the exchange rates effect, with the contribution of all business areas leading the Group like-for-like (LFL) to reach 8.0%.

Contribution to Consolidated Sales Growth (€ Million)



Consolidated Net Sales

(€ Million)	2021	% total	Δ% excl. F/X	Δ% Euro	LFL
Sales & Services					
Biedronka	14,542	69.6%	11.0%	8.0%	8.3%
Pingo Doce*	4,046	19.4%		4.6%	2.9%
Recheio	906	4.3%		7.0%	7.0%
Ara	1,102	5.3%	36.1%	29.0%	24.3%
Hebe	278	1.3%	16.7%	13.5%	17.5%
Others & Cons. Adjustments	14	0.1%		0.7%	
Total JM	**20,889**	**100%**	**10.7%**	**8.3%**	**8.0%**

* includes stores sales and fuel

Biedronka, operating in a consumer environment that remained positive throughout the year, with greater control of the pandemic situation and the consequent easing of restrictive measures, benefited from an increase in store visits driven by a strong sales programme, including promotions and innovative in&out campaigns, continuing to improve its assortment and its store network. The maintenance of price leadership and an intense promotional dynamic forced basket inflation to stand at 0.6%, significantly below average food inflation observed in the country, which reached 3.2%.

Also in Poland, and despite recovery from 2020 still being affected by the circumstances of the pandemic, **Hebe** recorded strong sales growth, with the online channel gaining momentum, and increasing its contribution, accounting for 13.0% of total sales.

Pingo Doce recorded solid sales performance in 2021, reaching the important milestone of 4 billion euros, despite the negative impact of intermittent restrictions on the circulation of people and on the normal operation of restaurants and coffee shops in the first seven months of the year.

The Company maintained an intense promotional dynamic, ensuring the competitiveness of its price positioning and offering good savings opportunities to consumers. As a result of this commitment to low prices, Pingo Doce operated, in the year, with negative basket inflation.

Recheio's sales rebounded strongly, despite reduced touristic activity and the restrictions imposed throughout 2021, albeit less impactful than in 2020, continuing to limit sales growth.

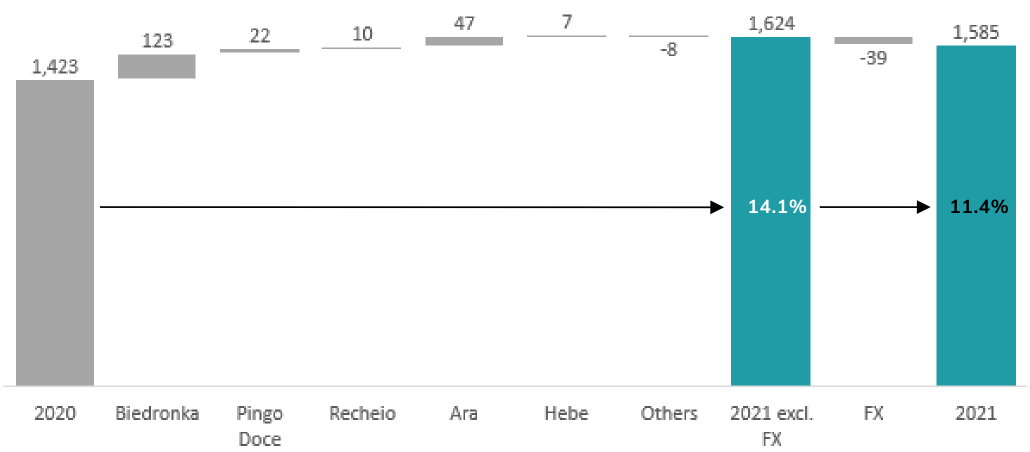
In Colombia, the effects of 2020 lockdown limited the pace of the country's economic recovery and the rise in food prices accelerated significantly from May onwards as a result of strikes and social protests, which led to disruptions in the national supply chain.

Ara maintained its price leadership, which, together with intense commercial activity was even more valued given the particularly difficult circumstances faced by many families. Alongside this price positioning adds Ara's offering, perfectly adapted to the needs of Colombian consumers and with growing recognition of the quality and variety of its Private Brand assortment.

In a generally unrestricted operating environment, the consistency of its value proposition and investment in pricing were reflected in a remarkable sales performance that broke the one billion euro barrier, with the Company playing a very important role in the Group's growth strategy.

Group EBITDA totalled 1.6 billion euros, 11.4% higher than in 2020 (+14.1% at constant exchange rates). The respective margin stood at 7.6% compared to 7.4% in 2020.

Contribution to Consolidated EBITDA Growth (€ Million)



In Poland, to the challenge of the pandemic added the implementation of the retail sales tax in January 2021. **Biedronka**, maintaining its price leadership, recorded notable sales growth which, together with effective margin mix management and efforts to increase operating efficiency, helped to protect the EBITDA margin.

As a consequence of the good sales performance, **Hebe** recovered operating leverage, leading to improvement of the EBITDA margin.

With sales momentum driving operating leverage, Pingo Doce and Recheio's EBITDA margins also recovered compared to 2020.

It should be noted that, at **Pingo Doce**, the increase in EBITDA margin was achieved despite strong investment in price positioning.

At **Recheio**, the increased EBITDA margin reflects the recovery of operating leverage following a very difficult 2020, due to the impact of restrictive measures on sales.

For **Ara**, 2021 was a year in which the notable improvement in the Company's profitability enabled it to record positive EBITDA for the first time. Strong sales growth and the cost optimisation implemented in 2020 contributed to this result.

EBITDA breakdown

(€ Million)	2021		2020	
		Mg		Mg
Biedronka	1,339	9.2%	1,252	9.3%
Pingo Doce	244	6.0%	223	5.8%
Recheio	43	4.7%	33	3.9%
Ara	26	2.3%	(20)	n.a.
Hebe	25	9.0%	19	7.6%
Others & Cons. Adjustments	(92)	n.a.	(84)	n.a.
Consolidated EBITDA	**1,585**	**7.6%**	**1,423**	**7.4%**

The good operating performance of all Companies, without exception, reflects strong competitive positions that led to increased market shares in all countries. The Group closed 2021 with business models strengthened in their ability to serve consumers, adapting quickly to the circumstances of the operating environments.

The **Investment Plan** remained on the Group's top capital allocation priorities and contributed towards growth in the year, both through investment in new locations as in improving the quality of the store network under a demanding refurbishment plan.

STORES

361 TOTAL OPENINGS*

356 TOTAL REMODELLINGS**

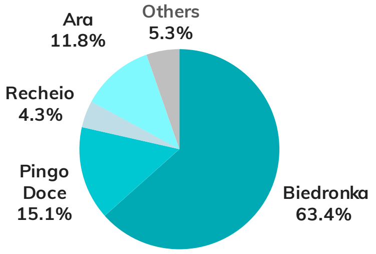
BIEDRONKA	PINGO DOCE	RECHEIO	ARA	HEBE
164 OPENINGS (135 net)	**14** OPENINGS (12 net)	**-** OPENINGS	**157** OPENINGS (156 net)	**25** OPENINGS
334 REMODELLINGS	**14** REMODELLINGS	**2** REMODELLINGS	**-** REMODELLINGS	**4** REMODELLINGS

* Includes the opening of a standalone restaurant
** Includes the remodelling of a Jeronymo store and a Hussel store

(€ Million) Business Area	2021 Expansion[1]	Others[2]	Total
Biedronka	**72**	**366**	**438**
Stores	69	322	391
Logistics & Head Office	3	43	47
Pingo Doce	**29**	**75**	**104**
Stores	28	68	95
Logistics & Head Office	1	8	9
Recheio	**11**	**19**	**30**
Ara	**76**	**6**	**81**
Stores	68	4	72
Logistics & Head Office	7	2	9
Total Food Distribution	**187**	**466**	**653**
Hebe	**4**	**7**	**11**
Services & Others	23	3	26
Total JM	**214**	**476**	**690**
% do EBITDA	*13.5%*	*30.1%*	*43.6%*

[1] New stores and distribution centres
[2] Revampings, maintenance and others

Investment by Business Area



The Investment plan reached a total of 690 million euros, with Ara and Biedronka opening more stores than initially planned.

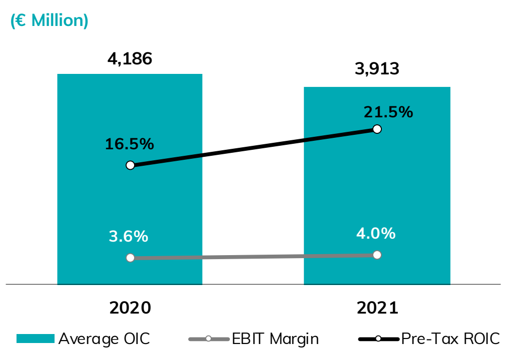
Expansion, with a total of 361 new stores for all the banners, accounted for 31% of capex in the year.

Following a 2020 where market constraints forced a significant slowdown in openings, Ara focused on building a strong and relevant pipeline as a means to mitigate potential unforeseen events. In a generally unrestricted operating environment and with confidence boosted by daily performance, the Company focused on store openings and inaugurated 157 stores, exceeding the initial plan outlined for the year.

Biedronka, which set a target of adding 100 stores (net) to its network of locations, ended up by adding 135 new stores in net terms, continuing to implement a medium-term expansion plan for which the quality of the locations is central to strengthening the network. The banner also opened 14 micro-fulfilment centres to support its Biek operation (e-commerce operation with ultra-fast deliveries) inaugurated in October.

Particular attention was given to investment in logistics in Poland, where Biedronka began refurbishing an existing distribution centre and building a new one.

Also at Ara, which had an ambitious expansion plan, investment in logistics took on greater strategic relevance with the Company opening two warehouses to support logistics operations in 2021.



Return on invested capital, calculated on a **Pre-Tax ROIC** basis, was 21.5% (16.5% in 2020). This outstanding performance reflects an improvement in all business areas in terms of return on invested capital and the respective EBIT margins. Sales growth, strict margin mix management and a focus on efficiency and cost discipline, combined with careful expansion plans, and investment in general, are the foundation of the Group's profitable growth strategy.

2.4. Financial Strength

Strong sales growth combined with improved operating profitability is reflected positively up to the last line of the Income Statement.

Consolidated Operating Result

(€ Million)	2021	%	2020	%	Δ%
Net Sales & Services	**20,889**		**19,293**		**8.3%**
Gross Margin	4,497	21.5%	4,227	21.9%	6.4%
Operating Costs	(2,912)	(13.9)%	(2,804)	(14.5)%	3.9%
EBITDA	**1,585**	**7.6%**	**1,423**	**7.4%**	**11.4%**
Depreciation	(745)	(3.6)%	(734)	(3.8)%	1.5%
EBIT	**840**	**4.0%**	**689**	**3.6%**	**21.9%**

Net Consolidated Result

(€ Million)	2021	%	2020	%	Δ%
EBIT	**840**	**4.0%**	**689**	**3.6%**	**21.9%**
Net Financial Results	(154)	(0.7)%	(180)	(0.9)%	(14.6)%
Profit in Associated Companies	-	-	-	-	n.a.
Other Profits/Losses	(34)	(0.2)%	(50)	(0.3)%	n.a.
EBT	**652**	**3.1%**	**459**	**2.4%**	**42.2%**
Taxes	(168)	(0.8)%	(136)	(0.7)%	23.7%
Net Profit	**484**	**2.3%**	**323**	**1.7%**	**50.0%**
Non Controlling Interest	(21)	(0.1)%	(11)	(0.1)%	n.a.
Net Profit attr. to JM	**463**	**2.2%**	**312**	**1.6%**	**48.3%**
EPS (€)	0.74		0.50		48.3%
EPS without Other Profits/Losses (€)	0.77		0.55		39.5%

Financial Results amounted to (154) million euros, having decreased compared to the (180) million euros recorded in 2020. These costs include recognition of currency conversion losses in the amount of (3) million euros relating to value adjustments in the capitalisation of operating lease liabilities in Poland denominated in euros which, in 2020, amounted to (21) million euros.

Other Gains and Losses amounted to (34) million euros, reflecting, among other, restructuring costs and payment of a recognition award to the Group's teams – in a total amount equivalent to c.19 million euros - that worked on the front lines.

Cash Flow generated in the year amounted to 723 million euros, increasing from the 516 million euros generated in 2020. This good performance reflects the growth in operating profit and careful management of working capital, that also benefited from a positive effect related to the year-end openings.

Cash Flow

(€ Million)	2021	2020
EBITDA	1,585	1,423
Capitalised Operating Leases Payment	(277)	(270)
Interest Payment	(152)	(153)
Other Financial Items	-	-
Income Tax	(174)	(174)
Funds From Operations	**982**	**826**
Capex Payment	(604)	(510)
Working Capital	375	246
Others	(29)	(46)
Cash Flow	**723**	**516**

Cash generation reinforced the already healthy Consolidated Balance Sheet which, at the end of the year, showed a cash position (excluding capitalised operating lease liabilities) of one billion euros, including the distribution of Company dividends in 2021 in the amount of 181 million euros, in line with the distribution policy in place.

Balance Sheet

(€ Million)	2021	2020
Net Goodwill	618	620
Net Fixed Assets	4,159	3,967
Net Rights of Use (RoU)	2,221	2,154
Total Working Capital	(3,290)	(2,864)
Others	145	133
Invested Capital	**3,852**	**4,010**
Total Borrowings	460	524
Financial Leases	22	11
Capitalised Operating Leases	2,365	2,262
Accrued Interest	-	(3)
Cash and Cash Equivalents	(1,527)	(1,041)
Net Debt	**1,320**	**1,752**
Non Controlling Interests	254	249
Share Capital	629	629
Retained Earnings	1,649	1,379
Shareholders Funds	**2,532**	**2,257**

As set out in the Group's financing strategy, whenever possible Borrowings in local currency are used as a natural hedge against the exchange rate risk of investments.

To manage its debt maturity, in 2021 Jerónimo Martins Colombia, SAS took out a five-year fixed rate medium and long-term loan in the amount of 80 billion Colombian pesos, equivalent to approximately 17 million euros.

Total Borrowings Breakdown

(€ Million)	2021	2020
Long Term Borrowings	**347**	**364**
as % of Total Borrowings	75.5%	69.5%
Average Maturity (years)	5.7	6.7
Total Borrowings	**460**	**524**
Average Maturity (years)	4.5	5.1
% Total Borrowings in Euros	0.0%	0.0%
% Total Borrowings in Zlotys	46.6%	41.7%
% Total Borrowings in Colombian Pesos	53.4%	58.3%

2.5. Jerónimo Martins in the Capital Markets

In early 2021, the optimism regarding the effectiveness of Covid-19 vaccines and the withdrawal agreement reached between the European Union (EU) and the United Kingdom for Brexit, helped boost markets.

Moreover, the joint commitment of the President of the United States (US) and EU leaders to resolve pending trade disputes and remove tariffs on steel and aluminium brought signs of an even greater stability.

At macroeconomic level, indicators were also generally positive for stock markets. Both the Federal Reserve (Fed) and the European Central Bank (ECB) remained resolute in protecting the economy. Although sentiment varied throughout the year, and despite the volatility gripping the markets, overall stock markets ended 2021 with steep gains, with new record highs both in the US and in Europe.

At the end of 2021, the combination of positive economic data in the US and the disclosure of studies confirming that the less severity of the Omicron variant helped sustain the positive sentiment in financial markets.

Investors increased their expectations that the pandemic would not prevent global economic recovery, stimulating the return of higher demand for risk assets.

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

According to Thomson Reuters data, Jerónimo Martins is listed on 65 indices, the most relevant being the PSI20 (Euronext Lisbon reference index), Euronext 100 and EuroStoxx. The Group’s shares are traded on 45 different platforms, mostly in the main European markets.

Jerónimo Martins share is also listed on more than 100 international sustainability indices, recognising the Group’s environmental, social and governance (ESG) commitments.

Since June 2020, the Company has been 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 indices and on the FTSE4Good Europe, FTSE4Good Developed and FTSE4Good Developed Minimum Variance indices.

For the second year running, Jerónimo Martins is part of the select list of companies that have been included in Bloomberg Gender-Equality Index, a global gender equality index, having increased its evaluation comparing to last year.

Jerónimo Martins is the only Portuguese company on the CDP climate change and water security "A List" and is, for the third consecutive year, the only food retailer worldwide to score an 'A-' (leadership level) in the management of three out of the four commodities associated with deforestation risk: palm oil, soy and cattle. This assessment is over 13 thousand companies across the globe, representing 64% of global market capitalisation (more information about the recognition of sustainability practices is provided under Chapter 5 of this Annual Report).

More information about Jerónimo Martins' listing in these and other relevant indices is available on our website under "Responsibility" ("Recognition" page at www.jeronimomartins.com).

Capital Structure

For information on the structure of Jerónimo Martins' share capital, please see Section A – Shareholder Structure of Chapter 4 of this Annual Report.

PSI20 Performance

Despite the volatility that gripped the markets throughout the year and concerns about new restrictive measures being imposed, stock markets closed out 2021 with sharp gains.

The Portuguese stock exchange closed the year at 5,569.48 points, an appreciation of 13.7% compared to the previous year. This performance more than offsets the decline recorded in 2020 (-6.1%), but still falls short of the performance of other European indices, which saw all-time highs in 2021, recording gains of more than 20% in the year (most notably the Eurostoxx50 and Stoxx 600, which appreciated 21% and 22%, respectively).

One of the factors that contributed to some volatility in the index was the political instability resulting from the rejection of the proposed 2022 State Budget, ultimately leading to the dissolution of parliament and anticipated elections on 30 January 2022.

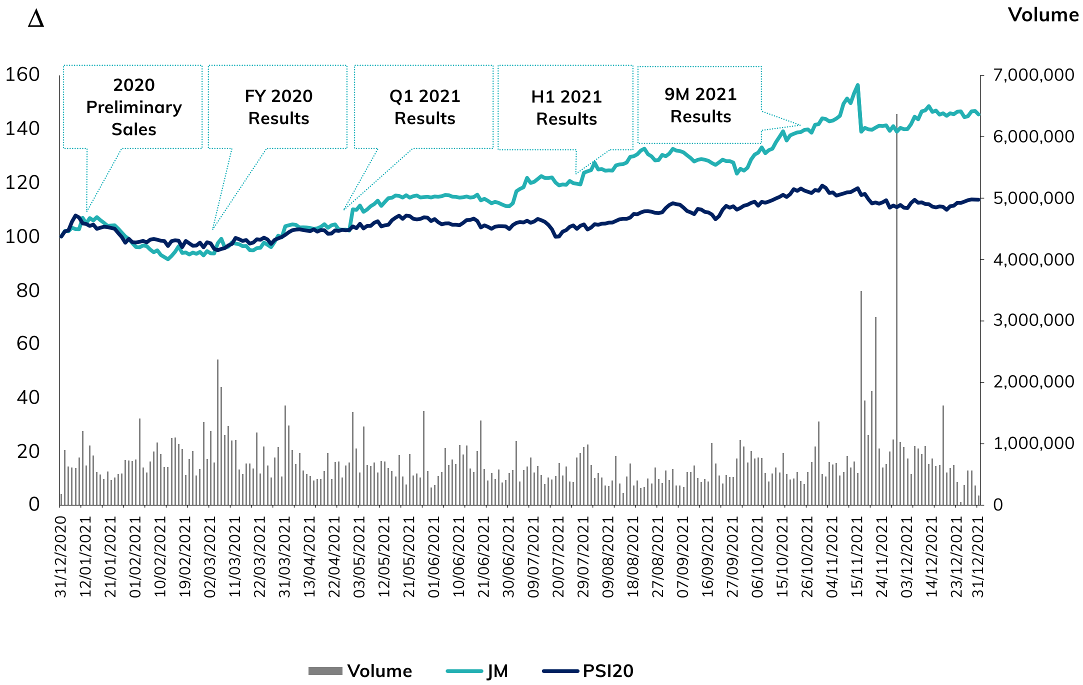
The PSI20 ended the year with 19 listings, one more than in the previous year, as a result of the inclusion of Greenvolt, in the September review. Of the companies listed on the index, only six recorded negative performance in the year, reversing the trend observed in 2020.

Jerónimo Martins Share Price Performance

With the third highest market capitalisation of Euronext Lisbon, a position it maintained from 2020, Jerónimo Martins closed the year with the highest representation on the PSI20, a relative weight of 15.4% in the index (compared to 8.3% in 2020). The company continues to be one of the four Portuguese companies listed on the Euronext100 index, slightly increasing its weight to 0.32% (compared to the 0.28% recorded in the previous year). Its market capitalisation stood at 12.649 billion euros at the end of 2021 (8.697 billion euros in 2020).

During the year, Jerónimo Martins traded approximately 187 million shares on the Euronext Lisbon stock exchange. This volume corresponds to a daily average of 723,000 shares (26% below that in 2020), at an average price of 16.49 euros (up 10.8% compared to 2020). In terms of trading volume, these shares represented the equivalent of 10.6% (approximately 3 billion euros) of the total number of shares traded on the PSI20 in 2021.

As regards listing price, Jerónimo Martins shares closed the year at a price of 20.10 euros, up 45.4% year-on-year. The lowest share price, 12.65 euros, was recorded on 12 February. During November 2021, Jerónimo Martins shares registered successive record highs, closing at their highest price, 21.61 euros, on 15 November. On that day, after markets closed, the company was informed that Asteck, S.A. (Heerema Group) had sold 31,464,759 shares, equivalent to 5.0% of Jerónimo Martins shares outstanding, to institutional investors through an accelerated bookbuilt offering organized by Goldman Sachs. This transaction put pressure on share price the following day, after which a new appreciation trend started.



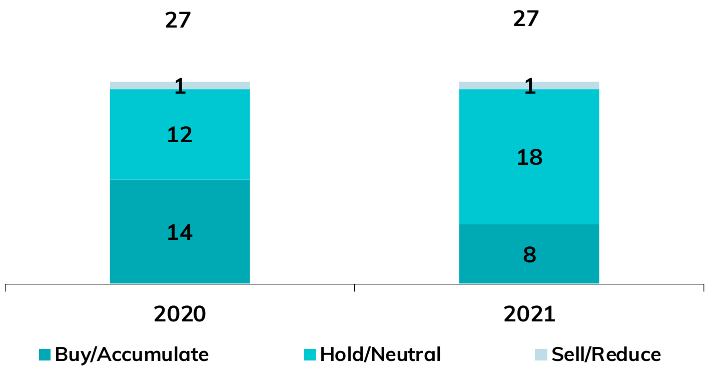
Analysts

At present, 27 analysts actively cover Jerónimo Martins share. During 2021, two investment houses began covering Jerónimo Martins, while two others ended their share coverage due to changes made to their research teams.

At the end of 2021, the weight of analyst recommendations is broken down as follows: Buy, Hold and Sell, respectively 29%, 67% and 4%.

The average price target of analysts, at 31 December 2021, was 19.27 euros, 20.9% above the average in 2020 and 4.1% below the closing price (20.10 euros).

The evolution of recommendations and price targets issued by the various institutions is available on our website www.jeronimomartins.com/en/investidors/jeronimo-martins-shares/equity-analysts/.



Jerónimo Martins Financial Performance 2017-2021

(€ Million)	2021	2020	2019	2019	2018	2017
					Excl. IFRS16	
Balance Sheet						
Net Goodwill	618	620	641	641	637	647
Net Fixed Assets	4,159	3,967	4,140	4,140	3,842	3,639
Net Rights of Use (RoU)	2,221	2,154	2,318	-	-	-
Total Working Capital	(3,290)	(2,864)	(2,793)	(2,788)	(2,454)	(2,496)
Others	145	133	94	86	70	54
Invested Capital	**3,852**	**4,010**	**4,400**	**2,079**	**2,096**	**1,843**
Total Borrowings	460	524	732	732	624	529
Financial Leases	22	11	17	17	15	8
Capitalised Operating Leases	2,365	2,262	2,368	-	-	-
Accrued Interest	-	(3)	3	3	2	4
Cash and Cash Equivalents	(1,527)	(1,041)	(949)	(949)	(562)	(712)
Net Debt	**1,320**	**1,752**	**2,172**	**(196)**	**80**	**(170)**
Non Controlling Interests	254	249	254	257	238	225
Equity	2,278	2,008	1,975	2,018	1,778	1,788

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)	2021	2020	2019	2019	2018	2017
					Excl. IFRS16	
Income Statement						
Net Sales & Services	**20,889**	**19,293**	**18,638**	**18,638**	**17,337**	**16,276**
EBITDA	**1,585**	**1,423**	**1,437**	**1,045**	**960**	**922**
EBITDA margin	7.6%	7.4%	7.7%	5.6%	5.5%	5.7%
Depreciation	(745)	(734)	(715)	(397)	(364)	(331)
EBIT	**840**	**689**	**722**	**648**	**596**	**591**
EBIT margin	4.0%	3.6%	3.9%	3.5%	3.4%	3.6%
Financial Results	(154)	(180)	(159)	(29)	(25)	(12)
Profit in Associated Companies	-	-	-	-	-	-
Other Profits/Losses [1]	(34)	(50)	(14)	(15)	(9)	(14)
EBT	**652**	**459**	**549**	**604**	**562**	**565**
Taxes	(168)	(136)	(128)	(137)	(132)	(152)
Net Income	**484**	**323**	**421**	**467**	**430**	**413**
Non Controlling Interests	(21)	(11)	(31)	(34)	(29)	(27)
Net Income attributable to JM	**463**	**312**	**390**	**433**	**401**	**385**

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.

Market Ratios	2021	2020	2019	2018	2017
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	37.7%	32.4%	29.7%	28.7%	28.4%
EPS (€)	0.74	0.50	0.62	0.64	0.61
Dividend per share (€) [1]	0.29	0.35	0.33	0.61	0.61
Stock Market Performance					
High (close) (€)	21.61	17.22	16.12	17.65	18.07
Low (close) (€)	12.65	13.61	10.30	10.11	14.88
Average (close) (€)	16.49	14.89	14.09	13.46	16.46
Closing (End of year) (€)	20.10	13.82	14.67	10.34	16.20
Market Capitalisation (31 Dec) (€ 000,000)	12,649	8,697	9,229	6,507	10,191
Transactions (volume) (1,000 shares)	186,528	251,103	215,938	234,824	182,115
Annual Growth	45.4%	(5.8)%	41.8%	(36.2)%	9.9%
Annual Growth - PSI20	13.7%	(6.1)%	10.2%	(12.2)%	15.2%

[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.

3. Performance of the Business Areas

3.1. Food Distribution

3.1.1. Biedronka

MESSAGE FROM THE MANAGING DIRECTOR

The year 2021 was once again marked by the uncertainty around the evolution of the pandemic crisis that, in the first quarter, reached dramatic proportions in Poland.

Our teams, especially all those working in stores and warehouses, did their best to keep serving consumers uninterruptedly, in a year marked by truly challenging moments for thousands of families.

As a Company, we stayed truth to the delivery of quality at best prices, and we went even further to enhance the level of service and improving the experience of those who choose Biedronka to do their shopping by: i. remodelling a record number of stores, introducing self-checkouts and meat & delicatessen counters, ii. coming closer to our customers and opening more stores than planned, focusing on the execution of an expansion pipeline well prepared and which ensures, with profitability, a higher densification of the market, iii. consolidating the e-commerce operation, launched in 2020, with more assortment and reaching more cities through the launch of a new ultra-fast delivery service and iv. imprinting an intense commercial dynamic on our activity, which ensured the best opportunities for savings and value capture for our customers.

I thank to the entire Biedronka team, in all areas of the business, for their energy and willingness to do better. Thanks to this effort and dedication, we lived up to the commitments assumed with our people, with consumers, suppliers, the communities where we operate and to which we belong, and the environment in which we move, entering even stronger and prepared in 2022.

KEY FIGURES

 # Stores
164 openings | 334 refurbishments

Sales
14,542 M€ (+8.0%)

LFL
+8.3%

EBITDA
1,339 M€ (+6.9%)

Capex
438 M€

Key Facts of the year

2,185 stores with self-checkouts.

499 stores with meat & delicatessen counters.

Strengthening of the online presence, launched in October, under the Biek brand, a pioneering ultra-fast delivery service in Poland, with 14 micro-fulfilment centres.

Project to support national production in which local fruits and vegetable producers delivered their products to closer stores and distribution centres (more than 60 new suppliers included, with more than 10,000 tons).*

In order to support local production, the payment period was maintained to a maximum of 21 days for small producers. 60 suppliers benefited from this initiative, 40 more than in 2020.*

Surplus food donations exceeded 14,700 tons (+18% more than in 2020). 140 institutions were supported, with the Federation of Polish Food Banks being the most relevant.*

*More information about these and other sustainability initiatives is provided under Chapter 5 of this Annual Report.

AWARDS/RECOGNITIONS TO HIGHLIGHT

Biedronka received the Food & Retail award in the Retail category from the editors of magazine *Rynek Spożywczy* and portalspozywczy.pl, dlahandlu.pl and horectrends.pl

Biedronka was awarded the title of Best Quality Employer 2021 by the Central National Certification Office

Biedronka's internal chatbot was distinguished in the "Modern HR Technologies" category in the "Puls Biznesu" newspaper contest for its innovative nature

Complete list of awards and recognitions:

www.jeronimomartins.com/en/about-us/recognition/

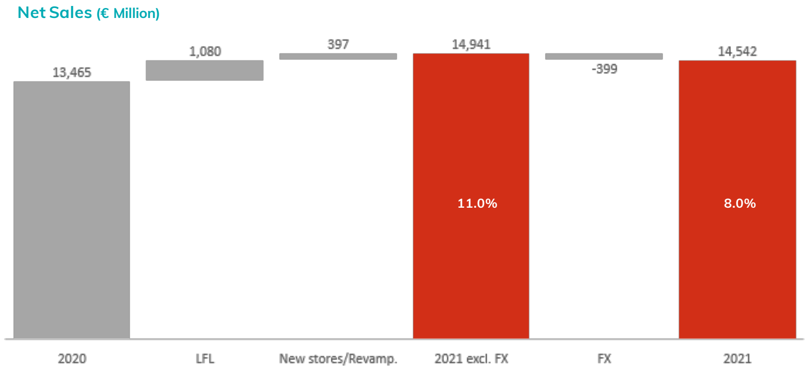
Performance

In Poland, consumption continued to grow due to higher disposable income, as a result of an increase in the country's national minimum wage and the allocation of new social incentives to families. This positive environment was maintained despite the progressive rise in food inflation throughout the year, with significant price increases in several categories.

The consumer continued to react to attractive commercial propositions that combine price and quality, and the Food Retail sector once again operated under a strong commercial dynamic, with consumers showing a great appetite for saving opportunities.

The first months of 2021 saw another period of restrictions. From the second quarter onwards, the pandemic situation remained under control and circulation of people regained normality. However, from December, and due to the significant increase in the number of Covid-19 cases in the country, containment restrictions were once again imposed.

Whenever necessary, and as in the previous year, Biedronka extended its opening hours, guaranteeing its customers safe access to its stores.



Biedronka once again showed determination and drive in the search for opportunities to deliver more value to its customers, continuously improving its offering, innovating in commercial campaigns, and improving the quality of its network, while maintaining a clear price leadership.

The Company reinforced its online presence, expanding to more cities and serving more consumers. As a result of its partnership with Glovo, which covers all the capitals of the Polish regions and the country's largest cities, Biedronka's customers have online access to more than 2,000 products and can place orders in 31 cities. This initiative also enabled the Company to monitor the trend in the needs and preferences of its consumers in this channel.

To make its offering increasingly more attractive and convenient, in October, and also in partnership with Glovo, Biedronka launched an ultra-fast delivery service - Biek - in six Polish cities, available seven days a week and with deliveries in 15 minutes. The Company's priority is to keep pace with changing consumer lifestyles to make their daily lives easier by offering the broadest possible shopping experience. Fourteen micro-fulfilment centres dedicated exclusively to this operation were opened.

Biedronka showed outstanding performance and, in the year, sales, in local currency, grew by 11.0%, including a LFL of 8.3%, strengthening its market share. In euros, sales amounted to 14.5 billion euros, up 8.0% year-on-year.

The banner maintained an intense promotional dynamic, driving basket inflation to remain below the average food inflation observed in the country throughout the year.

With greater control of the pandemic situation and the consequent easing of restrictive measures, there was an uptake in store visits, which Biedronka leveraged through its commercial dynamics and constantly evolving assortment.

EBITDA totalled 1,339 million euros, a growth of 6.9% compared to 2020 (+9.8% at a constant exchange rate). Strong sales growth, ongoing efficiency projects and creativity in the continuous improvement of its offering contributed to protection of the company's profitability. The EBITDA margin was 9.2% versus 9.3% in 2020. Strong LFL performance, effective margin mix management, operational efficiency and cost discipline allowed us to mitigate the negative pressure of the sales tax introduced in January 2021.

Focusing on improving operational efficiency, which allowed for an increase in the number of transactions and a better shopping experience for consumers, the Company continued to install self-checkouts in its stores, almost doubling the number of stores offering this service compared to the previous year. By the end of the year this service had already been implemented in more than 65% of the chain, reflecting a growing preference for self-checkouts by our consumers.

In 2021, Biedronka continued to implement the project to install meat and delicatessen counters with assisted service and already has 499 stores with this offer. Besides the attraction of this type of service, these stores offer a more varied assortment.

Biedronka continued to develop the expansion of its proximity store project, opening 66 locations in 2021. It now has 148 proximity stores, offering an assortment tailored to the locations and enabling the Company to enter surrounding areas with lower population density.

The Company pursued its promotional strategy, developing 79 attractive and differentiating campaigns. During the year, around 179 leaflets were launched, mostly with the aim of continuing to boost traffic in the stores. In an operating environment that remained fiercely competitive, consumers responded positively to strong and innovative campaigns, which saw Biedronka continuing to pursue its business strategy and increasing its focus on voucher offers throughout the year.

The banner launched a campaign to promote the perception of freshness and further increase the quality and visibility of the brand as a specialist in fresh products. The aim was to highlight these categories and provide quality and variety in order to meet the needs of consumers.

Biedronka reinforced its sponsorship of the Polish football team, with the Company also becoming its official supplier of fruits and vegetables, thereby strengthening its strategy of supporting national production.

As in previous years, the loyalty and awareness campaign Gang Swojaków (Homies Gang), "Let's protect endangered species", introduced 12 new mascots. It was, once again, an integrated communication initiative that included television ads and in-store and online activities. Several spots were also produced, such as songs and short educational stories on environmental protection, with the target audience expanded to include kindergartens.

To strengthen innovation in its Private Brand, the Company continued to invest in developing new products and expanding existing ranges, as was the case with the Dada brand, which expanded its offering to newborns with the introduction of new products, including pillows and feeding accessories, blankets, toys and clothing.

Implementation of its investment plan for 2021 saw Biedronka invest 438 million euros, exceeding objectives for the year. The Company opened 164 stores (135 net additions) and refurbished 334 locations, clearly contributing to the overall quality and efficiency of its stores network.

Biedronka's refurbishment plan plays a central role in its investment plan and aims at improving the store environment and shopping experience with a focus on fruit and vegetables, a new wine section, and a new bakery standard with the introduction of new shelves and the possibility of better accommodating the offering. At the end of the year nearly 500 of the Company's stores already had this new layout.

Under its investment plan, Biedronka also kicked off the refurbishing and capacity expansion of the Wojnicz distribution centre, modernising it by using more sustainable and efficient technology in order to improve the store delivery service. Construction has also begun on a new distribution centre in the regional capital of Warmian-Masurian Voivodeship, to support the Company's expansion plan.

Continuously focused on efficiency, Biedronka continued to implement an operations reinforcement project that already encompasses 50% of stores and aims to: (i) improve store management, in particular in terms of planning, communication and control over task execution; (ii) reinforce the collaboration and accountability of store employees; (iii) increase productivity by standardising task execution, and (iv) foster a "problem-solving culture" within each store team.

3.1.2. Pingo Doce

MESSAGE FROM THE MANAGING DIRECTOR

The second year of the pandemic was full of challenges and uncertainty, with restrictions imposed several times in the year and continuing to heavily impact our operations.

Despite the adverse environment, particularly until August, we achieved strong sales growth and strengthened our competitiveness.

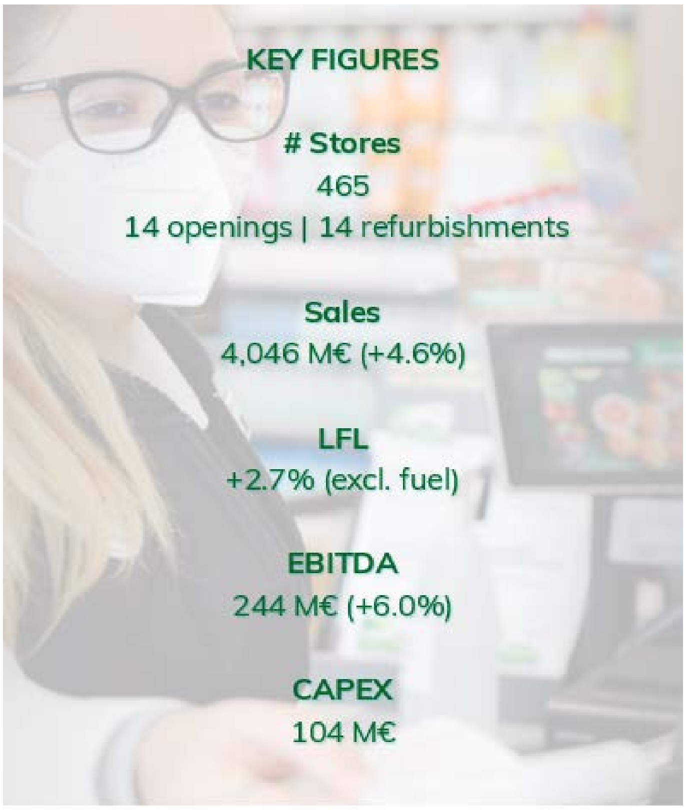
Once again our teams showed outstanding resilience and went above and beyond, in a genuine sense of mission, which enabled us to do more and better.

The Company implemented an intense promotional dynamic throughout the year and we were a close ally for consumers by offering continued savings opportunities. We strengthened our commitment to sustainability across all our corporate responsibility pillars.

We continued to invest in the expansion of our retail chain and in refurbishing existing stores, and, in collaboration with a partner in Azores, we now also have a nationwide presence.

We also continued to invest in differentiating our offering, in particular in Private Brand, perishables and meal solutions.

For 2022, we will remain focused on fulfilling our daily commitments to our employees, customers, suppliers and surrounding communities as the enabler of sustainable sales and profitability growth.



KEY FIGURES

 # Stores
465
14 openings | 14 refurbishments

Sales
4,046 M€ (+4.6%)

LFL
+2.7% (excl. fuel)

EBITDA
244 M€ (+6.0%)

CAPEX
104 M€

Key Facts of the year

Entry into the Azores in partnership with the Finançor group and opening of the first store under the Pingo Doce banner on Santa Maria Island.

Launched of the Go Active range, the first Private Brand in Food Retail dedicated to an active lifestyle.*

First nationwide edition of the "Bairro Feliz" (Happy Neighbourhood) programme, aimed at supporting local communities.*

Double certification of Pingo Doce 'Aberdeen angus' beef in 'Animal Welfare' and 'Antibiotic Free Production' certified. The only retailer with double certified Angus beef in Portugal.*

Member of the Lean & Green programme, with a pledge to reduce the carbon emissions in logistics operations – the performance of the Company was awarded with three stars in 2021.*

Consolidation of the campaign Juliana - Portuguese-Style Mediterranean Diet, this time in the area of fruits and vegetables, featuring national and seasonal products and strengthening Pingo Doce's support for home-grown produce.*

*More information about these and other sustainability initiatives is provided under Chapter 5 of this Annual Report.

AWARDS/RECOGNITIONS TO HIGHLIGHT

Private Brand cream 'Be Beauty Blue Light' won the European Private Label Award 2021

Seven Pingo Doce cheeses distinguished in the World Cheese Awards 2021

Eleven Pingo Doce wines awarded in five international competitions and one national competition

Complete list of awards and recognitions: www.jeronimomartins.com/en/about-us/recognition/

Performance

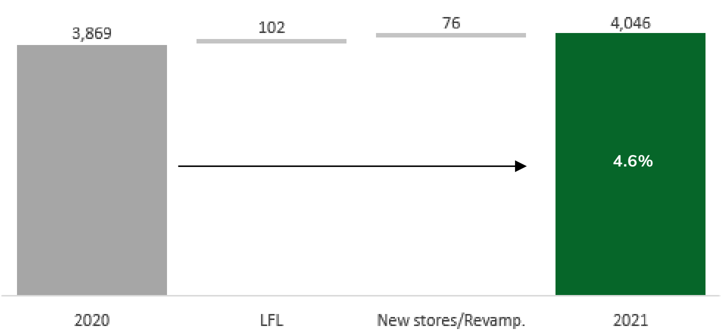
With the worsening of the pandemic at the beginning of the year, several restrictive measures were implemented and remained in force until the end of August, up until which time significant limitations were in place on the number of people allowed in stores.

The food retail sector recovered compared to 2020, although the consumer environment was still affected by the effects of the measures implemented to control the pandemic. Pingo Doce's performance in the year was still adversely impacted by the restrictions imposed on restaurants and coffee shops, which were only eased from the third quarter. The banner continued its intense promotional dynamic, focused on creating good trade opportunities for its customers, to reaffirm its value proposition among Portuguese families, in particular by offering direct discounts on fuel and launching innovative campaigns, such as offering Private Brand baskets.

Food inflation in Portugal stood at 0.7% in 2021, remaining at relatively low rates throughout the year. The intense competitive environment persisted both at promotional level and as regards the opening of proximity stores.

By combining investment in price competitiveness and promotions to the low food inflation in the country, Pingo Doce operated with negative average basket inflation.

Net Sales (€ Million)



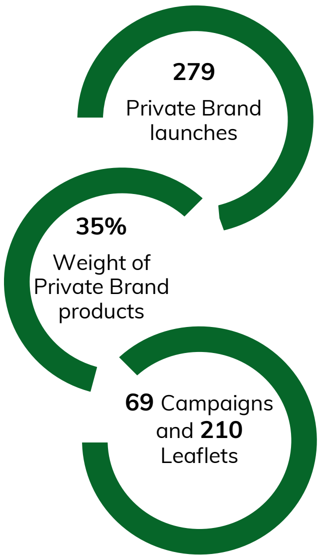
Sales totalled 4.0 billion euros, a 4.6% increase compared to the previous year, including an LFL (excluding fuel) of 2.7%.

With sales growth driving operating leverage, EBITDA amounted to 244 million euros, up 9.7% year-on-year, and the EBITDA margin improved from 5.8% in 2020 to 6.0% in 2021.

In the period, Pingo Doce invested 104 million euros, opening 14 new stores (12 net additions) and refurbishing 15 locations (including one lifting). It also inaugurated its first standalone restaurant at CUF Tejo Hospital.

After signing an agreement for food retail distribution in the Azores on 30 December 2020 with the Finançor group, the Company acquired a 20% financial investment in Finançor, in an investment of €2.6 million. This partnership aims at jointly exploiting supermarkets in the Autonomous Region of the Azores.

Pingo Doce continued to invest in the differentiation of its offering, leveraging the strategic categories of perishables and Takeaway and the reopening of its restaurants, ensuring a quality offering at competitive prices.



The "Quem faz contas vem ao Pingo Doce" (People who save shop at Pingo Doce) campaign strengthened the Company's leadership position in promotions, ensuring quality in all essential products.

During the festive season, Pingo Doce launched an omnichannel campaign to underscore tradition in its value proposition. The campaign, entitled "O Natal traz o melhor de nós" (Christmas brings out the best in us), was held in stores, on television and on social media. An innovative way to celebrate Christmas spirit with Portuguese families. With more than 1.6 million views on YouTube, over 5 million views on TikTok and thousands of user-created videos, the campaign saw record-breaking visibility, going viral.

The Company continued to focus on proximity, launching the Happy Neighbourhood programme across the country. The programme is a social impact project where neighbours put forward causes to improve well-being in the neighbourhood, which are then voted on by customers in store. This initiative has already supported 434 causes in the neighbourhoods Pingo Doce is a part of, corresponding to an investment of 415 thousand euros.

Pingo Doce also expanded the coverage of its e-commerce channel, in partnership with the Mercadão platform (recently acquired by Glovo), and launched an online store for non-prescription medicines, a store dedicated to pet products and another to wine offer. A partnership with Glovo was also established for the delivery of ready-to-eat meals from Pingo Doce Fresh Food restaurants.

To make its customers' lives easier, by offering greater convenience, the banner launched the new Pingo Doce app with several features, such as creating shopping lists and suggesting personalised products, with a view to becoming the ultimate savings assistant. With this new app, the loyalty card Poupa Mais (Save More) is now available on smartphones and no longer needs to be physically displayed in stores. It also allows customers to keep track of the active discounts on their card and to check their available balance, savings and shopping history.

Pingo Doce remained focused on the differentiation and innovation of its assortment, launching 279 Private Brand products, most notably eight Go Active references, that along with exercising is ideal for a balanced diet, to boost well-being. The fresh fruit juice and vegan ranges were also expanded, with the plant-based meatballs in tomato sauce and fresh burger patties being of particular note in the latter range.

3.1.3. Recheio

MESSAGE FROM THE MANAGING DIRECTOR

The year 2021 was again affected by the pandemic, posing an added challenge for Recheio and its customers. The uncertainty and difficulties inherent in this context demanded that we once again demonstrate our capacity and resilience to deliver unwavering support to our customers' businesses. Thus, and to provide a more direct and effective response to the new shopping reality, we reviewed our promotions policy and designed new customer proximity communication tools for each business segment. When the time came to reopen our doors, we joined forces with Pingo Doce and, together, we created a movement to support restaurants and hotels in Portugal.

2021 was also the year in which we celebrated the 10th anniversary of our Amanhecer partnership, an initiative developed in response to an economic and financial crisis in Portugal aimed at supporting entrepreneurship and promoting Traditional Retail by combining investment with know-how and high-quality products. Today we are a strong brand with a nationwide presence, linked to proximity and quality, and counting with the preference of 460 partners.

During the year, we carried out our work with increased focus on sustainability, in our stores and warehouses, our products and in our communication, seeking to strengthen our message to fight food waste.

I could not close the chapter on 2021 without stressing that behind all our efforts is an exceptional team with a high sense of commitment to our customers and with extraordinary passion and dedication. A commitment that will continue to drive us to do better and more.

KEY FIGURES

 # Stores

38 stores and 4 platforms (2 refurbishments)

LFL

+7.0%

Sales

906 M€ (+7.0%)

EBITDA

43 M€ (+30.3%)

Capex

30 M€

Key Facts of the year

Support in reopening the HoReCa channel, together with Pingo Doce through the campaign "Unidos pela Restauração" (United for Restaurants).*

Strengthening of our partnership with the "Boa Cama Boa Mesa" (Good Hotels, Good Food) programme by developing content for product development training.

Delivery of more than 1,200 daily meals to schools through the meal solutions area.

Celebration of the Amanhecer partnership's 10th anniversary.

Recheio joined the "Unidos contra o Desperdício" (United Against Food Waste) campaign, a project led by the Portuguese Food Bank aimed at raising global awareness on this issue. In addition to this initiative, Recheio held a campaign entitled "Lado B" dos produtos (The B Side of Products), in which it suggested various uses for all product components.*

*More information about these and other sustainability initiatives is provided under Chapter 5 of this Annual Report.

AWARDS/RECOGNITIONS TO HIGHLIGHT

For the eighth year running, Recheio was the "Professionals Choice" #1 brand by Consumer Choice – Consumer Satisfaction Assessment Centre

Recheio was distinguished as Inclusive Employer 2021 by the Portuguese Institute of Employment and Vocational Training

Complete list of awards and recognitions: www.jeronimomartins.com/en/about-us/recognition/

Performance

The year 2021 was again marked by great instability associated with the Covid-19 pandemic and the constant need to adapt to new restrictive measures. Despite the severe restrictions imposed on hotels, restaurants and coffee shops in early 2021, the HoReCa channel gradually recovered in the year, particularly in the fourth quarter.

On the opposite trend, Traditional Retail saw a boost in sales in the first quarter of the year and slowed in the remaining months. Within this context, Recheio quickly adapted its operation, assortment, and services to better meet the needs of its customers.

Net Sales (€ Million)

Focusing on the customer and on the competitiveness of its offering drove Recheio to achieve 906 million euros in sales, up 7.0% compared to 2020, with an LFL of 7.0%.

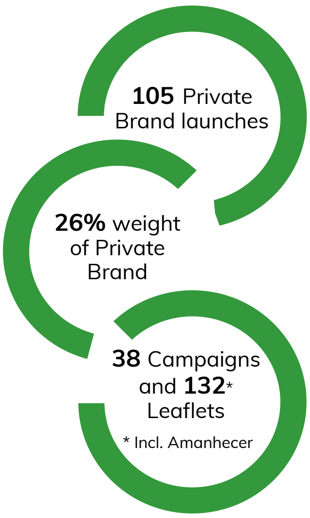
EBITDA amounted to 43 million euros, 30.3% higher than in 2020. The EBITDA margin stood at 4.7% (3.9% in 2020), benefiting from good sales performance, operating leverage and adaptation of the Company's cost structure to the new reality, in particular in food service.

To the performance it should be highlighted the higher growth of the HoReCa segment. Although not fully recovered from the adverse impact recorded in 2020, Recheio's sales in 2021, for this segment, grew c.15%. This performance was due to an increase in the number of customers and in average ticket spending. Food service was also one of the areas that achieved good performance in 2021, benefiting from the gradual rise in tourism and an internal review of the business model, which began the year before, with the goal to adapting the structure to the new circumstances.

Recheio was able to maintain sales levels in Traditional Retail, leveraging its partnership with the Amanhecer store network. With 460 stores, 76 more than in the previous year, Recheio strengthened its commitment to stand by its partners, developing small businesses and contributing to their sustainability.

As regards exports, sales grew c.18%, mainly due to the recovery of global economic activity, both in the greater number of countries to which Recheio exports and an increase in the number of customers in the markets in which it operates.

The many campaigns and initiatives held during the year, which strengthened price opportunities and rewarded customer loyalty, also contributed to these results. With regards to HoReCa channel in particular, Recheio held campaigns to assist in the recovery of the sector, such as the project Web Kitchen Lab, which enabled restaurants to increase sales without the need for additional investment, producing exclusive menus and recipes created for this project, in collaboration with public figures.



Bearing in mind the market context, Recheio continued to explore digital channel opportunities, both in terms of communication, investing in new social media avenues and developing targeted communication via newsletters and text messages, as in terms of business, establishing partnerships with picking and delivery service players.

In terms of assortment, the banner remained focused on innovating its Private Brand and launched a total of 105 references: 30 Masterchef and 75 Amanhecer. It also introduced new industry branded products to its assortment to position Recheio as a food specialist and better serve its customers.

During the year the Company invested 30 million euros in improving and modernising its store network.

3.1.4. Ara

MESSAGE FROM THE MANAGING DIRECTOR

Uncertainty surrounding the pandemic continued in 2021, the easing of which, in the second half of the year, led to increased circulation of people and the reopening of the economy in general. Ara's priorities were to remain focused on our teams and our customers, ensuring they could work and shop in safety, and on our suppliers, who we continued to offer more flexible payment terms.

Food prices increased in the year, particularly following the strikes and social protests of May and June which disrupted national supply chain. Against this backdrop, our main concern was to ensure product availability.

In the more challenging times, the Ara team once again demonstrated unity, ambition, motivation, resilience and the ability to overcome challenges.

With a value proposition enhanced by an innovative and quality offer, focusing especially on fresh food, perishables and Private Brand, Ara strengthened its price leadership when Colombian families needed it most. Our efforts were recognised with strong sales growth, which broke the one-billion-euro barrier.

We accelerated store openings, preparing a pipeline to make 2022 another year of strong expansion, where we will continue to focus on growth, winning the preference of Colombian families and working to continuously improve the Company's profitability. All this while remaining committed to the quality of our products, food safety, and sustainable resource use, underpinned by complete confidence in our teams and the strengthening of the partnerships established with Colombian producers.

KEY FIGURES

 # Stores
819 (157 openings)

Sales
1,102 M€ (+29.0%)

LFL
+24.3%

EBITDA
26 M€ (+226.5%)

Capex
81 M€

Key Facts of the year

Sales surpassed the one-billion-euro barrier for the first time, growing around 30%.

Stores present in more than 20 departments in Colombia.

Focusing on expansion which allowed surpassing 150 openings, above planning.

The Company achieved break-even, at EBITDA level, for the first time.

Remarkable reinforcement of Ara's price perception by Colombian consumers.

Innovation in differentiating Private Brand products.

Ara joined the Office of the First Lady "*Gran Alianza por la Nutrición*" initiative, to reduce nutritional deficit in vulnerable populations. Another campaign – "*Misión Nutrición*" – aimed at fighting the problem of malnutrition in Colombia, focusing on quality information on healthy eating habits.*

Donation of 223 tonnes of surplus food to charities.*

Accession to *Acuerdo de Voluntades* (Voluntary Agreement) promoted by the Colombian government to fight deforestation linked to the production of palm oil in the country.*

*More information about these and other sustainability initiatives is provided under Chapter 5 of this Annual Report.

AWARDS/RECOGNITIONS TO HIGHLIGHT

Best 2021 Workplaces – 3rd best company to work for in Colombia

Complete list of awards and recognitions: www.jeronimomartins.com/en/about-us/recognition/

Performance

The socio-economic landscape in Colombia remained challenging, reflecting the effects of the pandemic and some social tensions. Food inflation in the country had an upward trend, reaching double digit from the third quarter of the year. For that contributed the hike in the price of raw materials and disruptions in the national supply chain during May and June as a result of strikes and social protests.

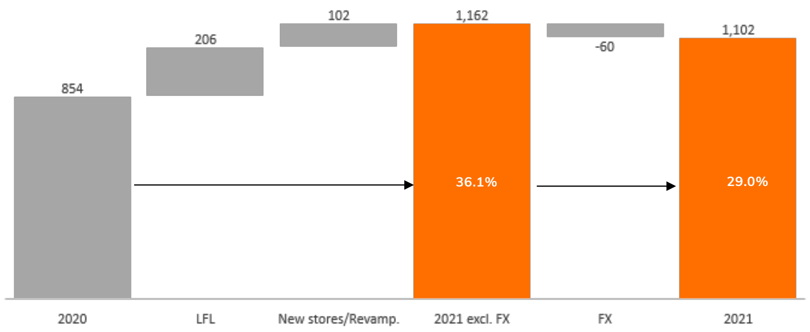
The pandemic situation remained relatively controlled throughout the year, although the number of infections increased from March and during the second quarter, leading to intermittent restrictions being imposed on the circulation of people in some regions of the country. However, and despite some exceptions, these restrictions did not have a material impact on retail operating conditions and measures were not as restrictive as those in place in 2020.

Ara enhanced its value proposition and began 2021 with a quality offering with competitive pricing and promotions, determined to accelerate its expansion which, together with an improved cost structure, will enable sustainable and profitable sales growth.

Confirming the competitiveness of its value proposition, Ara's sales reacted positively to the lifting of restrictions and the increased movement of people. In the year, the growth was of 36.1% in local currency, including an LFL of 24.3%, denoting a recovery from last year.

In euros, sales surpassed one-billion-euro, amounting to 1,102 million, up 29.0% year-on-year.

Net Sales (€ Million)



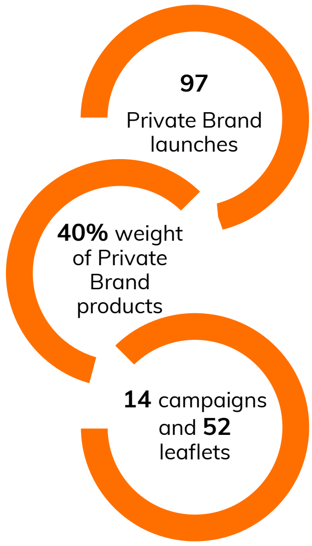
During the more restrictive period imposed by the pandemic and in which there was social unrest, Ara worked to find solutions that would ensure continued operation with satisfactory stock levels, mainly in the regions most affected by the disruptive impact on the country's supply chain. The Company mobilised massively to act quickly, keeping operations going with minimum constraints while, at the same time, keeping the focus in the protection of its teams, customers, and infrastructure.

From June on, and with the stabilisation and improvement of stocks delivery service to stores, Ara focused on strengthening its value proposition and stabilising the flow with suppliers and was able to replenish its stock levels.

A strong price positioning remained a key performance enabler and although the Company's basket inflation increased during the year, it was always kept well below market inflation. During the year, Ara stayed committed to its promise of low prices, good promotional opportunities and being the one-stop shop for all the food needs of Colombian families, strengthening its relationship with consumers. To this end, it held 14 campaigns, most noteworthy of which "Merca Todo en Ara" (Shop All at Ara) and implemented several actions and a "Mega Sales" on selected items, launching also 52 leaflets.

In October Ara returned to national television with a spot centred on the message "Merca Todo en Ara" (Shop Everything at Ara), aiming to promote the Company and informing current and potential consumers about the availability of a comprehensive assortment, which enables them to do all shopping at their Ara store.

Decentralisation is one of the strengths of its strategy and as such the Company empowered different regions to be very active and to implement regional campaigns to fight local competition. In this regard, several "Local Rebajon" (Promotions) campaigns were also held with an impact on some key stores. With very low prices on selected products, the strategic goals aimed at fulfilling its promise of Ara's positioning, increasing the average purchase, and attracting new consumers to its stores.



As regards its Private Brand, Ara continued to invest in the differentiation and innovation of its assortment, having launched 97 new products and carried out 118 relaunches in the year.

Particularly of note was the launch of new cosmetics brand Nazú, with over 40 references. This move is part of the Company's strategy to strengthen its Private Brand portfolio, offering its customers quality products at competitive prices.

As a top priority in its growth strategy, the expansion programme enabled the Company in advancing at an increasingly accelerated pace with an investment of 81 million euros and, with the opening of 157 stores in 2021, surpassing the target set for store expansion, increasing capillarity and the entry in new areas.

Good performance throughout the year, both in terms of sales and profitability, confirmed that its business model addresses the needs and preferences of Colombian consumers. It also confirmed the success potential of the model in a country where most of the population still finds economic access to quality food difficult.

EBITDA amounted 26 million euros in 2021, compared to (20) million euros in the previous year. This turning point is the culmination of the Company's determination to build a path towards profitably underpinned by a strong sales foundation, having also improved since implementing cost optimisation in the second quarter of 2020, which has proved to be sustainable.

3.2. Agro-Alimentar

3.2.1. Jerónimo Martins Agro-Alimentar (JMA)

Jerónimo Martins Agro-Alimentar

MESSAGE FROM THE MANAGING DIRECTOR

The year 2021 was one in which the pressure on supply chains, as a result of the pandemic, once again created uncertainty in the global economy. Aware of this tremendous challenge, in Jerónimo Martins Agro-Alimentar (JMA), the determination of the teams to define strategies to mitigate the effects and their renewed commitment to implement safety measures, helped ensure regular production and supply to our customers.

Besides the normal growth of current business units, JMA ventured into new areas, with the entry into a new country being of particular note in the year.

We believe that the foundations have been carefully laid and are properly consolidated to meet the tough challenges that lie ahead in 2022 for the agribusiness sector and that the team is motivated and aware of the approach and tools needed to successfully overcome those challenges.

Key Facts of the year

Investment in the largest organic orange plantation in the country, a project that addresses international consumer trends and is in line with the EU's Common Agricultural Policy for accelerating organic production.*

Terra Alegre obtained ISO 14001:2015 certification at its factory in Portalegre.*

In the dairy sector, an innovative product was launched on the market (Pingo Doce Pura Vida Fortified Milk) to meet a specific, above 50 years, consumers need.*

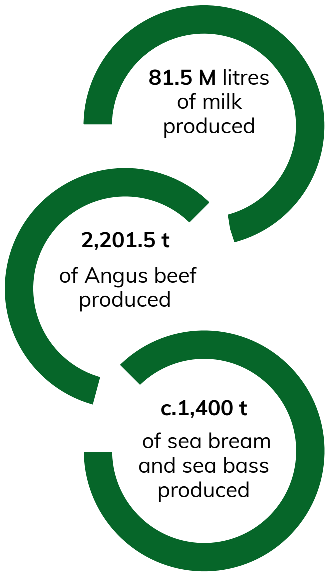
The company Ovinos da Tapada was established in the livestock farming sector, under a partnership, aimed at producing lambs.

Entry into a new market, under a partnership established for the production of sea bass and sea bream in Morocco.

*More information about these and other sustainability initiatives is provided under Chapter 5 of this Annual Report.

FOCUS ON SUSTAINABLE SUPPLY

In an extremely challenging year, JMA focused on the sustainable growth of its business units, seizing the opportunities of each market.



During the year, in the dairy sector, Terra Alegre obtained AENOR animal welfare certification. This business unit also launched an innovative and differentiated milk-based beverage product in the Portuguese market - Pingo Doce Pura Vida Fortified Milk (for men and women over the age of 50).

In the livestock farming, Best Farmer saw its environmental licence approved for the construction of a new fattening unit and the renewal of the licence of its dairy farm in Monte do Trigo, which will fuel the growth of this business unit.

Also in the livestock farming, JMA created Ovinos da Tapada, by establishing a partnership with a producer in the region of Fundão, for the production of lambs.

The year 2021 was one of growth in the Aquaculture sector, during which JMA entered a new country through the acquisition of two-thirds of the share capital of Moroccan company Mediterranean Aquafarm. Seaculture, in turn, increased its number of licences for the production of sea bass and sea bream in the Algarve.

As regards the Fruits and vegetables production area, in 2021 Outro Chão planted 40 hectares of organic seedless grape vines, in partnership with a local grape farmer. Tasty Fruits was also set up for the implementation of the production of organic oranges in the Algarve together with local farmers.

3.3. Specialised Retail

3.3.1. Hebe

MESSAGE FROM THE MANAGING DIRECTOR

In 2021, the Covid-19 pandemic continued to impact the Health and Beauty market with significant restrictions affecting the first half of the year. In this context, the mobilisation of the team enabled Hebe to adapt rapidly and strengthen its position in the market while reinforcing its financials.

Hebe's sales performance was very positive, now with two growth engines: stores and e-commerce. Our sales dynamic reflected in Hebe's market share evolution as we significantly outperformed the market.

We continued with the development of our unique omnichannel value proposition while adjusting our operating model to customer expectations. In 2021, we doubled the sales of our e-commerce business, positioning Hebe as a strong contender for online leadership in Poland and a relevant player in Central and Eastern Europe, despite being physically present only in Poland.

We further reinforced our differentiation in the market with stores being fully integrated into Hebe's digital vision to enhance customer experience. Significant assortment improvement has also amplified Hebe's consumer appeal, reinforcing its beauty expertise and uniqueness and driving more traffic both online and offline.

I firmly believe that Hebe is on the right track to emerge stronger after the pandemic. Looking ahead, our ambition is to become the reference player in Health and Beauty with a leadership position in e-commerce.

KEY FIGURES

 # Stores
291 (25 openings)

Sales
278 M€ (+13.5%)

LFL
+17.5%

EBITDA
25 M€

Capex
11 M€

Key Facts of the year

Development of the omnichannel model, with online sales more than doubling and accounting for 13% of sales.

First Beauty retailer in Poland to offer 2-hour delivery and in-store pickup.

Self-checkouts in all Hebe stores.

Launch with more natural ingredients of 119 Hebe branded products.

Launch of the new "Hebe Mother and Daughter" communication platform, tailored to our omnichannel strategy.

During the year, the Company supported a nationwide campaign "Top Women in e-business" to award women who stand out in entrepreneurship and social action.*

*More information about this and other sustainability initiatives is provided under Chapter 5 of this Annual Report.

AWARDS/RECOGNITIONS TO HIGHLIGHT

Winner of the "E-commerce Polska Awards 2021", granted by the Chamber of Electronic Economy

Hebe's mobile app won the Mobile Trends Awards 2020, considered the most important award for companies using mobile technologies in their activities

Complete list of awards and recognitions: www.jeronimomartins.com/en/about-us/recognition/

Performance

In the context of the pandemic, the restrictions imposed on the movement of people and on non-essential business activities still had a significant impact on sector performance in the first half of 2021.

In major cities, the impact was more severe due to higher prevalence of remote work, lack of tourists and students, further development of e-commerce solutions, and increased focus on one-stop shopping.

Growth resumed in the Health and Beauty market in 2021, with the easing of restrictions allowing bigger shopping centres to once again record sales peaks during weekends. Leveraging the continued development of its omnichannel value proposition, Hebe was able to benefit from the positive consumer environment and accelerate its growth.

Overall, the market remained very competitive, with e-commerce development by many players and a very strong activity from drugstores and proximity/convenience food retailers that clearly took advantage of the environment to increase their market shares.

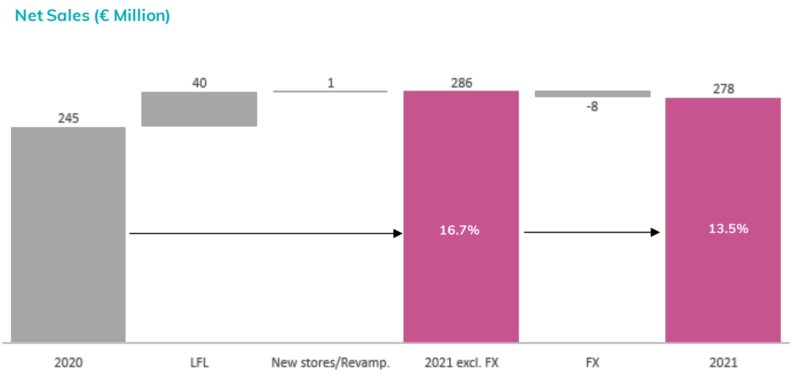
Hebe successfully overcame the circumstances and, despite the restrictions in place, clearly outperformed the market. The execution of the digital and omnichannel strategy has enhanced differentiation and improved sales performance.

During the year, the Company consolidated its growth strategy, progressing with its online operation while reinforcing its store network.

At the same time, and with increased investment in technology, the strategy to digitalise stores continued, to offer the best experience for consumers while improving productivity.

The Company did well in its two growth engines - online and brick and mortar stores - and its sales dynamic was reflected in market share positive evolution in key categories: makeup, face care, hair care and body care.

In the total market Hebe achieved a 1.4 p.p. market share increase while growing 1.8 p.p. in the drugstore market.



Hebe recorded sales growth of 16.7% in local currency. Excluding the pharma business, which was discontinued in July 2020, sales increased by 23.8% with a LFL of 17.5% (LFL includes online sales).

In euros, sales amounted to 278 million euros, up 13.5% compared to 2020.

During 2021 the Company invested in attraction, focusing more than ever on promotional activity and additional special events, some related to the celebration of the Company's 10th anniversary. The promotional strategy centered on maintaining price competitiveness in mainstream categories while reinforcing differentiation and Hebe's unique approach to exclusive assortment, namely Polish brands.

Hebe implemented "The world starts with a mother" programme with 33,000 cosmetic products donated to c.1,300 single mothers supported by 53 institutions.

Hebe revised its offering, adapting its store layout to increase the space for exclusive and Hebe brands to be added to the offering in 2021, as well as putting a stronger focus on prime categories. The online assortment was expanded to offer a wider selection of categories and brands.

As regards its omnichannel strategy, Hebe kept investing in its loyalty programme to boost customer engagement, improve retention, frequency and basket. In 2021, My Hebe programme membership increased by 13%.

Hebe's EBITDA totalled 25 million euros versus 19 million euros in 2020. The EBITDA margin stood at 9.0% versus 7.6% in 2020.

2.9 million
active loyalty cards

119
Private Brand and exclusive products

7.9 million
online users per month

3.3.2. Jeronymo and Hussel

JERONYMO HUSSEL

MESSAGE FROM THE MANAGING DIRECTOR

2021 was a very similar year to 2020, particularly in the first half, with the stores having been closed for four months.

However, the resilience and lessons learned in the previous year helped create the conditions needed for us to focus on our online channel, deliveries, and on preparing our stores for the reopening of the market. This approach enabled us to achieve, in the last quarter of the year, the sales level recorded in 2019.

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

I am confident about the future and, in 2022, we will continue to relaunch the Jeronymo and Hussel brands, with a renewed focus on sustainability, a healthy offering and store refurbishments, to strengthen and continue growing the business.

Key Facts of the year

The Jeronymo store in the Mar Shopping Centre (Matosinhos) reopened with a new image.

We expanded Hussel in the Colombo Shopping Centre (Lisbon), giving the store a more attractive layout.

Jeronymo and Hussel partnered with platforms that fight food waste.

Hussel launched an initiative to fight food waste under the slogan: "At Hussel nothing is wasted". The initiative invites customers to purchase items with a short expiration date, offering at a minimum discount of 60%.

Both companies continued to invest in the ecodesign packaging of their offering.

FOCUS ON SUSTAINABLE GROWTH

Hussel and Jeronymo were strongly affected by the closing of shopping centres in the beginning of the year due to the pandemic.

The consequent decline in tourism and in the circulation of people had a negative impact on the performance of the stores, even with the easing of restrictions. That said, the companies still rose to the challenge, remaining focused on the needs of their customers and on the innovation and sustainability of their offer.

Jeronymo kept some stores open during the lockdown period, essentially to ensure the takeaway and delivery service. To improve its offering and its proximity to customers, a collaboration was formed with Pingo Doce meal solutions that helped improve the quality and variety of pre-prepared meals, namely by creating seasonal menus.

Hussel stores were closed for the second consecutive year in a period of traditionally high influx of customers (Valentine's Day, the days leading up to Easter, and Fathers' Day), which led the Company to promote campaign actions through its online channel and digital interactions.

During the year, both banners aligned their online and offline identities through social media, in the case of Jeronymo, and by promoting its website, in the case of Hussel, thus completing their rebranding process. Hussel kept its online channel running throughout the year.

Despite the context, both banners recorded positive growth and a trend towards recovery compared to a 2020 that was very negatively impacted by the pandemic. Hussel's LFL sales grew 33.9% and Jeronymo recorded a 16.8% LFL increase year-on-year.

4. Outlook for the Jerónimo Martins Businesses

The year 2022 will still be conditioned by the ongoing uncertainty associated with the evolution of Covid-19 pandemic, to which adds the situation in Ukraine that steps up the challenges ahead.

In the second week after the invasion of Ukraine by the military forces of the Russian Federation it is still too early to understand the full consequences over the region, over Europe and over the World.

Meanwhile the rapid increase in food, energy, and transportation prices are today exacerbated by the military conflict and by increased bottlenecks in international supply chains. Moreover, there is a visible depreciation of Eastern Europe currencies, namely of the zloty.

Flexibility and agility in responding to particularly demanding circumstances will continue to be core attributes of our teams, which have shown so far a remarkable mobilization to aid refugees.

With mounting food inflation, maintaining price competitiveness and creating saving opportunities through promotional activity is even more critical in all Companies' agendas.

Biedronka

Biedronka is aware of the extra difficulties of managing the balance between growth at sales level and profitability protection. In the current circumstances its key priority is to stand by the Polish consumers and live up to the banner's claim in a moment of decrease in disposable income. As such, and despite the insufficient visibility at this moment over the impact of recent events in Ukraine, particularly on the extension of cost inflation, Biedronka is prepared to further invest in prices to maintain competitiveness, which will increase pressure on margins.

At this point in time, our largest Company expects to be able to stick to its investment plan in the expansion and remodelling of the store network, in order to provide Polish consumers with the best value proposition on the market.

That being said, the current situation demands for an even closer monitoring and even higher adaptability. We will be continuously reassessing needs and priorities, making sure our number one goal in Poland is met: partnering with our suppliers to overcome likely constraints in the food chain and keep being the Poles' favourite food store, while supporting the Polish effort to help Ukrainians.

Hebe

Hebe intends to continue consolidating its store network in Poland while continuing to focus on the growth of its online operation.

Pingo Doce

In line with the previous year, in 2022 Pingo Doce will remain focused on ensuring business management in the context of the pandemic, keeping a close eye on opportunities for growth that may arise in a constantly changing environment while looking towards the future, focusing on sales, profitability and the commitments made every day to its customers, employees, suppliers and surrounding communities.

The strategic pillars of differentiation – perishables, Private Brand and Meal Solutions –, combined with competitive pricing and business sustainability will continue to be the areas of greatest investment, to strengthen the banner's value proposition.

One of the Company's strategic priorities will also be to implement its investment plan, which will enable to continue expanding and improving its store network, boosting its presence and position in the national market.

Recheio

In a year in which it celebrates its 50th anniversary, Recheio aims to consolidate its leadership position in the cash & carry market. To this end, it will continue to invest in developing a tailored offering for each of the segments it serves. Another ongoing objective will be to strengthen competitiveness and the development of new services.

As regards HoReCa, new opportunities have been identified in Meal Solutions, where Recheio aims to intensify its activities. In traditional retail, the strengthening of the partnership with proximity chain Amanhecer will enable Recheio to gain additional market share.

The Company plans to increase its presence as well as its coverage of the Greater Lisbon area and will continue its digital transformation and to strengthen its value proposition and positioning with its customers.

Ara

In light of its solid performance in 2021, and despite the fragility of the socio-economic environment, Ara intends to continue to accelerate its store opening plan, increasing its presence in the market – both by entering new regions where it is still not present while reinforcing its presence in the regions where it already operates – increasing the scale of the operation.

Besides, it will continue developing and innovating its assortment, in particular its Private Brand, to ensure it comprehensively caters to the needs of Colombian families. The Company will invest in its value proposition, where competitive pricing plays a key role in winning consumer preference and in strengthening its price leadership in the market.

Jerónimo Martins Agro-Alimentar (JMA)

JMA remains focused on bringing sustainable sourcing solutions to the Jerónimo Martins Group, while exploring new strategic projects that ensure the development of the production and industrial sector of this business area. The year 2022 will also be important in the design of a commercial strategy for asserting our products in the market.

Jeronymo e Hussel

In the coming year, the banners will invest in keeping the upward trend in growth recorded in recent months.

With the rebranding of the banners completed, 2022 will be a year of consolidation, with Hussel focusing on its new image, including new packaging and assortment. Jeronymo will invest in strengthening innovation and sustainability, in continuously introducing novelties in stores, and in local communication with customers.

5. Events after the Balance Sheet Date

Jerónimo Martins has been monitoring the evolution of events after 24 February 2022, with the beginning of the military conflict triggered by the invasion of Ukraine by the Russian Federation. This situation originated an increased uncertainty about the evolution of economies and financial markets worldwide, and it is not possible, at this moment, to estimate the potential future effects on the Group's operations, as described in previous point of the Management Report.

The Group is following the evolution of the conflict, taking the measures considered appropriate at any moment, up to this date no material impacts have been identified, that should lead to changes in the financial statements referring to 31 December 2021.

6. 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.

At the 8 April 2021 AGM, considering the above-mentioned policy and following the Board of Directors' proposal, it was resolved to distribute dividends in a total amount of 181 million euros.

This translated in a gross dividend of 0.288 euros per share (excluding the 859,000 own shares in the portfolio), paid in May 2021, 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.

Taking into consideration the consolidated net earnings for 2021, the solid financial situation of the Group (a 1 billion euros cash position at year end), and the business momentum, which allows the companies to look ahead with confidence, the Board of Directors will propose to the Annual General Shareholder's Meeting, the distribution of 493.3 million euros from profits for the year and from free reserves.

This amount represents an exceptional payout of 100% of consolidated net earnings (or 96% of the ordinary consolidated net earnings) excluding the effects of IFRS16, the double of the amount that would result from the Company's dividend policy.

The proposed distribution of profits for the year and free reserves corresponds to a gross dividend of 0.785 euros per share, excluding the 859,000 own shares in the portfolio.

After this distribution, the Company and the Consolidated Balance Sheet will remain strong. The Group retains the flexibility to continue investing in organic growth and take advantage of potential acquisition opportunities.

7. Results Appropriation Proposal

In the financial year 2021, Jerónimo Martins, SGPS, S.A. declared consolidated net earnings of 462,749,264.39 euros and net earnings at its individual accounts of 443,198,183.09 euros.

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

- Free Reserves .... 152,057.99 euros;
- Dividends .... 443,046,125.10 euros.

The Board of Directors also proposes to the Shareholders the distribution of free reserves in the amount of 50,274,737.60 euros in addition to the referred distribution of profits for the year.

The proposed distribution of profits for the year and of free reserves represents a gross dividend payment of 0.785 euros per share, excluding own shares in the portfolio.

Lisbon, 8 March 2022

The Board of Directors

8. 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; Administrative costs and Other operating profits/losses, excluding the amount of €-745 million related with Depreciations and amortisations (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/Losses 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	Net profit attributable to Jerónimo Martins Shareholders

Balance Sheet

Balance Sheet (in Management Report)	**Consolidated Balance Sheet** (in Consolidated Financial Statements)
Net Goodwill	Amount reflected in note 9. - Intangible assets
Net Fixed Assets	Includes the headings Tangible and Intangible assets (excluding the Net goodwill - €618 million) and adding the Financial leases amount (€27 million)
Net Rights of Use (RoU)	Includes the heading of Net rights of use excluding the Financial leases (€27 million)
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 €-15 million related to 'Others' due to its operational nature. Excludes the amount of €33 million of Short-term investments that don't qualify as cash equivalents (note 13. - Debtors, accruals and deferrals) and, when applicable, the amount related with Interest accruals and deferrals heading (note 17.3. - 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 and Provisions for risks and contingencies. Excludes the value of €-15 million related to 'Others' due to its operational nature
Invested Capital	
Total Borrowings	Includes the heading Borrowings current and non-current
Financial Leases	Financial lease liabilities (2021: €22 million; 2020: €11 million) according with IAS 17 in place before IFRS16 adoption
Capitalised Operating Leases	Amount in the heading of Lease liabilities current and non-current, excluding Financial leases (note above)
Accrued Interest	Includes the headings Derivative financial instruments and when applicable, the amount related with Interest accruals and deferrals (note 17.3. - Net financial debt)
Cash and Cash Equivalents	Includes the heading Cash and cash equivalents, the amount of €33 million of Short-term investments that don't qualify as cash equivalents (note 13. - 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 (€29 million)
Capitalised Operating Leases Payment	Included in the heading Leases paid, excluding the amount of €9 million 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 (€-19 million), as well as, excludes net change in Short-term investments that don't qualify as cash equivalents (€33 million)
Change in Working Capital	Includes Changes in working capital added from headings which did not generate cash flow
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 €-29 million
Cash Flow	Corresponds to the Net change in cash and cash equivalents, deducted from Dividends paid and received, Net change in loans, Collateral deposits associated to financial debt and in Short-term investments that don't qualify as cash equivalents (€33 million). It also includes acquisitions of tangible assets classified as finance leases (€-19 million) and deducted from the payment of financial leases (€9 million), both according with previous accounting standards

Jerónimo Martins

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FINANCIAL STATEMENTS

Financial Statements

Consolidated Financial Statements

1. Consolidated Financial Statements

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CONSOLIDATED INCOME STATEMENT BY FUNCTIONS

For the years ended 31 December 2021 and 2020

€ Million

	Notes	2021	2020	4th Quarter 2021	4th Quarter 2020
Sales and services rendered	3	20,889	19,293	5,683	5,096
Cost of sales	4	(16,392)	(15,067)	(4,475)	(3,985)
Gross profit		**4,497**	4,227	**1,207**	1,110
Distribution costs	4	(3,306)	(3,203)	(864)	(822)
Administrative costs	4	(351)	(334)	(91)	(84)
Other operating profits/losses	4.1	(34)	(50)	(26)	(29)
Operating profit		**806**	639	**226**	175
Net financial costs	6	(154)	(180)	(35)	(40)
Gains (losses) in joint ventures and associates		0	0	(0)	0
Gains (losses) in other investments		0	0	0	0
Profit before taxes		**652**	459	**191**	135
Income tax	7	(168)	(136)	(48)	(41)
Profit before non-controlling interests		**484**	323	**143**	94
Attributable to:					
Non-controlling interests		21	11	4	1
Jerónimo Martins Shareholders		**463**	312	**139**	93
Basic and diluted earnings per share - euros	16	0.7364	0.4967	0.2211	0.1479

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December 2021 and 2020

€ Million

	Notes	2021	2020	4th Quarter 2021	4th Quarter 2020
Net profit		**484**	323	**143**	94
Other comprehensive income:					
Remeasurements of post-employment benefit obligations	5.2	0	(1)	0	(1)
Related tax	7.3	(0)	0	(0)	0
Items that will not be reclassified to profit or loss		**0**	(1)	**0**	(1)
Currency translation differences		(9)	(85)	4	(6)
Change in fair value of cash flow hedges	11	(0)	0	(0)	0
Change in fair value of hedging instruments on foreign operations	11	(2)	26	(1)	0
Related tax	7.3	(1)	(2)	0	(0)
Items that may be reclassified to profit or loss		**(12)**	(62)	**4**	(6)
Other comprehensive income, net of income tax		**(12)**	(62)	**4**	(6)
Total comprehensive income		**473**	261	**146**	88
Attributable to:					
Non-controlling interests		21	11	4	1
Jerónimo Martins Shareholders		451	250	143	87
Total comprehensive income		**473**	261	**146**	88

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

CONSOLIDATED BALANCE SHEET

As at 31 December 2021 and 2020

€ Million

	Notes	2021	2020
Assets			
Tangible assets	8	3,993	3,817
Intangible assets	9	757	757
Investment property		8	9
Right-of-use assets	10	2,248	2,167
Biological assets		5	3
Investments in joint ventures and associates		13	6
Other financial investments		2	1
Trade debtors, accrued income and deferred costs	13	57	70
Deferred tax assets	7	175	163
Total non-current assets		**7,256**	**6,994**
Inventories	12	1,108	974
Biological assets		7	5
Income tax receivable		23	17
Trade debtors, accrued income and deferred costs	13	479	393
Derivative financial instruments	11	1	4
Cash and cash equivalents	14	1,494	1,041
Total current assets		**3,112**	**2,434**
Total assets		**10,368**	**9,428**
Shareholders' equity and liabilities			
Share capital		629	629
Share premium		22	22
Own shares		(6)	(6)
Other reserves		(140)	(129)
Retained earnings	15	1,773	1,491
		2,278	**2,008**
Non-controlling interests		**254**	**249**
Total shareholders' equity		**2,532**	**2,257**
Borrowings	17	347	364
Lease liabilities	10	1,993	1,897
Trade creditors, accrued costs and deferred income	19	1	1
Employee benefits	5	70	70
Provisions for risks and contingencies	18	34	33
Deferred tax liabilities	7	66	66
Total non-current liabilities		**2,511**	**2,430**
Borrowings	17	113	160
Lease liabilities	10	394	377
Trade creditors, accrued costs and deferred income	19	4,771	4,154
Derivative financial instruments	11	1	0
Income tax payable		47	50
Total current liabilities		**5,325**	**4,741**
Total shareholders' equity and liabilities		**10,368**	**9,428**

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 2021 and 2020

€ Million

	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 2020	629	22	(6)	(0)	(67)	1,396	1,975	254	2,229
Equity changes in 2020									
Currency translation differences				0	(88)		(88)		(88)
Change in fair value of cash flow hedging				0			0		0
Change in fair value of hedging instruments on foreign operations					26		26		26
Remeasurements of post-employment benefit obligations						(1)	(1)	(0)	(1)
Other comprehensive income	-	-	-	0	(62)	(1)	(62)	(0)	(62)
Net profit						312	312	11	323
Total comprehensive income	-	-	-	0	(62)	312	250	11	261
Dividends						(217)	(217)	(15)	(232)
Balance Sheet as at 31 December 2020	629	22	(6)	0	(129)	1,491	2,008	249	2,257
Balance Sheet as at 1 January 2021	629	22	(6)	0	(129)	1,491	2,008	249	2,257
Equity changes in 2021									
Currency translation differences					(10)		(10)		(10)
Change in fair value of cash flow hedging				(0)			(0)		(0)
Change in fair value of hedging instruments on foreign operations					(2)		(2)		(2)
Remeasurements of post-employment benefit obligations						0	0	0	0
Other comprehensive income	-	-	-	(0)	(12)	0	(12)	0	(12)
Net profit						463	463	21	484
Total comprehensive income	-	-	-	(0)	(12)	463	451	21	473
Dividends (note 15)						(181)	(181)	(17)	(198)
Acquisitions/Disposal of non-controlling interests						-	-	1	1
Balance Sheet as at 31 December 2021	629	22	(6)	-	(140)	1,773	2,278	254	2,532

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

CONSOLIDATED CASH FLOW STATEMENT

For the years ended 31 December 2021 and 2020

€ Million

	Notes	2021	2020*
Net results		463	312
Adjustments for:			
Non-controlling interests		21	11
Income tax		168	136
Depreciations and amortisations		745	734
Net financial costs		154	180
Gains/Losses in associated companies		(0)	(0)
Gains/Losses in other investments		(0)	(0)
Profit/ Losses in tangible, intangible and right-of-use assets		4	5
Operating cash flow before changes in working capital		**1,555**	**1,378**
Changes in working capital:			
Inventories		(148)	14
Trade debtors, accrued income and deferred costs		(4)	23
Trade creditors, accrued costs and deferred income		527	205
Provisions and employee benefits		1	4
Cash generated from operations		**1,931**	**1,623**
Income taxes paid		(174)	(174)
Cash flow from operating activities		**1,756**	**1,449**
Investment activities			
Disposals of tangible and intangible assets		6	4
Disposals of other financial investments and investment property		0	-
Interest received		1	2
Dividends received		0	0
Acquisition of tangible and intangible assets		(584)	(514)
Acquisition of other financial investments and investment property		(33)	-
Acquisition of businesses, net of cash acquired		(6)	(0)
Collateral deposits associated to financial debt		-	19
Cash flow from investment activities		**(617)**	**(488)**
Financing activities			
Loans interest paid		(22)	(28)
Leases interest paid	6	(130)	(127)
Net change in loans	17	(40)	(146)
Leases paid	10	(286)	(274)
Dividends paid	15	(198)	(232)
Cash flow from financing activities		**(676)**	**(807)**
Net changes in cash and cash equivalents		**463**	**153**
Cash and cash equivalents changes			
Cash and cash equivalents at the beginning of the year		1,041	929
Net changes in cash and cash equivalents		463	153
Effect of currency translation differences		(10)	(41)
Cash and cash equivalents at the end of December	14	**1,494**	**1,041**

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

*The amounts presented in 2020 in Provisions and other operating gains and losses are no longer adjusted to the Net results and are now included in Changes in working capital

CONSOLIDATED CASH FLOW STATEMENT For the interim period

€ Million

	2021	2020	4th Quarter 2021	4th Quarter 2020
Cash Flow from operating activities	1,756	1,449	671	561
Cash Flow from investment activities	(617)	(488)	(205)	(143)
Cash Flow from financing activities	(676)	(807)	(139)	(243)
Cash and cash equivalents changes	**463**	**153**	**327**	**175**

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 24 and 26. The activities of the Group and its performance during the year 2021 are detailed in Chapter 2 – Management Report – Creating Value and Growth. JMH designation hasn't changed in 2021.

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

Sociedade Francisco Manuel dos Santos, S.E. is the ultimate parent company of the Group.

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 8 March 2022.

Covid-19

As in much of the year 2020, the year of 2021 continued to be impacted directly and indirectly by Covid-19 pandemic, which highlighted inequalities that already existed in society and, along with the economic and financial impacts caused on families and companies, brought behavioural changes that are expected to continue over the next months.

Since the first cases started to appear in 2020, namely in the regions where it operates, the Group has been closely monitoring all developments related with the pandemic, implementing judiciously the measures deemed adequate sometimes in anticipation of the recommendations issued by the Health Authorities.

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.

Group Companies have also implemented initiatives to increase efficiency and control costs, that enabled them to limit the negative impact generated by the Covid-19 pandemic, on their respective business profitability. Taking into account the events that have taken place so far, although the next months are likely to continue surrounded by uncertainty regarding the evolution of the pandemic scenario, and the progress of large-scale vaccination, it is not expected that the 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.

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 million euros (€ million) unless otherwise stated. Due to rounding's, numbers shown may not exactly match the totals shown.

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 2021.

The JMH Consolidated Financial Statements were prepared in accordance with the going concern principle and 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 December 2020 and August 2021, the EU issued the following Regulations, which were adopted by the Group with effect from 1 January 2021:

EU Regulation	International Accounting Standards Board (IASB) Standard or International Financial Reporting Interpretations Committee (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
Regulation no. 1421/2021	IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (amendments)	March 2021	1 January 2021

The Group adopted the above 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 2021 and not early adopted

The EU endorsed in 2021 one new standard and several amendments, issued by the 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. 1080/2021	IFRS 3 Business Combinations: References to the Conceptual Framework (amendments) IAS 16 Property, Plant and Equipment: Income prior to expected use (amendments) IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Costs of fulfilling onerous contracts (amendments) 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
Regulation no. 2036/2021	IFRS 17 Insurance Contracts (new)	May 2017 and June 2020	1 January 2023

The new standard and the above amendments are effective for annual periods beginning on or after 1 January 2022 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 January 2020 and December 2021 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
IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (amendments)	January and July 2020	1 January 2023
IAS 1 Presentation of Financial Statements: Classification Disclosure of Accounting policies (amendments)	February 2021	1 January 2023
IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (amendments)	February 2021	1 January 2023
IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (amendments)	May 2021	1 January 2023
IFRS 17 Insurance Contracts: Initial application of IFRS 17 and IFRS 9 – Comparative Information (amendments)	December 2021	1 January 2023

The Management is currently evaluating the impact of adopting these 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 2021, nor were identified errors regarding previous years, which compel the restatement of the Consolidated Financial Statements.

2.2. Basis for consolidation

Reference dates

The Consolidated Financial Statements include, as at 31 December 2021, 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 24 and 26, 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 and statutory 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 equal 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 equal 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 11).

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 2021	4.5969	4,560.4400
Average rate for the year	4.5662	4,434.3300
Rate at 31 December 2020	4.5597	4,212.0200
Average rate for the year	4.4443	4,203.8800

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, inventories (note 12) 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 fixed 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.

The Group monitors the potential impacts arising from climate change, as well as any associated legislative changes that may affect its business and asset. So far, no impacts related to climate change have been identified that could materially affect the recovery of the Group's assets. However, if justified, Management will review the assumptions used in the measurement of value in use, estimates of useful lives and in the sensitivity analysis carried out.

In a context still of uncertainty regarding the evolution of the Covid-19 pandemic and its impact in terms of economic recovery, the Group maintained a conservative perspective in the annual review of the business plans of the Companies.

If the cash flow assumptions were reduced by 10% compared to the estimates, or if the discount rate was higher by 100 bps, according to current projections of the business areas the Goodwill would still be recoverable and there would be no risk of impairment (see 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 64% (59% on 31 December 2020) 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 €0.2 million (€0.2 million on 31 December 2020).

Leases – Estimating the incremental borrowing rate (IBR)

The Group cannot readily determine the interest rate implicit in most leases, therefore, it uses its 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 5.76% (5.77% as of 31 December 2020).

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 11).

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 1 p.p., the impact in Group accounts would be the following:

	Impact on Group accounts	
	Income statement	Other comprehensive income
Portugal	2	0
Poland	4	(0)

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 [0.55% - 0.95%]
- Extended range [0.35% - 1.15%]

Based on these results and following the recommendation of the external actuaries, the Group has decided to increase its discount rate from 0.35% to 0.75%.

<u>Poland</u>

- Narrow range [2.80% - 3.20%]
- Extended range [2.60% - 3.40%]

Based on these results and following the recommendation of the external actuaries, the Group has decided to increase its discount rate from 0.90% to 3.00%.

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	0.75%	3.00%	0.50%	(2)	2
Salary growth rate	3.00%	4% / 3%	0.50%	2	(2)
Pension growth rate	3.00%		0.50%	-	-
Life expectancy	TV 88/90	GUS 2018	1 year	1	(1)

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. 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.

2.8. 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.

When measuring fair value, Management considered the potential impact of climate change, including changes to legislation, which may affect the determination of the fair value of financial assets and liabilities recognised in the financial statements. Risks associated with climate change are included as key assumptions when they materially impact the measurement of the recoverable amount. Currently, the impact of climate change in not material in the cash flows used in the measurement of values in use.

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.

2.9. 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.

2021	Total	Level 1	Level 2	Level 3
Assets measured at fair value				
Investment property	8	-	-	8
Biological assets				
Consumable biological assets	9	-	9	-
Bearer biological assets	2	-	2	-
Derivative financial instruments				
Derivatives used for hedging	1	-	1	-
Total assets	**21**	**-**	**13**	**8**
Liabilities measured at fair value				
Derivative financial instruments				
Derivatives used for hedging	1	-	1	-
Total liabilities	**1**	**-**	**1**	**-**

2020	Total	Level 1	Level 2	Level 3
Assets measured at fair value				
Investment property	9	-	-	9
Biological assets				
Consumable biological assets	6	-	6	-
Bearer biological assets	2	-	2	-
Derivative financial instruments				
Derivatives held for trading	2	-	2	-
Derivatives used for hedging	2	-	2	-
Total assets	**20**	**-**	**12**	**9**
Liabilities measured at fair value				
Total liabilities	**-**	**-**	**-**	**-**

2.10. Financial instruments by category

	Financial assets or liabilities at fair-value through results	Derivatives defined as hedging instruments	Financial assets or liabilities at amortized cost	Other financial assets	Total financial assets and liabilities	Non-financial assets and liabilities	Total assets and liabilities
2021							
Assets							
Cash and cash equivalents			1,494		**1,494**		**1,494**
Other financial investments				2	**2**		**2**
Debtors, accruals and deferrals			454		**454**	82	**536**
Derivative financial instruments	1	-			**1**		**1**
Other non-financial assets					**-**	8,335	**8,335**
Total assets	**1**	**-**	**1,948**	**2**	**1,951**	**8,417**	**10,368**
Liabilities							
Borrowings			460		**460**		**460**
Lease liabilities			2,387		**2,387**		**2,387**
Derivative financial instruments	1	-			**1**		**1**
Creditors, accruals and deferrals			4,392		**4,392**	380	**4,772**
Other non-financial liabilities					**-**	217	**217**
Total liabilities	**1**	**-**	**7,239**	**-**	**7,240**	**597**	**7,836**
2020							
Assets							
Cash and cash equivalents			1,041		**1,041**		**1,041**
Other financial investments				1	**1**		**1**
Debtors, accruals and deferrals			371		**371**	93	**463**
Derivative financial instruments	2	2			**4**		**4**
Other non-financial assets					**-**	7,918	**7,918**
Total assets	2	2	**1,412**	1	**1,417**	**8,011**	**9,428**
Liabilities							
Borrowings			524		**524**		**524**
Lease liabilities			2,273		**2,273**		**2,273**
Creditors, accruals and deferrals			3,824		**3,824**	330	**4,155**
Other non-financial liabilities					**-**	219	**219**
Total liabilities	**-**	**-**	**6,621**	**-**	**6,622**	**549**	**7,171**

3. Revenue from contracts with customers and segments reporting

3.1. Revenue from contracts with customers

✓ Accounting policies

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

	2021	2020
Trade receivables (note 13)	52	43
Contract liabilities with customers (note 19)	11	7
Refund liabilities to customers (note 19)	1	1

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

✓ Accounting policies

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 23.1, 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 2021 and 2020

	Portugal Retail		Portugal Cash & Carry		Poland Retail		Colombia Retail		Others, eliminations and adjustments		Total JM Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net sales and services	**4,462**	4,271	**907**	847	**14,542**	13,465	**1,102**	854	**(124)**	(144)	**20,889**	19,293
Inter-segments	416	393	5	5	-	2	-	-	(421)	(399)	-	-
External customers	4,046	3,878	902	843	14,542	13,463	1,102	854	297	256	20,889	19,293
Operational cash flow (EBITDA)	**244**	223	**43**	33	**1,339**	1,252	**26**	(20)	**(67)**	(65)	**1,585**	1,423
Depreciations and amortisations	(152)	(151)	(19)	(20)	(476)	(470)	(51)	(48)	(47)	(43)	(745)	(734)
Earnings before interest and taxes (EBIT)	**93**	71	**23**	12	**863**	782	**(26)**	(68)	**(113)**	(108)	**840**	689
Other operating profits/losses											(34)	(50)
Financial results and gains in investments											**(154)**	(180)
Income tax											(168)	(136)
Net result attributable to JM											**463**	312
Total assets	**2,243**	2,231	**457**	426	**6,137**	5,640	**856**	760	**676**	370	**10,368**	9,428
Total liabilities	**1,726**	1,725	**448**	424	**4,965**	4,531	**830**	753	**(132)**	(263)	**7,836**	7,171
Investments in tangible and intangible assets	**102**	91	**21**	10	**428**	302	**81**	30	**32**	36	**664**	470

Reconciliation between EBIT and operating profit

	2021	2020
EBIT	840	689
Other operating profits/losses	(34)	(50)
Operational result	**806**	639

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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Cash and cash equivalents	43	39	18	12	913	767	47	40	473	182	1,494	1,041
Other financial investments	-	-	1	1	-	-	-	-	-	-	2	1
Debtors, accruals and deferrals	119	99	45	40	315	278	15	15	(40)	(62)	454	371
Derivative financial instruments	-	-	-	-	-	2	-	-	1	2	1	4
Total	**162**	139	**64**	54	**1,228**	1,047	**63**	56	**434**	122	**1,951**	1,417

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)	
	2021	2020	2021	2020
Portugal	4,967	4,730	2,148	2,135
Poland	14,820	13,710	4,175	4,000
Colombia	1,102	854	687	617
Total	**20,889**	**19,293**	**7,010**	**6,753**

(1) Includes Tangible assets, Intangible assets, Right-of-use assets, Investment property and Biological

4. Operating costs by nature

✓ Accounting policies

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.

	2021	2020
Cost of goods sold and materials consumed	(16,156)	(15,025)
Changes in inventories of finished goods and work in progress	7	3
Net cash discount and interest paid to suppliers	(17)	23
Electronic payment commissions	(47)	(42)
Other supplementary costs	(153)	(6)
Supplies and services	(758)	(751)
Advertising costs	(112)	(97)
Rents	(14)	(16)
Staff costs	(1,864)	(1,751)
Transportation costs	(233)	(201)
Depreciation and amortisation of tangibles and intangibles assets	(425)	(418)
Depreciation of right-of-use assets	(320)	(316)
Profit/loss with tangible and intangible assets	(8)	(6)
Profit/loss with right-of-use assets	3	1
Other natures of profit/loss	15	(55)
Total	**(20,083)**	**(18,655)**

The increase in Other supplementary costs, compared to 2020, is essentially due to the "Retail tax", a tax applied on the sales of Group companies operating in Poland, since the beginning of 2021.

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:

	2021	2020
Legal contingencies	(1)	(2)
Losses from organizational restructuring programmes	(14)	(16)
Costs related with activities closure and projects cancelled	-	(7)
Assets write-offs and gains/losses in sale of tangible assets	(2)	(1)
Impairment losses on current assets	-	(6)
Changes to benefit plans and actuarial assumptions	2	2
Employees exceptional recognition	(19)	(19)
Other	-	(2)
Total	**(34)**	**(50)**

5. Employees

5.1. Staff costs

	2021	2020
Wages and salaries	(1,393)	(1,317)
Social security	(288)	(269)
Employee benefits (note 5.2)	(45)	(35)
Other staff costs	(138)	(131)
Total	**(1,864)**	**(1,751)**

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 118,639 (2020: 114,674).

The number of employees at the end of the year was 123,458 (2020: 118,210).

5.2. Employees benefits

✓ **Accounting policies**

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 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 constitutes a defined benefit plan, are determined annually 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:

	Employee benefits	
	2021	2020
Retirement benefits – defined benefit plan paid for by the Group	13	15
Seniority awards – defined benefit plan	54	53
Award due to at retirement date – defined benefit plan	2	2
Total	**70**	**70**

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

	Income statement		Other comprehensive income	
	2021	2020	**2021**	2020
Retirement benefits - defined contribution plan	14	4	-	-
Retirement benefits - defined benefit plan paid for by the Group	-	-	-	1
Seniority awards - defined benefit plan	6	5	-	-
Award due to at retirement date - defined benefit plan	-	1	-	-
Post-employment compensation - defined contribution plan	25	25	-	-
Total	**45**	35	**-**	1

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	
	2021	2020	2021	2020	2021	2020
Balance as at 1 January	-	-	15	15	56	55
Interest costs	-	-	-	-	-	1
Past service cost	-	-	-	-	-	-
Current service cost	39	29	-	-	7	7
Actuarial (gains) / losses						
Changes in financial assumptions	-	-	-	-	(4)	1
Changes in experience	-	-	-	-	2	(3)
Contributions or retirement pensions paid	(39)	(29)	(1)	(1)	(5)	(5)
Reclassification of past services (note 19)	-	-	-	-	-	2
Currency translation differences	-	-	-	-	-	(2)
Balance as at 31 December	**-**	**-**	**13**	**15**	**56**	**56**

The increase in current service costs in defined contribution plans for active employees results from an extraordinary contribution explained in Corporate Governance, point 77 of Chapter 4.

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

	Portugal		Poland	
	2021	2020	2021	2020
Mortality table	TV88/90	TV88/90	GUS 2018	GUS 2018
Discount rate	0.75%	0.35%	3.00%	0.90%
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	4	3
Award due to at retirement date - defined benefit plan	-	1	2
Seniority awards - defined benefit plan	5	22	33
Total	**7**	**28**	**38**

6. Net financial costs

✓ Accounting policies

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.

	2021	2020
Loans interest expense	(17)	(21)
Leases interest expense	(130)	(127)
Interest received	1	2
Net foreign exchange	2	(8)
Net foreign exchange on leases	(3)	(21)
Other financial gains and losses	(6)	(7)
Fair value of financial investments held for trade:		
Derivative instruments (note 11)	(1)	2
Total	**(154)**	**(180)**

Interest expense includes the interest on loans measured at amortised cost and interest on derivatives of fair-value hedge and cash flow hedge (note 11).

Net foreign exchange on leases refer to the exchange rate update, reported on 31 December, 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.

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

✓ Accounting policies

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

	2021	2020
Current income tax		
Current tax of the year	(184)	(171)
Adjustment to prior year estimation	3	2
Total	**(181)**	**(168)**
Deferred tax		
Temporary differences created and reversed	21	32
Change to the recoverable amount of tax losses and temporary differences from previous years	(9)	-
Total	**12**	**32**
Other gains/losses related to tax		
Impact of changes in estimates for tax litigations	1	-
Total	**1**	**-**
Total income tax	**(168)**	**(136)**

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

7.2. Reconciliation of effective tax rate

	2021		2020	
Profit before tax		**652**		**459**
Income tax using the Portuguese corporation tax rate	**22.5%**	**(147)**	22.5%	(103)
Fiscal effect due to:				
Different tax rates in foreign jurisdictions	(6.8)%	45	(7.1)%	32
Non-taxable or non-recoverable results	6.7%	(44)	10.5%	(48)
Changes in estimates for tax litigations	(0.1)%	1	(0.0)%	-
Non-deductible expenses and fiscal benefits	1.4%	(9)	2.9%	(13)
Adjustment to prior years estimation	(0.1)%	1	(0.2)%	1
Change to the recoverable amount of tax losses and temporary differences of prior years	1.1%	(7)	0.0%	-
Results subject to autonomous taxation and other forms of taxation	1.2%	(8)	1.0%	(5)
Income tax	**25.8%**	**(168)**	29.6%	(136)

In 2021 and 2020, 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 €1.5 million, €7.5 million and €35 million, respectively.

In Poland, for 2021 and 2020, the income tax rate applied to taxable income was 19%.

In Colombia, the income tax rate was 31% in 2021 (32% in 2020). In 2021, if a taxable loss is determined, a tax rate of 0.5% is levied on the net asset value. The income tax rate to be applied in 2022 will be 35%.

7.3. Deferred tax assets and liabilities

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

2021	Opening balance	Impact on results	Currency translation differences	Closing balance
Deferred tax assets				
Excess over legal provisions	96	8	(1)	104
Update of assets to fair value	4	-	-	4
Employee benefits	14	(4)	-	10
Recoverable tax losses	2	-	-	2
Effects of the application of leases standard	17	6	-	24
Other temporary differences	30	2	-	32
Total	**163**	**13**	**(1)**	**175**
Deferred tax liabilities				
Update of assets to fair value	1	-	-	1
Deferred income for tax purposes	52	1	-	52
Differences on valuation criteria in other countries	12	-	-	12
Other temporary differences	2	-	-	2
Total	**66**	**1**	**-**	**66**
Net change in deferred tax	**98**	**12**	**1**	**109**

2020	Opening balance	Impact on results	Currency translation differences	Closing balance
Deferred tax assets				
Excess over legal provisions	78	24	(5)	96
Update of assets to fair value	4	-	-	4
Employee benefits	19	(5)	-	14
Recoverable tax losses	-	2	-	2
Effects of the application of leases standard	8	10	(1)	17
Other temporary differences	29	1	-	30
Total	**138**	**31**	**(6)**	**163**
Deferred tax liabilities				
Update of assets to fair value	1	-	-	1
Deferred income for tax purposes	56	(1)	(3)	52
Differences on valuation criteria in other countries	12	-	(1)	12
Other temporary differences	2	-	-	2
Total	**71**	**(1)**	**(4)**	**66**
Net change in deferred tax	**67**	**32**	**(2)**	**98**

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 are presented below:

Tax losses expiring date	Tax	
	2021	**2020**
2021	-	5
2022	3	3
2023	2	2
2024	4	3
2025	1	-
2026 or further	190	161
Total	**200**	**174**

8. Tangible assets

✓ Accounting policies

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 remodelling 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, taking into account the period in which the assets are expected to be used, but also taking into account potential limitations arising from climate change or associated legislation. 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

2021	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	**518**	**3,988**	**2,163**	**296**	**150**	**7,114**
Foreign exchange differences	(3)	(41)	(18)	(4)	(4)	(70)
Increases	10	231	252	17	139	649
Disposals and write offs	-	(19)	(87)	(9)	(5)	(120)
Transfers and reclassifications	1	15	24	15	(52)	3
Closing balance	**525**	**4,173**	**2,334**	**315**	**228**	**7,575**
Depreciation and impairment losses						
Opening balance	**-**	**1,636**	**1,440**	**220**	**-**	**3,297**
Foreign exchange differences	-	(11)	(8)	(2)	-	(21)
Increases	-	179	203	31	-	412
Disposals and write offs	-	(16)	(82)	(9)	-	(107)
Transfers and reclassifications	-	(1)	-	2	-	2
Closing balance	**-**	**1,787**	**1,553**	**243**	**-**	**3,583**
Net value						
As at 1 January 2021	**518**	**2,352**	**722**	**76**	**150**	**3,817**
As at 31 December 2021	**525**	**2,386**	**781**	**72**	**228**	**3,993**

* Opening balance of land and natural resources is net of impairment losses

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	528	3,924	2,121	284	231	7,087
Foreign exchange differences	(20)	(178)	(87)	(12)	(18)	(314)
Increases	8	202	175	18	58	462
Disposals and write offs	-	(27)	(84)	(8)	(4)	(124)
Transfers and reclassifications	2	67	37	15	(118)	3
Closing balance	518	3,988	2,163	296	150	7,114
Depreciation and impairment losses						
Opening balance	-	1,542	1,370	206	-	3,118
Foreign exchange differences	-	(58)	(46)	(8)	-	(112)
Increases	-	177	197	30	-	405
Disposals and write offs	-	(24)	(81)	(8)	-	(114)
Transfers and reclassifications	-	(1)	1	-	-	-
Closing balance	-	1,636	1,440	220	-	3,297
Net value						
As at 1 January 2020	528	2,382	751	78	231	3,970
As at 31 December 2020	518	2,352	722	76	150	3,817

* 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 2.3. - Execution of the Investment Programme of Chapter 2 - Management Report – Creating Value and Growth.

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 área	Discount rates	Growth rates in perpetuity
Retail in Portugal	8,0% (2020: 8,0%)	1% (2020: 1%)
Cash & Carry in Portugal	8,0% (2020: 8,0%)	1% (2020: 1%)
Retail in Poland	8,0% (2020: 8,0%)	1,5% (2020: 1,5%)
Health and Beauty Retail in Poland	9,0% (2020: 9,0%)	1,5% (2020: 1,5%)
Specialized Retail in Portugal	8,0% a 9,5% (2020: 8,0% a 9,5%)	1,7% (2020: 1,7%)
Retail in Colombia	11,0% (2020: 11,0%)	1,5% (2020: 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, as well as possible impacts arising from risks associated with climate change, which at the present date are not considered materially relevant in the period under analysis.

Covid-19

In a context still of uncertainty regarding the evolution of the Covid-19 pandemic and its impact in terms of economic recovery, the Group maintained a conservative perspective in the annual review of the business plans of the Companies.

Impairment tests did not result in significant impairment losses, which is in line with Management's expectations, which effectively point to no permanent losses in its businesses, with a clear expectation of business recovery in the medium term to pre-Covid-19 levels.

9. Intangible assets

✓ **Accounting policies**

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, also considering the potential effects associated with climate change.

9.1. Changes occurred during the year

2021	Goodwill	Develop. expenses	Software, ind.property and other rights	Key money	Work in progress	Total
Cost						
Opening balance	**620**	**48**	**127**	**130**	**9**	**933**
Foreign exchange differences	(2)	-	(1)	(1)	-	(4)
Increases	-	1	3	3	8	16
Transfers and reclassifications	-	1	-	-	(2)	(1)
Closing balance	**618**	**50**	**129**	**132**	**15**	**944**
Amortisation and impairment losses						
Opening balance	**-**	**39**	**29**	**108**	**-**	**176**
Foreign exchange differences	-	-	-	(1)	-	(1)
Increases	-	4	3	5	-	12
Closing balance	**-**	**43**	**32**	**112**	**-**	**187**
Net value						
As at 1 January 2021	**620**	**8**	**98**	**22**	**9**	**757**
As at 31 December 2021	**618**	**7**	**97**	**20**	**15**	**757**

2020	Goodwill	Develop. expenses	Software, ind. property and other rights	Key money	Work in progress	Total
Cost						
Opening balance	641	45	132	139	10	968
Foreign exchange differences	(21)	(2)	(8)	(6)	(0)	(37)
Increases	-	3	2	-	3	8
Disposals and write offs	-	-	-	(3)	-	(3)
Transfers and reclassifications	-	2	-	-	(4)	(2)
Closing balance	620	48	127	130	9	933
Amortisation and impairment losses						
Opening balance	-	37	27	110	-	174
Foreign exchange differences	-	(2)	(1)	(5)	-	(8)
Increases	-	3	3	6	-	13
Disposals and write offs	-	-	-	(3)	-	(3)
Closing balance	-	39	29	108	-	176
Net value						
As at 1 January 2020	641	7	106	30	10	794
As at 31 December 2020	620	8	98	22	9	757

The Group identified as intangible assets of indefinite useful life recognised, besides Goodwill, the trademark Pingo Doce, with net value of €9 million.

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	2021	2020
Portugal Retail	247	247
Portugal Cash & Carry	84	84
Poland Retail	279	281
Poland Health and Beauty Retail	8	9
Total	**618**	620

As a consequence of the currency translation adjustment of the assets in the Group's businesses in Poland, the Goodwill related to the Biedronka business, totalling 1,282 million zloty, and to the Hebe business, totalling 39 million zloty, were in total updated negatively by €2 million.

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 2021 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% (2020: 8,0%)	1% (2020:1%)
Cash & Carry in Portugal	8,0% (2020: 8,0%)	1% (2020:1%)
Retail in Poland	8,0% (2020: 8,0%)	1,5% (2020:1,5%)
Health and Beauty Retail in Poland	9,0% (2020: 9,0%)	1,5% (2020:1,5%)

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, as well as possible impacts arising from risks associated with climate change, which at the present date are not considered materially relevant in the period under analysis.

Note 2.6. presents the information related to sensibility analysis to the Goodwill impairment tests.

Covid-19

As mentioned above, considering the current context of the Covid-19 pandemic, the Group maintained, in its medium and long-term projections, a conservative growth expectation for the coming years.

Even so, in scenarios of a permanent 10% decrease in expected cash flows, there is no risk of recoverability of the Goodwill of any of the business units.

10. Leases

✓ Accounting policies

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. If at the end of the lease contract the asset is transferred to the Group, or if the lease liabilities reflect the exercise of the purchase option, depreciation is calculated in accordance with the estimated useful life of the asset.

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 5.76% (in a range between 2.4% and 10.1%) based on the features of the agreement (underlying asset and guarantees, currency and lease term). The weighted-average rate used in 2020 was 5.77% (in a range between 2.4% and 9.1%).

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 and added in March 2021, 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..

Considering the accounting impacts resulting from the application of IFRS 16 – Leases, for a lessee, with the recognition of an asset under right of use not typified in the tax law and the recording of a lease liability that only has tax acceptance by the payments of rents, the management recognised the respective deferred tax asset (on the lease liability) and deferred tax liability (on the asset under right of use), on the date of initial and subsequent recognition of lease contracts. In the event of a change in the tax law by the Tax Authorities, the recognised deferred taxes may have to be reviewed / amended.

10.1. Right-of-use assets

2021	Land and natural resources	Buildings and other constructions	Plants, machinery and tools	Transport equipment and others	Total
Cost					
Opening balance	**1**	**2,652**	**41**	**50**	**2,744**
Foreign exchange differences	-	(40)	-	(1)	(41)
Increases	3	257	14	17	291
Contracts update	-	172	1	1	175
Transfers and reclassifications	-	-	-	(2)	(2)
Contracts cancellation	-	(61)	(5)	(9)	(74)
Closing balance	**4**	**2,980**	**52**	**57**	**3,092**
Depreciation and impairment losses					
Opening balance	**-**	**540**	**15**	**22**	**578**
Foreign exchange differences	-	(8)	-	-	(8)
Increases	-	300	9	12	320
Transfers and reclassifications	-	-	-	(2)	(2)
Contracts cancellation	-	(32)	(3)	(9)	(44)
Closing balance	**-**	**800**	**21**	**23**	**844**
Net value					
As at 1 January 2021	**1**	**2,111**	**26**	**28**	**2,167**
As at 31 December 2021	**4**	**2,180**	**31**	**33**	**2,248**

2020	Land and natural resources *	Buildings and other constructions	Plants, machinery and tools	Transport equipment and others	Total
Cost					
Opening balance	-	2,562	35	53	2,651
Foreign exchange differences	-	(160)	(2)	(3)	(165)
Increases	1	158	5	8	172
Contracts update	-	145	5	-	151
Transfers and reclassifications	-	-	-	(1)	(1)
Contracts cancellation	-	(53)	(2)	(8)	(63)
Closing balance	1	2,652	41	50	2,744
Depreciation and impairment losses					
Opening balance	-	290	8	17	316
Foreign exchange differences	-	(23)	-	(1)	(24)
Increases	-	293	8	14	316
Contracts cancellation	-	(20)	(1)	(7)	(29)
Closing balance	-	540	15	22	578
Net value					
As at 1 January 2020	-	2,272	27	36	2,335
As at 31 December 2020	1	2,111	26	28	2,167

10.2. Lease liabilities

2021	Current	Non-current	Total
Opening balance	**377**	**1,897**	**2,273**
Increases (new contracts)	36	255	291
Payments	(286)	-	(286)
Transfers	250	(250)	-
Contracts change/ cancel	22	119	141
Foreign exchange difference	(5)	(28)	(32)
Closing balance	**394**	**1,993**	**2,387**

2020	Current	Non-current	Total
Opening balance	385	1,999	2,384
Increases (new contracts)	21	151	172
Payments	(272)	(2)	(274)
Transfers	243	(243)	-
Contracts change/ cancel	21	95	116
Foreign exchange difference	(21)	(104)	(124)
Closing balance	377	1,897	2,273

10.3. Expenses recognised in the income statement

	2021	2020
Depreciation charge of right-of-use assets		
Buildings and other constructions	(300)	(293)
Basic equipment and others	(9)	(8)
Transport equipment and others	(12)	(14)
Subtotal	**(320)**	**(316)**
Interest expense with lease liabilities	(130)	(127)
Gains / (losses) with contract cancellations	3	1
Net foreign exchange on lease liabilities	(3)	(21)
Subtotal	**(129)**	**(147)**
Rents (note 4)		
Expenses with short term leases	(2)	(1)
Expenses with leases of low-value assets	(5)	(5)
Expenses with variable lease payments not included in lease liabilities	(1)	(1)
Expenses with non-lease components	(16)	(13)
Income from subleasing	8	-
Gains resulting from temporary rent reductions due to the pandemic	2	5
Subtotal	**(14)**	**(16)**
Total expenses of the year related with lease	**(464)**	**(478)**

In 2021 the total cash outflow for leases was €430 million (€417 million in 2020).

11. Derivative financial instruments

✓ Accounting policies

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.

	2021					2020				
	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)	4.5 million EUR	-	-	-	-	1.3 million EUR	-	-	-	-
Currency forwards - stock purchase (COP/USD)	5.8 million USD	-	-	-	-	1.6 million USD	-	-	-	-
Currency forwards - stock purchase (EUR/USD)	0.2 million USD	-	-	-	-	0.5 million USD	-	-	-	-
Currency forwards - stock purchase (PLN/EUR)	-	-	-	-	-	41.9 million EUR	2	-	-	-
Currency forwards - stock purchase (PLN/USD)	0.1 million USD	-	-	-	-	0.7 million USD	-	-	-	-
Cash flow hedging derivatives										
Currency forwards - stock purchase (PLN/USD)	-	-	-	-	-	3 million USD	-	-	-	-
Foreign operation investments hedging derivatives										
Currency forwards (PLN)	844 million PLN	1	-	1	-	656 million PLN	2	-	-	-
Total derivatives held for trading		-	-	-	-		2	-	-	-
Total hedging derivatives		1	-	1	-		2	-	-	-
Total assets/liabilities derivatives		1	-	1	-		4	-	0	-

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 2021, the Group had contracted currency forwards in euros and American dollars, with maturity until May 2022, with notional amounting of 6.1 million American dollars and €4.5 million.

Cash flow hedge

Currency forwards

In 31 December 2020 the Group had contracted a currency forward for future purchase of stocks with notional amounting of 3 million American dollars and with maturity in March 2021. As of 31 December 2021, there are no contracted currency forwards classified as cash flow hedge.

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 2022.

Impacts on the Financial Statements

	2021	2020
Fair value of financial instruments as at 1 January	**3**	**(3)**
(Receipts) / payments made	-	(22)
Change in the fair value of held for trading derivatives (results)	(1)	2
Change in the fair value of held for trading derivatives (foreign exchange differences)	-	-
Change in the fair value of cash flow hedge derivatives (others reserves)	-	-
Change in the fair value of cash flow hedge derivatives (foreign exchange differences)	-	-
Change in the fair value of net investment hedging derivatives (currency translation reserves)	(2)	26
Interest expenses from financial instruments that qualify as hedge accounting (income	-	-
Fair value of financial instruments as at 31 December	**-**	**3**

12. Inventories

✓ Accounting policies

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.

	2021	2020
Raw and subsidiary materials and consumables	13	14
Work in progress and finished goods	2	2
Goods available for sale	1,202	1,082
	1,217	**1,097**
Net realisable adjustment	(110)	(123)
Net inventories	**1,108**	**974**

Adjustments in inventories to net realisable value:

	2021	2020
Balance as at 1 January	**(123)**	**(81)**
Set up, reinforced and transfers	(1)	(48)
Unused and reversed	14	-
Foreign exchange difference	1	5
Balance as at 31 December	**(110)**	**(123)**

No inventories have been pledged as guarantee for the fulfilment of contractual obligations.

13. Trade debtors, accrued income and deferred costs

✓ Accounting policies

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.).

	2021	2020
Non-current		
Other debtors	54	67
Deferred costs	3	3
Total	**57**	**70**
Current		
Commercial customers	52	43
Other debtors	160	117
Other taxes receivable	9	8
Accrued income and deferred costs	225	225
Short-term investments that don't qualify as cash equivalents	33	-
Total	**479**	**393**

Non-current debtors include €50 million (€64 million in 2020) 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 22).

The increase in other current debtors is mainly explained by advances for the acquisition of tangible fixed assets.

The Group made a treasury investment in the amount of €33 million, with maturity in May 2022, which does not qualify as a cash equivalent.

Accrued income includes basically supplementary gains contracted with suppliers, in the amount of €208 million (2020: €210 million).

The deferred costs include €1 million of loans issued expenses, €4 million of insurance costs and €11 million of other costs attributable to future years and paid in 2021, 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 27.2.1.).

The ageing analysis of debtors that are past their due date is as follows:

	2021	2020
Debtors balances not considered impaired		
Less than 3 months past due	22	22
More than 3 months past due	14	15
Total	**36**	**38**
Debtors balances considered impaired		
Less than 3 months past due	1	1
More than 3 months past due	10	14
Total	**11**	**15**

Of the debtors balances not considered impaired, €1 million (2020: €3 million) are covered by credit guarantees and credit insurance.

Movements on impairment of trade receivables are as follows:

	2021	2020
Balance as at 1 January	**18**	**18**
Set up, reinforced and transfers	3	4
Unused and reversed	(4)	(2)
Foreign exchange difference	-	-
Used	1	(1)
Balance as at 31 December	**17**	**18**

14. Cash and cash equivalents

✓ Accounting policies

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.

	2021	2020
Bank deposits	961	753
Short-term investments	529	284
Cash in hand	4	4
Total	**1,494**	**1,041**

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 27.2.1..

15. Capital and reserves

✓ Accounting policies

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.

15.1. Share capital and share premium

Authorised share capital is represented by 629,293,220 ordinary shares (2020: 629,293,220), each with a nominal value of one euro.

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 €22 million showed in share premium.

15.2. Own shares

On 31 December 2021 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 2021.

15.3. Dividends

Dividends and free reserves distributed in 2021, totalling €198 million, were paid to JMH shareholders in the amount of €181 million – corresponding to an amount per share of 0.288 euros (excluding own share in the portfolio), and to non-controlling interests in the Group Companies in the amount of €17 million.

15.4. 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.

16. Earnings per share

✓ **Accounting policies**

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.

16.1. Basic and diluted earnings per share

	2021	2020
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	463	312
Basic and diluted earnings per share – Euros	**0.7364**	**0.4967**

17. Borrowings

✓ **Accounting policies**

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 €365 million, of which €115 million are committed. The utilizations under these programs are remunerated at the Euribor rate for the respective issue period plus variable spreads and can also be issued on auctions. These programs had no utilizations as of 31 December 2021.

Jerónimo Martins Colombia, SAS contracted a medium and long-term loan in the amount of 80,000 million Colombian pesos, approximately €17 million, with a fixed rate and for the tenor of 5 years. It should be noted that the company reduced the use of financing lines by 159,000 million Colombian pesos, approximately €35 million.

17.1. Current and non-current loans

2021	Opening balance	Cash flows	Transfers	Foreign exchange difference	Closing balance
Non-current loans					
Bank loans	364	(4)	-	(13)	347
Total	**364**	**(4)**	**-**	**(13)**	**347**
Current loans					
Bank loans	160	(36)	-	(11)	113
Total	**160**	**(36)**	**-**	**(11)**	**113**

2020	Opening balance	Cash flows	Transfers	Foreign exchange difference	Closing balance
Non-current loans					
Bank loans	309	232	(151)	(26)	364
Total	309	232	(151)	(26)	364
Current loans					
Bank overdrafts	34	(33)	-	(1)	-
Bank loans	390	(345)	151	(35)	160
Total	424	(378)	151	(37)	160

17.2. Loan terms and maturities

2021	Average rate	Total	Less than 1 year	Between 1 and 5 years	More than 5 years
Bank loans					
Loans in PLN		214	8	141	65
Loans in COP		245	104	132	9
Total	**3.18%**	**460**	**113**	**273**	**74**

2020	Average rate	Total	Less than 1 year	Between 1 and 5 years	More than 5 years
Bank loans					
Loans in PLN		219	3	129	87
Loans in COP		305	157	113	35
Total	3.09%	524	160	241	122

17.3. 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:

	2021	2020
Non-current loans (note 17.1)	347	364
Current loans (note 17.1)	113	160
Financial lease liabilities - non-current (note 10)	1,993	1,897
Financial lease liabilities - current (note 10)	394	377
Derivative financial instruments (note 11)	-	(3)
Cash and cash equivalents (note 14)	(1,494)	(1,041)
Short-term investments that don't qualify as cash equivalents (note 13)	(33)	-
Total	**1,320**	1,752

18. Provisions

✓ Accounting policies

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.

2021	Opening balance	Set up, reinforced and transfers	Unused and reversed	Foreign exchange difference	Used	Closing balance
Taxes	13	1	-	-	-	13
Legal claims	9	1	-	-	-	9
Others	11	2	(1)	-	-	12
	33	**3**	**(1)**	**-**	**-**	**34**

2020	Opening balance	Set up, reinforced and transfers	Unused and reversed	Foreign exchange difference	Used	Closing balance
Taxes	11	1	-	-	-	13
Legal claims	7	3	-	-	-	9
Others	9	3	(1)	-	-	11
	28	7	(1)	(1)	(1)	33

Provisions for tax are aimed to cover possible future disbursements resulting from the tax litigation described in note 22. 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 several 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.

19. Trade creditors, accrued costs and deferred income

✓ Accounting policies

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.

	2021	2020
Non-current		
Accrued costs and deferred income	1	1
Total	**1**	**1**
Current		
Other commercial creditors	3,655	3,256
Other non-commercial creditors	393	279
Other taxes payables	135	116
Contracts liabilities with customers	11	7
Refunds liabilities to customers	1	1
Accrued costs and deferred income	576	496
Total	**4,771**	**4,154**

The current accrued costs, totalling €568 million include salaries and wages to be paid to the employees, in the amount of €251 million, interest payable in the amount of €57 million and supplementary costs with the distribution and promotion of goods in the amount of €21 million. The remaining €239 million relates to sundry costs (utilities, insurance, consultants, rents, among others) for 2021, which had not been invoiced by the respective entities prior to the end of the year.

20. Guarantees

The bank guarantees are as follows:

	2021	2020
Guarantees provided to suppliers	41	41
Guarantees for Tax Authorities	209	175
Other State guarantees	4	3
Other guarantees provided	7	4
Total	**261**	223

The increase in guarantees for Tax Authorities is related with the taxation in CIT processes in Portugal mentioned in paragraph e) of note 22.

21. Capital commitments

Capital expenditure contracted for at the balance sheet date amounted to €82 million (€31 million in 2020) 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.

There are no capital commitments assumed by the Group in relation to joint ventures and associates

22. Contingencies, contingent assets and contingent liabilities

✓ **Accounting policies**

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 13), an amount of €50 million (€64 million in 2020) 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.

  In 2021, the Group was reimbursed in €15 million, relating to amounts paid in previous years and associated with the use of tax losses carried forward deferred in the scope of the aforementioned Judgment.

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- Distribuição Alimentar S.A. (Pingo Doce) nine statements of objections for alleged anti-competitive practices, consisting of price alignment for certain products.

  At the end of 2021, Pingo Doce was notified of decisions issued by AdC regarding five of the above-mentioned proceedings, imposing fines on several retailers and their suppliers. In the case of Pingo Doce these decisions resulted in the imposition of fines in the amount of €124 million.

  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 four proceedings, Pingo Doce has already responded to respective statements of objections, 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 115 million zloty (c. €25 million). 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 723 million zloty (c. €160 million), 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 by UOKiK on the opening of two 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.

  In the case of promotions, a commitment was reached with the UOKiK, which consisted in organizing educational campaigns for consumers who, as a result of their participation, they can receive discount vouchers on purchases. The total amount of these vouchers amounts to 7.5 million zloty. No fine was imposed. The company implemented the envisaged campaigns.

  On 22 April 2021 UOKiK notified JMP of the decision on the case regarding information on products' country of origin, imposing a fine of 60 million zloty (c. €13 million). The mentioned decision is not final, so JMP, disagreeing with the understanding and conclusion of this Authority, filed an appeal before the competent court.

- There are several disputes arising out of the ordinary course of the Group's businesses, and the most significant issues (amounted higher than €5 million) 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 18), 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 €82 million, 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 €21 million, of which €20 million 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. The Central Administrative Court has now ruled in favour of Recheio, although the PTA has claimed against that decision;

  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 €81 million, of which an amount of €71 million is still in dispute. In the meantime, the Lisbon Tax Court has ruled partially in favour of the Group regarding the 2002 to 2007 assessments. The Group appealed to a higher court;

  c) 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 €17 million, of which an amount of €16 million 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;

d) The PTA has informed JMH that they do not accept the capital losses associated with a liquidation of one Company and the sale of another, amounting to €25 million, which generated a correction on the Company's tax losses regarding 2007, and an amount of tax estimated of €7 million. In 2019, the Lisbon Tax Court ruled in favour of JMH, however the PTA have appealed the said decision to a higher court;

e) The PTA assessed, regarding 2016 to 2018, JMR SGPS and 2016 and 2017 JMH (as the head of the Tax Group in which Recheio SGPS is included), the amounts of €104 million and €20 million, respectively, related to the taxation in CIT of ¼ of the results generated in internal operations of the Tax Group, in each of these years. 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 then in the next three Budgets). 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;

f) The PTA assessed JMR SGPS, regarding 2017, the amount of €11 million, regarding the restate of the dividends received in the year 2017, amounting to approximately €45 million, from one subsidiary in the Madeira Free Zone in 2017. In the opinion of PTA, these dividends should be treated as interest received, which is subject to CIT as opposed to the dividends that are exempt. In view of some specific technical aspects of this case and recent Court decisions (see paragraph a) above), the Board of Directors, supported by its lawyers and tax advisers, believes the Company has sufficient grounds for its defense;

g) The Food and Veterinary Department (Direção-Geral de Alimentação e Veterinária) claimed from Pingo Doce, Recheio and Hussel an amount of €24 million, €3 million and €0.05 million, respectively, in respect of the Food Safety Tax (Taxa de Segurança Alimentar Mais – TSAM) assessed for the years 2012 to 2021. 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;

h) The court trustee of the company ZM Kania has brought a lawsuit against JMP for the amount of 23 million zloty (€5 million). The claim is based on all the discounts that JMP collected from this supplier in the period 2016-2019 with grounds on the Unfair competition act (all granted rappels are argued as not constituting a price element) and on the Law on protection of competition and consumers. JMP considers that it has strong arguments to generally counter the amounts claimed.

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 even though 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.

23. Related parties

✓ **Accounting policies**

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.

23.1. Balances and transactions with related parties

56.136% of the Group is owned by Sociedade Francisco Manuel dos Santos, B.V. (SFMS). There were no direct transactions between this and any other company of the Group in 2021.

There were no amounts payable or receivable between them on 31 December 2021.

Balances and transactions of Group Companies with related parties are as follows:

	Joint ventures		Associates		Other related parties(*)	
	2021	2020	**2021**	2020	**2021**	2020
Sales and services rendered	-	-	21	-	-	-
Stocks purchased and services supplied	6	5	-	-	99	97

	Joint ventures		Associates		Other related parties(*)	
	2021	2020	**2021**	2020	**2021**	2020
Trade debtors, accrued income and deferred costs	-	-	5	-	-	-
Trade creditors, accrued costs and deferred income	1	1	-	-	22	18

(*) 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.

23.2. 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:

	2021	**2020**
Salaries and other short-term employee benefits	32	22
Termination benefits	2	1
Post-employment benefits	10	1
Other benefits	1	1
Total	**45**	**25**

The Board of Directors of the Company consisted of 10 Members at the end of 2021. The average number of Senior Managers of the Group was 88 (2020: 84).

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 4 - 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..

24. 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 trademarks	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
Mediterranean Aquafarm S.A.	Saline brackish waters aquaculture	Saidia (Morocco)	66.68
Ovinos da Tapada - Agropecuária, Lda	Animal farming	Fundão	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
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

In February 2021, Jerónimo Martins Agro-Alimentar acquired a 66.68% stake of the Company Mediterranean Aquafarm S.A. and carried out a capital increase for the total amount of €1 million.

In March 2021, Jerónimo Martins Agro-Alimentar acquired an 80% stake of the Company Ovinos da Tapada – Agropecuária, Lda.

In October 2021 was concluded the liquidation of the company Bliska Sp. Zo.o..

25. Financial information on subsidiaries with material non-controlling interests

The non-controlling interests as at 31 December 2021 were €254 million (2020: €249 million), relating almost entirely 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:

	2021	2020
Non-current assets	1,840	1,857
Current assets	403	375
Non-current liabilities	(421)	(422)
Current liabilities	(1,305)	(1,303)
Total shareholders equity	**516**	**506**
Sales and services rendered	4,462	4,271
Net profit	45	29
Total comprehensive income	**45**	**29**

26. 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
Financor Distribuição Alimentar, Lda.	Retail sale in supermarkets	Ponta Delgada	20.00
Financor Cash & Carry, Lda.	Wholesale of food and consumer goods	Ponta Delgada	20.00
Marismar - Aquicultura Marinha, Lda.	Saline brackish waters aquaculture	Funchal	50.00
Tastyfruits, Lda.	Farming of crops	Lisboa	50.00

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 the non-opposition from AdC, JMR SGPS acquired in April 2021 a 20% stake of the Company Finançor Distribuição Alimentar, for €2.6 million.

At 30 December 2020, Recheio SGPS signed a “Wholesale Food Distribution Partnership Agreement” with Finançor Group, which was conditioned by the non-opposition of the Competition Authority (AdC). Under this Agreement, and after receiving the non-opposition of the AdC, Recheio SGPS acquired in April 2021 a 20% stake of the Company Finançor Cash & Carry, for €1.6 million.

In April 2021, Jerónimo Martins Agro-Alimentar acquired a 50% stake of the Company Amend’alva, meanwhile renamed to Tastyfruits, Lda..

27. Financial risk

The Group 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, which covers various economic and financial risks such as interest rate, credit, foreign exchange or inflation, as well as 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 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 measurements adopted by governments, companies and individuals to mitigate the spread of the virus, the Group financial risks were impacted, these effects being highlighted below.

27.1. Pricing risk

27.1.1. Foreign exchange risk

The main source of exposure to foreign exchange risk comes from the Group 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. In general, 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 2021, was as follows:

As at 31 December 2021	Euro	Zloty	Colombian peso	Total
Assets				
Cash and cash equivalents	530	917	47	1,494
Other financial investments	2	-	-	2
Trade debtors and deferred costs	115	324	15	454
Derivative financial instruments	-	1	-	1
Total financial assets	**647**	**1,242**	**63**	**1,951**
Liabilities				
Borrowings	-	214	245	460
Lease liabilities	468	1,607	312	2,387
Derivative financial instruments	-	1	-	1
Trade creditors, accrued costs and deferred income	1,194	2,941	258	4,392
Total financial liabilities	**1,662**	**4,763**	**815**	**7,240**
Net financial position in the balance sheet	**(1,015)**	**(3,522)**	**(752)**	**(5,289)**
As at 31 December 2020				
Total financial assets	303	1,059	56	1,417
Total financial liabilities	1,528	4,355	738	6,622
Net financial position in the balance sheet	**(1,225)**	**(3,296)**	**(683)**	**(5,204)**

Considering the net position of the financial assets and liabilities on the balance sheet at 31 December 2021, a depreciation of the zloty against the euro of around 10% would have a positive impact of €337 million on the equity's currency translation reserves (in 31 December 2020: a positive impact of €313 million). Regarding the Colombian peso, a depreciation against the euro of 10% would have a positive impact on the equity's currency translation reserves of €68 million (in 31 December 2020: a positive impact of €62 million).

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 €38 million.

Considering the total net assets (financial and non-financial) to which the Group is exposed to in zloty and colombian peso, the effect of a 10% depreciation of these currencies would have a negative impact of €131 million in total equity (in 31 December 2020: a negative impact of €122 million).

Covid-19

In 2021, the zloty recorded an average annual exchange rate of 4.5662 against the euro, determined by weighting the turnover of the Group's companies operating in this currency, a depreciation of 2.7% compared to 4.4443 in 2020. This depreciation was due to multiple political and economic factors, the effects of which are expected to last throughout 2022. As a result, depreciation of the zloty is likely to continue, albeit amidst extreme uncertainty.

The colombian peso recorded an average annual exchange rate of 4,434 against the euro, determined by weighting the turnover of the Group's companies operating in this currency, a depreciation of 5.2% against the 4,204 of 2020, explained by low reference interest rates, weaknesses in the Colombian economy and by an increase in the deficit and sovereign debt.

Currency		2020	2021	annual average value of the currency
Polish zloty (PLN)	PLN/EUR	4.4443	4.5662	-2.7%
Colombian peso (COP)	COP/EUR	4,204	4,434	-5.2%

27.1.2. 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 2021, and excluding the effect of interest rate derivatives, a rise of 50 b.p. in interest rates, with everything else remaining constant, would have a positive impact of €5 million (2020: positive in €3 million). 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.

27.2. Transactional risk

27.2.1. 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.

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 2021 and 2020:

Financial institutions	Rating	Balance	
		2021	2020
Standard & Poor's	[A+ : AA]	86	112
Standard & Poor's	[BBB+ : A]	106	275
Standard & Poor's	[BB+ : BBB]	477	336
Standard & Poor's	[BB]	54	29
Moody's	[Caa2 : Caa1]	1	1
Moody's	P -1	143	29
Fitch	[A- : A+]	491	120
Fitch	[BBB- : BBB+]	145	138
Fitch	[B- : BB+]	1	1
	Not available	21	-
Total		**1,524**	**1,041**

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		
	2021	2020
New customer balances (less than six months)	1	-
Balances of customers without a history of non-payment	45	39
Balances of customers with a history of non-payment	7	6
Balances of other debtors with the provision of guarantees	4	5
Balances of other debtors without the provision of guarantees	168	123
Total	**225**	**174**

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	2021		2020	
	No.	Balance	No.	Balance
Customers with a balance above 1,000,000 euros	4	7	3	6
Customers with a balance between 250,000 and 1,000,000 euros	22	9	19	8
Customers with a balance below 250,000 euros	7,986	36	7,924	32
Other debtors with a balance above 250,000 euros	44	117	20	25
Other debtors with a balance below 250,000 euros	3,588	55	9,916	103
	11,644	**225**	**17,882**	**174**

The maximum exposure to credit risk as at 31 December 2021 and 2020 is the financial assets carrying value.

Covid-19

The HoReCa channel (Hotels, Restaurants and Cafes) was significantly affected in 2020 by the restrictions and limitations that have been imposed by Governments in response of the pandemic. During 2021, it was possible to verify a recovery, albeit moderate and with a high degree of uncertainty, in the Tourism sector and consequently the HoReCa channel.

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 amounts recognised in 2020.

27.2.2. 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 Group 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 Group does not have any material financing agreement with the suppliers in its supply chain, so no liability relating to financing obtained from suppliers is recognised.

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

2021	Less than 1 year	Between 1 and 5 years	More than 5 years
Borrowings			
Other loans	129	302	75
Creditors	4,049	-	-
Lease liabilities	425	1,325	1,860
Total	**4,603**	**1,627**	**1,935**

2020	Less than 1 year	Between 1 and 5 years	More than 5 years
Borrowings			
Other loans	176	278	127
Creditors	3,534	-	-
Lease liabilities	394	1,225	1,743
Total	**4,104**	**1,502**	**1,871**

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 2021, 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 2021, the Group has contracted credit lines that were not being used in the total amount of €1,052 million.

In addition, the Group had, at 31 December 2021, a liquidity reserve consisting of cash and cash equivalents in the amount of €1,494 million.

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.

27.2.3. 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 2021 and 2020, calculated without the effect of adopting the IFRS 16 standard, as analysed by the Group's Management, were as follows:

	2021	2020
Capital invested	1,611	1,842
Net debt	(1,046)	(509)
Shareholder´s funds	2,657	2,351
Gearing*	**n.a.**	**n.a.**
EBITDA	1,175	1,024
Net debt / EBITDA	**(0.9)**	**(0.5)**

*At 31 December 2020 and 2021 the net debt was positive.

28. Information on environmental matters

Detailed information about the vision followed by the Group in combating climate change can be found in the Corporate Responsibility in Value Creation, Chapter 5.

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 2021 was €865 thousand, of which €812 thousand correspond to statutory audit of the accounts, while the remaining €53 thousand, are related to human resources support services and limited assurance services on sustainability indicators;

c) Note 23 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

✓ Accounting policies

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.

Jerónimo Martins has been monitoring the evolution of events after 24 February 2022, with the beginning of the military conflict triggered by the invasion of Ukraine by the Russian Federation. This situation originated an increased uncertainty about the evolution of economies and financial markets worldwide, and it is not possible, at this moment, to estimate the potential future effects on the Group's operations, as described in point 4. Outlook for the Jerónimo Martins Businesses, of chapter 2. Management Report.

The Group is following the evolution of the conflict, taking the measures considered appropriate at any moment, up to this date no material impacts have been identified, that should lead to changes in the financial statements referring to 31 December 2021.

Lisbon, 8 March 2022

The Certified Accountant **The Board of Directors**

2. Statement of Board of Directors

Statement of the Board of Directors

Within the terms of paragraph c), number 1 of article 29-G 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, 8 March 2022

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 2021 (showing a total of 10.368 million euros and total equity of 2.532 million euros, including a net profit attributable to the equity holders of the company, as mother of the group of 463 million 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 2021, and of its consolidated financial performance and 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 2021, Right of Use and Lease Liabilities presented in the consolidated financial statements amounts to 2.248 million euros and 2.387 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 contains a significant set of judgments from the Management, namely the lease term and the discount rate. Given	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; ► Review of the Management assumptions, used in the assessment of lease contracts, including the assessment of assumptions such as the

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
the abovementioned, we consider this issue to be a Key Audit Matter.	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 10) 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 5.398 million euros as at 31 December 2021), 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 specialized professionals to validate the significant assumptions underlying the stores impairment test models, namely the discount rate and growth rate applied to cash flows in perpetuity; ► 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;

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
	► 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, 12 and 13 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 notes issued subsequently and assessment of impairment indicators; ► External confirmation for a sample of suppliers; ► 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. 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, 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 22, during the financial year 2021 and 2020, the competition authority issued fines to Pingo Doce and Jerónimo Martins Polska in the amount of 124 Million Euros and 198 Million Euros respectively. The Group disclosed a risk that arose from the State Budgets of 2016, 2017, 2018 and 2019, related to the taxation of gains from previous years that derived from internal transactions, for which liquidations from the tax authorities are totaling 124 million euros. The total amount of tax contingencies, net of provisions and payments under special tax regimes amount to approximately 175,5 million euros at 31 December 2021. 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 (IFRS) as endorsed by the European Union;
- the preparation of the Management Report, the Corporate Governance Report, non-financial information and remunerations report, in accordance with the laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of the consolidated 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 actions taken to eliminate threats or related safeguards used.

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 regarding corporate governance matters 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 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 29-H of the Securities Code, and we have not identified material misstatements on the information provided therein in compliance with Nº 1, paragraphs c), d), f), h), i) and l) of the said article.

On the consolidated non-financial information

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 remunerations report

Pursuant to article 26-G, Nº 6 of the of the Securities Code, we inform that the Group has included in the Corporate Governance Report, on a separate chapter, the information provided 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 8, 2022; and
- We declare that we have not provided any prohibited services as described in article 5 of the Regulation (EU) Nº 537/2014 of the European Parliament and of the Council, of 16 April 2014, and we have remained independent of the Group in conducting the audit.

European Single Electronic Format (ESEF)

The consolidated financial statements of the Jerónimo Martins, S.G.P.S., S.A. for the year ended 31 of December 2021 must comply with the applicable requirements set out in the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (ESEF Regulation).

Management is responsible for preparing and disclosing the annual report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements, included in the annual report, are presented in accordance with the requirements set out in the ESEF Regulation.

Our procedures considered the OROC Technical Application Guide on report in ESEF and included, among others:

- obtaining understanding of the financial reporting process, including the submission of the annual report in valid XHTML format; and
- the identification and evaluation of the risks of material distortion associated with the marking-up of the information of the financial statements, in XBRL format using iXBRL technology. This evaluation was based on the understanding of the process implemented by the Group to mark-up the information.

In our opinion, the consolidated financial statements included in the annual report are presented, in all material respects, in accordance with the requirements set out in the ESEF Regulation.

Lisbon, 17 March 2022

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

4. Report and Opinion of the Audit Committee

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 and with sub-paragraph a) of paragraph 3 of article 3 of Law 148/2015, of September 9th (that approved the Legal Regime on Audit Supervision), 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, 2021, 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 ongoing processes of the Competition Authorities in Portugal and Poland, whose decisions adopted in the meantime in eight cases resulted in the imposition of fines on Group's subsidiaries (of which four cases had fines imposed in 2021). 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 and the investment of cash surpluses. 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 and exchange 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.

The Committee continues to monitor the effects of the Covid-19 pandemic in the geographies where the Group operates, having dedicated 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, Internal Audit, Information Security and Risk Management, as well as 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 2022 as well as the necessary resources' allocation.

Given the continued growth of the risks associated with cybersecurity, heightened by the successive confinements and consequent implementation of remote work for the majority of the central offices teams, it reinforced the monitoring of activities in the Information Security area, namely the work carried out and the initiatives in governance, prevention, detection and recovery. It also monitored the application of the General Data Protection Regulation, having been informed about the results achieved and the priorities established by the team responsible for Data Privacy. The Quality and Food Safety also deserved particular attention from this Committee, having met with its managers from whom it received an update on the risks, processes and mitigation measures in progress.

It also followed, with the Statutory Auditor, the adaptation of the plan and procedures of external audit to accommodate the restrictions imposed by the combat against the Covid-19 pandemic. 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. In the course of its supervisory activities and in the preparation of the closing of the 2021 accounts, the Audit Committee kept in mind the recommendations of several international bodies, reinforced in 2020 by a Circular issued by the Portuguese Securities Market Commission (CMVM).

It also monitored the evolution of issues raised by the Statutory Auditor, as well as the conclusions of the audit work that it carried out, 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 application of Law 50/2020, concerning the rights of shareholders of listed companies with regard to their long-term involvement, namely the transactions with related parties regime, having concluded that all identified transactions were carried out in the ordinary course of business and concluded under market conditions.

It also verified that, under the terms of paragraph 5 of article 420 of the Commercial Companies Code, the Corporate Governance Report includes all the elements mentioned in article 29-H of the Portuguese Securities Code.

The elements mentioned above have allowed this Commission to contribute decisively to the integrity of the process of preparation and disclosure of the Company's financial information.

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 29-G of the Portuguese Securities Code, the members of the Audit Committee, 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.

ii) 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 18, 2022

Sérgio Tavares Rebelo
(Chairman of the Audit Committee)

Clara Christina Streit
(Member)

Elizabeth Bastoni
(Member)

Individual Financial Statements

1. Individual Financial Statements

Index to the Notes to the Individual Financial Statements — Page

INDIVIDUAL INCOME STATEMENT BY FUNCTIONS

For the years ended 31 December 2021 and 2020

Euro thousand

	Notes	2021	2020
Services rendered	26	17,649	17,397
Costs of services rendered	3	(16,110)	(15,684)
Gross profit		**1,539**	**1,713**
Administrative costs	3	(29,009)	(18,249)
Other operating profits/losses	3	(39,683)	(37,154)
Operating profit		**(67,153)**	**(53,690)**
Net financial costs	5	(875)	(981)
Gains (losses) in subsidiaries	8	512,215	495,647
Gains (losses) in other investments	9	201	201
Profit before taxes		**444,388**	**441,177**
Income tax	7.1	(1,190)	(4,675)
Net profit (loss)		**443,198**	**436,502**
Basic and diluted earnings per share - euros	18	0.7052	0.6946

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

INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December 2021 and 2020

Euro thousand

	Notes	2021	2020
Net profit		**443,198**	436,502
Other comprehensive income:			
Remeasurements of post-employment benefit obligations	4.2	15	(662)
Related tax	7.3	(3)	150
Items that will not be reclassified to profit or loss		**12**	**(512)**
Items that may be reclassified to profit or loss		**-**	-
Other comprehensive income, net of income tax		**12**	**(512)**
Total comprehensive income		**443,210**	435,990

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

INDIVIDUAL BALANCE SHEET

As at 31 December 2021 and 2020

Euro thousand

	Notes	2021	2020
Assets			
Tangible assets	10	1,354	2,155
Intangible assets	11	5,437	5,158
Investment property	12	2,470	2,470
Right-of-use assets	6.1	708	621
Investments in subsidiaries	13	665,038	665,038
Loans to subsidiaries	14	1,756,345	1,674,045
Other financial investments	24	222	-
Other debtors	15	196	157
Deferred tax assets	7.3	3,221	7,193
Total non-current assets		**2,434,991**	**2,356,837**
Income tax receivable	7.4	199	199
Loans to subsidiaries	14	55,670	197,175
Trade debtors, accrued income and deferred costs	15	57,366	9,432
Cash and cash equivalents	16	453,259	170,596
Total current assets		**566,494**	**377,402**
Total assets		**3,001,485**	**2,734,239**
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	2,311,206	2,048,985
Total shareholders' equity		**2,956,891**	**2,694,670**
Lease liabilities	6.2	379	317
Employee benefits	4.2	12,662	13,908
Provisions for risks and contingencies	20	6,627	6,167
Deferred tax liabilities	7.3	164	164
Total non-current liabilities		**19,832**	**20,556**
Borrowings	19	-	-
Lease liabilities	6.2	332	309
Trade creditors, accrued costs and deferred income	21	23,475	18,682
Income tax payable	7.4	955	22
Total current liabilities		**24,762**	**19,013**
Total shareholders' equity and liabilities		**3,001,485**	**2,734,239**

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

INDIVIDUAL STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended 31 December 2021 and 2020

Euro thousand

	Notes	Share capital	Share premium	Own shares	Retained earnings	Shareholders' equity
Balance Sheet as at 1 January 2020		**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		-	-	-	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**
Equity changes in 2021						
Remeasurements of post-employment benefit obligations						
- Gross amount	4.2	-	-	-	15	**15**
- Deferred tax	7.3	-	-	-	(3)	**(3)**
Other comprehensive income		**-**	**-**	**-**	**12**	**12**
Net profit		-	-	-	443,198	**443,198**
Total comprehensive income		**-**	**-**	**-**	**443,210**	**443,210**
Dividends	17.4	-	-	-	(180,989)	**(180,989)**
Balance Sheet as at 31 December of 2021		**629,293**	**22,452**	**(6,060)**	**2,311,206**	**2,956,891**

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

INDIVIDUAL CASH FLOW STATEMENT

For the years ended 31 December 2021 and 2020

Euro thousand

	Notes	2021	2020
Net results		**443,198**	**436,502**
Adjustments for:			
Income tax	7.1	1,190	4,675
Depreciations and amortisations	3	2,245	1,991
Net financial costs	5	875	981
Gains/Losses in subsidiaries	8	(512,215)	(495,647)
Gains/Losses in other investments	9	(201)	(201)
Profit/ Losses in tangible, intangible and right-of-use assets	3	(1)	-
Operating cash flow before changes in working capital		**(64,909)**	**(51,699)**
Changes in working capital:			
Trade debtors, accrued income and deferred costs		(2,232)	1,952
Trade creditors, accrued costs and deferred income		5,058	5,304
Provisions and employee benefits		(1,221)	(1,432)
Cash generated from operations		**(63,304)**	**(45,875)**
Income tax		1,169	3,713
Cash flow from operating activities		**(62,135)**	**(42,162)**
Investment activities			
Disposals of tangible assets	10	684	-
Disposal of investments in subsidiaries		-	108
Disposal of other financial assets		-	19,367
Interest received	8	1,628	1,838
Dividends received	8	510,650	493,700
Repayment of loans and capital contributions from subsidiaries	14	193,620	37,745
Loans and capital contributions given to subsidiaries	14	(134,415)	(214,080)
Acquisition of tangible assets and advance payments fixed assets suppliers	10 e 15	(43,241)	(493)
Acquisition of intangible assets	11	(1,863)	(965)
Acquisition of other financial assets	24	(222)	-
Cash flow from investment activities		**526,841**	**337,220**
Financing activities			
Interests and similar income received		204	289
Loans interest paid	5	(809)	(1,011)
Leases interest paid	5	(21)	(14)
Leases paid	6.2	(428)	(376)
Dividends paid	17.4	(180,989)	(216,810)
Cash flow from financing activities		**(182,043)**	**(217,922)**
Net changes in cash and cash equivalents		**282,663**	**77,136**
Cash and cash equivalents changes			
Cash and cash equivalents at the beginning of the year		170,596	93,460
Net changes in cash and cash equivalents		282,663	77,136
Cash and cash equivalents at the end of the year	16	**453,259**	**170,596**

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

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 2021 are detailed in Chapter 2 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 8 March 2022.

2. Accounting policies

The recognition and measurement principles applied in these individual financial statements are the same as those applied in the consolidated financial statements (see accounting policies related to financial statements captions included in the relevant notes to the consolidated financial statements, and note 2 of the consolidated financial statements).

The accounting policies 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 (€ 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 2021.

2.2. 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 2.3).

2.3. Impairment

2.3.1. 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.

2.3.2. 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.

2.4. Critical accounting estimates and judgments made in preparation of Financial Statements

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.	87	49

A positive amount means a gain in JMH accounts.

Pensions and other long-term benefits granted to employees

Considering the information available from Bloomberg and some necessary estimation to derive the yield curve, JMH defined the following ranges for determining the appropriate discount rate:

- Narrow range [0.55% - 0.95%]
- Extended range [0.35% - 1.15%]

Based on these results, JMH, following the recommendation of external actuaries, has decided to increase its discount rate from 0.35% to 0.75%.

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	0.75%	0.50%	(427)	452
Salary growth rate	3.00%	0.50%	44	(41)
Pension growth rate	3.00%	0.50%	408	(384)
Life expectancy	TV 88/90	1 year	864	(809)

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.

2.5. Fair value hierarchy

The following table shows JMH's financial assets and liabilities that are measured at fair value as at 31 December 2021 and 2020, 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.

2021	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	**-**	**-**	**-**	**-**

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	-	-	-	-

2.6. Financial instruments by category

	Financial assets at fair-value through results	Financial assets or liabilities at amortized cost	Other financial assets	Total financial assets and liabilities	Non-financial assets and liabilities	Total assets and liabilities
2021						
Assets						
Cash and cash equivalents	-	453,259	-	**453,259**	-	**453,259**
Loans to subsidiaries	-	1,812,015	-	**1,812,015**	-	**1,812,015**
Other financial investments	-	-	222	**222**	-	**222**
Debtors, accruals and deferrals	196	54,611	-	**54,807**	2,755	**57,562**
Other non-financial assets	-	-	-		678,427	**678,427**
Total assets	**196**	**2,319,885**	**222**	**2,320,303**	**681,182**	**3,001,485**
Liabilities						
Lease liabilities	-	711	-	**711**	-	**711**
Creditors, accruals and deferrals	-	11,738	-	**11,738**	11,737	**23,475**
Other non-financial liabilities	-	-	-	**-**	20,408	**20,408**
Total liabilities	**-**	**12,449**	**-**	**12,449**	**32,145**	**44,594**

	Financial assets at fair-value through results	Financial assets or liabilities at amortized cost	Other financial assets	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**

3. Operating costs

✓ Accounting policies

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 directly related with the role as Holding of the Group.

3.1. Operational costs by nature

	2021	2020
Supplies and services	22,318	15,543
Rents	1,261	973
Staff costs (note 4.1)	58,264	50,526
Depreciation and amortisation of tangibles and intangibles assets	1,820	1,613
Depreciation of right-of-use assets	425	378
Profit/loss with tangible and intangible assets	(1)	-
Other natures of profit/loss	715	2,054
Total	**84,802**	**71,087**

4. Employees

4.1. Staff costs

	2021	2020
Wages and salaries	14,847	15,506
Social security	2,942	2,690
Employee benefits	35,292	26,043
Other staff costs	5,183	6,287
Total	**58,264**	**50,526**

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

The number of employees at the end of 2021 was 207 (2020 was 193). The average number of employees during the year was 204 (191 in 2020).

4.2. Employees benefits

Amounts of employee benefits in the balance sheet:

	2021	2020
Retirement benefits - Defined benefit plan paid for by the Company	11,683	12,950
Seniority awards - Defined benefit plan	979	958
Total	**12,662**	**13,908**

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

	Income statement		Other comprehensive income	
	2021	2020	2021	2020
Retirement benefits - Defined contribution plan	10,251	815	-	-
Retirement benefits - Defined benefit plan paid for by the Company	43	71	(15)	662
Seniority awards - Defined benefit plan	27	214	-	-
Post-employment compensation - Defined contribution plan	24,971	24,943	-	-
Total	**35,292**	**26,043**	**(15)**	**662**

The changes in each plan are detailed below:

	Defined contribution plans for active employees		Defined benefit plans for former employees		Other comprehensive income	
	2021	2020	2021	2020	2021	2020
Balance as at 1 January	-	-	**12,950**	13,520	**958**	771
Interest costs	-	-	43	71	4	5
Current service cost	35,222	25,758	-	-	124	109
Actuarial (gains) losses						
Changes in financial assumptions	-	-	(325)	186	(40)	18
Changes in experience	-	-	310	476	(61)	82
Contributions or retirement pensions paid	(35,222)	(25,758)	(1,295)	(1,303)	(6)	(27)
Balance as at 31 December	-	-	**11,683**	12,950	**979**	958

The increase in current service costs in the defined contribution plans for active employees results from an extraordinary contribution performed to the pension plan, following a decision by the Remuneration Committee, as explained in point 77 of the Chapter 4, related to Corporate Governance.

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

	2021	2020
Mortality table	TV 88/90	TV 88/90
Discount rate	0.75%	0.35%
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 2.4..

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	1,202	3,822	2,744
Seniority awards - Defined benefit plan	75	318	429
Total	**1,277**	**4,140**	**3,173**

5. Net financial costs

	2021	2020
Loans interest expense	(178)	(105)
Leases interest expense	(21)	(14)
Interest received	-	10
Other financial gains and losses	(676)	(872)
Net financial costs	**(875)**	**(981)**

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's leases relate mostly to vehicles rent contracts, with initial terms between 3 and 4 years. The lease agreements do not impose any covenants. Regarding the incremental borrowing rate used to measure lease liabilities, the weighted-average rate applied by JMH, as of 31 December 2021, was 2.56% (2.47% as of 31 December 2020).

6.1. Right-of-use assets

2021	Transport equipment and others	Total
Gross amount		
Opening balance	**1,175**	**1,175**
New contracts	479	479
Contracts update	33	33
Contracts cancellation	(344)	(344)
Closing balance	**1,343**	**1,343**
Depreciation and impairment losses		
Opening balance	**554**	**554**
Increases	425	425
Contracts cancellation	(344)	(344)
Closing balance	**635**	**635**
Net value		
As at 1 January 2021	**621**	**621**
As at 31 December 2021	**708**	**708**

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 1 January 2020	631	631
As at 31 December 2020	621	621

6.2. Lease liabilities

2021	Current	Non current	Total
Opening balance	**309**	**317**	**626**
Increases (new contracts)	130	349	479
Payments	(428)	-	(428)
Transfers	287	(287)	-
Contracts change/ cancel	34	-	34
Closing balance	**332**	**379**	**711**

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

6.3. Expenses recognised in the income statement

The income statement includes the expenses referred below related with leases:

	2021	2020
Depreciation of right-of-use assets		
Transport equipment	425	378
Subtotal	**425**	**378**
Lease liabilities interests	21	14
Gains/losses with contract cancellation	-	-
Rents (note 3)		
Expense related with short term leases	929	609
Expense related with low value assets leases	27	78
Expenses related with non-lease component included in payments	305	286
Subtotal	**1,261**	**973**
Total	**1,707**	**1,365**

The total cash outflow for leases in 2021 was €1,710 thousand (2020: €1,363 thousand).

7. Taxes

7.1. Income tax

	2021	2020
Current income tax		
Current tax of the year	3,009	600
Adjustment to prior year estimation	(165)	345
	2,844	**945**
Deferred tax		
Temporary differences created and reversed	(189)	(347)
Change to the recoverable amount of tax losses and temporary differences from previous years	(3,780)	(5,207)
	(3,969)	**(5,554)**
Other gains/losses related to tax		
Impact of changes in estimates for tax litigations	(65)	(66)
	(65)	**(66)**
Total income tax	**(1,190)**	**(4,675)**

7.2. Reconciliation of effective tax rate

	2021	2020
Profit before tax	**444,388**	**441,177**
Income tax using the Portuguese corporation tax rate (22.5%)	**(99,987)**	**(99,265)**
Fiscal effect due to:		
Non-taxable or non-recoverable results	112,274	107,107
Changes in estimates for tax litigations	(65)	(66)
Non-deductible expenses and fiscal benefits	(8,970)	(7,165)
Adjustment to prior years estimation	(165)	345
Change to the recoverable amount of tax losses and temporary differences of prior years	(3,780)	(5,207)
Results subject to autonomous taxation and other forms of taxation	(497)	(424)
Income tax	**(1,190)**	**(4,675)**
Effective tax rate	**0.27%**	**1.06%**

In 2021 and 2020, 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 €1,500 thousand, €7,500 thousand and €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:

	2021	2020
Deferred tax assets	3,221	7,193
Deferred tax liabilities	(164)	(164)
Total	**3,057**	**7,029**

JMH did not recognised any amounts in deferred taxes regarding uncertain tax positions.

2021	Opening balance	Impact on results	Impact on equity	Closing balance
Deferred tax assets				
Provisions and adjustments behind tax limits	283	88	-	371
Liabilities with employee benefits granted	6,909	(4,057)	(3)	2,849
Effects of the application of leases standard	1	-	-	1
	7,193	**(3,969)**	**(3)**	**3,221**
Deferred tax liabilities				
Update of assets to fair value	(164)	-	-	(164)
	(164)	**-**	**-**	**(164)**
Net change in deferred tax	**7,029**	**(3,969)**	**(3)**	**3,057**

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**

7.4. Receivable or payable income tax

Income tax reflected on the balance sheet is as follows:

	2021	2020
Income tax payable	(955)	(22)
Income tax receivable	199	199
Total	**(756)**	177

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.
- Outro Chão – Agricultura Biológica, Lda.
- 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:

Tax losses expiring date	Tax	
	2021	2020
2024	827	818
2026	1,460	1,460
2032	3,989	3,808
2033	2,955	-
Total	**9,231**	**6,086**

8. Gains (losses) in subsidiaries

	2021	2020
Dividends received	510,650	493,700
Interest from loans granted	1,565	1,867
Gains from the disposal of subsidiaries (note 13)	-	80
Total	**512,215**	**495,647**

9. Gains (losses) in other investments

✓ Accounting policies

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.

	2021	2020
Rents from investment property	201	201
Total	**201**	**201**

10. Tangible assets

10.1. Changes occurred during the year

2021	Buildings and other constructions	Transport equipment	Tools and utensils	Office equipment	Other tangible assets	Tangible assets in progress	Total
Gross amount							
Opening balance	**675**	**210**	**2**	**3,233**	**412**	**1,224**	**5,756**
Increases	-	-	-	115	-	35	150
Disposals and write offs	-	-	-	(3)	-	(680)	(683)
Closing balance	**675**	**210**	**2**	**3,345**	**412**	**579**	**5,223**
Depreciation and impairment losses							
Opening balance	**361**	**61**	**2**	**2,850**	**327**	**-**	**3,601**
Increases	61	49	-	158	-	-	268
Closing balance	**422**	**110**	**2**	**3,008**	**327**	**-**	**3,869**
Net value							
As at 1 January 2021	**314**	**149**	**-**	**383**	**85**	**1,224**	**2,155**
As at 31 December 2021	**253**	**100**	**-**	**337**	**85**	**579**	**1,354**

10.2. Changes occurred in the previous 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
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

10.3. Guarantees

No assets have been pledged as security for the fulfilment of bank or other obligations.

11. Intangible assets

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

2021	Development expenses	Intangible assets in progress	Total
Gross amount			
Opening balance	**7,859**	**2,395**	**10,254**
Increases	134	1,697	1,831
Transfers and reclassifications	888	(888)	-
Closing balance	**8,881**	**3,204**	**12,085**
Amortisation and impairment losses			
Opening balance	**5,096**	**-**	**5,096**
Increases	1,552	-	1,552
Closing balance	**6,648**	**-**	**6,648**
Net value			
As at 1 January 2021	**2,763**	**2,395**	**5,158**
As at 31 December 2021	**2,233**	**3,204**	**5,437**

11.2. Changes occurred in the previous 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

12. Investment properties

JMH owns a property, which was partially rented to a Group company generating profits in the amount of €201 thousand (2020: €201 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 €2,470 thousand (2020: €2,470 thousand).

In 2021, JMH incurred expenses regarding this property in the amount of €4 thousand (2020: €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.

	2021	2020
Net value as at 1 January	665,038	665,066
Increases	-	-
Decreases	-	(28)
Net value as at 31 December	**665,038**	**665,038**

In December 2020, the subsidiary EVA - Sociedade de Investimentos Mobiliários e Imobiliários, Lda., was dissolved and liquidated, generating a capital gain €80 thousand.

14. Loans to subsidiaries

Non-current loans	2021	2020
Net value as at 1 January	**1,674,045**	1,575,145
Increases	127,550	126,500
Decreases	(45,250)	(27,600)
Net value as at 31 December	**1,756,345**	**1,674,045**

Non-current loans are granted as supplementary capital contributions (which do not bear interest).

Current loans	2021	2020
Net value as at 1 January	**197,175**	119,740
Increases	6,865	87,580
Decreases	(148,370)	(10,145)
Net value as at 31 December	**55,670**	**197,175**

Current loans are granted as treasury operations (remunerated at normal market rates).

15. Trade debtors, accrued income and deferred costs

	2021	2020
Non-current		
Other debtors (work compensation fund - FCT)	196	157
Total	**196**	**157**
Current		
Subsidiaries	6,222	3,260
Other debtors	44,112	560
Other taxes receivable	1,466	1,459
Accrued income	4,235	3,519
Deferred costs	1,331	634
Total	**57,366**	**9,432**

Amounts recognised in subsidiaries refers mainly to invoices issued to Group companies relating to various services provided, in the amount of €814 thousand (2020: €516 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 €5,325 thousand (2020: €2,598 thousand).

As of 31 December 2021, other debtors include €43,091 thousand relating to an advance payment for the acquisition of fixed assets. In addition to the amount recognised in the financial statements, there is also a commitment to pay an additional amount of €12,935 thousand.

Accrued income refers mainly to €4,198 thousand (2020: €3,461 thousand) regarding the rendering of technical and administrative services to subsidiaries not yet invoiced.

Deferred costs include €42 thousand (2020: €91 thousand) of issuance costs of commercial paper and bank guarantees and €1,289 thousand (2020: €543 thousand) of other costs relating to future periods, paid in 2021, or when not paid, already charged by the competent entities.

16. Cash and cash equivalents

	2021	2020
Bank deposits	433,237	170,579
Short-term investments	20,000	-
Cash	22	17
Total	**453,259**	**170,596**

17. Capital and reserves

17.1. Share capital and share premium account

The authorised share capital is represented by 629,293,220 ordinary shares (2020: 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 2021, no changes occurred in the amount of €22,452 thousand showed in share premium in 2020.

17.2. Own shares

At 31 December 2021 JMH held 859,000 own shares, acquired in 1999 at an average price of 7.06 euros per share. There were no transactions in 2021.

17.3. Retained earnings

As at 31 December 2021, the total amount of retained earnings was €2,311,206 thousand (2020: €2,048,985 thousand), resulting from profit generated in the financial year, in the amount of €443,198 thousand (2020: €436,502 thousand) and the remaining in the previous years.

Of this amount €316,789 thousand (2020: €316,778 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

Following the decision made at the 8 April 2021 General Shareholders Meeting, the amount of €180,989 thousand was distributed to JMH shareholders in May 2021, corresponding to a dividend per share of 0.288 euros (excluding own shares in the portfolio).

According with the decision made at the 25 June 2020 General Shareholders Meeting, the amount of €130,086 thousand was distributed to JMH shareholders in July 2020, corresponding to a dividend per share of 0.207 euros (excluding own shares in the portfolio). Additionally, it was approved the distribution of free reserves in the amount of €86,724 thousand, corresponding to a dividend per share of 0.138 euros (excluding own shares in the portfolio), at the 26 November 2020 Extraordinary General Shareholders Meeting, which were paid in December 2020.

In 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 €493,321 thousand, which corresponds to a dividend per share of €0.785 (excluding own shares in the portfolio).

18. Earnings per share

18.1. Basic and diluted earnings per share

	2021	2020
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	443,198	436,502
Basic and diluted earnings per share – euros	**0.7052**	**0.6946**

19. Borrowings

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 years of 2021 and 2020 JMH did not use any amount of bank or intercompany loans.

19.2. Loan terms and maturities

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 €98,500 thousand (2020: €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 €215,000 thousand (2020: €215,000 thousand), with variable interest rate. At the end of 2021 and 2020, no amount of these credit lines was being used.

19.4. Financial net debt

	2021	2020
Financial lease liabilities - non-current (note 6.2)	379	317
Financial lease liabilities - current (note 6.2)	332	309
Bank deposits (note 16)	(433,237)	(170,579)
Short-term investments (note 16)	(20,000)	-
Total	**(452,526)**	**(169,953)**

20. Provisions

2021	Opening balance	Set up and reinforced	Used and reversed	Closing balance
Other risks and contingencies	6,167	460	-	6,627
Total provisions	**6,167**	**460**	**-**	**6,627**

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**

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.

21. Trade creditors, accrued costs and deferred income

	2021	2020
Current		
Subsidiaries	2,291	1,161
Other commercial creditors	1,961	1,620
Other non-commercial creditors	22	50
Other taxes payables	944	665
Accrued costs	18,240	15,169
Deferred income	17	17
Total	**23,475**	**18,682**

The heading accrued costs includes salaries and wages payable in the amount of €10,776 thousand (2020 €7,328 thousand), and €7,464 thousand (2020: €7,841 thousand) regarding various costs (utilities, insurances, consultants, rents, among others), relating to 2021 and not invoiced by the respective entities prior to the end of the year.

22. Guarantees

The bank guarantees are as follows:

	2021	2020
Guarantees for Tax Authorities	39,668	39,668
Financing bank guarantees	122,202	132,309
Other guarantees provided	1,716	1,669
Total	**163,586**	**173,646**

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 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 €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 €3,065 thousand;
- The Portuguese Tax Authorities have claimed €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 €24,660 thousand, which generated a correction on the Company's tax losses regarding 2007, and an amount of tax estimated of €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 €19,964 thousand, related to the taxation in CIT of ¼ of the results generated in internal operations of the Tax Group, in each of these years. 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 then in the next three Budgets). 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.

24. Subsidiaries

The direct investments owned by JMH, as at 31 December 2021, are as follows:

Company	Notes	Head office	% Owned	Stake held directly	Total assets	Shareholder's equity	Net profit/loss
INVESTMENTS IN SUBSIDIARIES							
Desimo, Lda.	a)	Lisbon	100.00	50	191	188	7
Jerónimo Martins - Serviços, S.A.	a)	Lisbon	100.00	50	11,736	878	(7)
Jerónimo Martins Inovação, S.A.	a)	Lisbon	100.00	50	49	49	-
Friedman - Sociedade Investimentos Mobiliários e Imobiliários, Lda.	a)	Funchal	100.00	5	180	166	(1)
Warta - Retail & Services Investments B.V.	a)	Amsterdam	100.00	18	1,367,547	1,366,645	520,919
Tagus - Retail & Services Investments B.V.	a)	Amsterdam	100.00	18	423,782	421,538	23,242
New World Investments B.V.	a)	Amsterdam	100.00	18	728,085	728,067	(370)
Origins - Agro Business Investments B.V.	a)	Amsterdam	100.00	18	182,111	182,106	(21)
OTHER FINANCIAL INVESTMENTS							
Epic Partners, S.A.	b)	Geneve	8.00	b)	b)	b)	b)

a) For the purposes of the article 486, paragraph 3, of the Portuguese Commercial Companies Code, we declare that we hold the control of the companies indicated.

b) Information not available.

On 26 July 2021, JMH took an 8% share, for 240 thousand Swiss franc (equivalent to €222 thousand), in the capital of the company Epic Partners SA, with headquarters in Geneva, Switzerland. This company aims to provide services in the retail and consumer goods sector to its shareholders.

25. Subsidiaries, joint ventures and associates – interests held directly and indirectly

The companies held directly and indirectly by JMH, as at 31 December 2021, are those mentioned in notes 24 and 26 of the Group Consolidated Annual Report.

26. Related parties

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 2021, nor are there any open amounts between them as at 31 December 2021.

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 4, related with Corporate Governance. The turnover from these services in 2021 was €15,901 thousand (2020: €15,529 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 €1,285 thousand in 2021 (2020: 1,446 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 €463 thousand in 2021 (2020: €422 thousand).

26.2.3. Lease of property

JMH develops its activity in premises rented from subsidiaries, which represented in 2021 costs of €860 thousand (2020: €499 thousand).

As mentioned in note 12, JMH owns a property which is partially rented out to a Group company, and generated profits in 2021 in the amount of €201 thousand (2020: €201 thousand).

26.2.4. Treasury operations (current loans)

JMH granted treasury operations to subsidiaries, which generated interest in 2021 in the amount of €1,565 thousand (2020: €1,867 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 2021 total costs incurred with services rendered by personnel from other companies amounted to €14,574 thousand (2020: €7,386 thousand).

26.2.6. Open balances as at 31 December 2021

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.	9,200	-	19	66
Desimo, Lda.	-	-	2	-
Escola de Formação Jerónimo Martins, S.A.	-	-	1	10
Friedman - Soc. Inv. Mobiliários e Imobiliários, Lda.	-	170	-	-
Hussel Ibéria – Chocolates e Confeitaria, S.A.	-	-	2	-
Imocash – Imobiliário de Distribuição, S.A.	-	-	1,131	-
Imoretalho – Gestão de Imóveis, S.A.	-	-	49	600
Jerónimo Martins - Agro-Alimentar, S.A.	7,825	-	76	182
Jeronimo Martins Colombia, S.A.S.	-	-	9	-
Jeronimo Martins Polska S.A.	-	-	2,047	107
Jerónimo Martins – Restauração e Serviços, S.A.	6,360	-	21	-
Jerónimo Martins - Serviços, S.A.	-	-	233	5,275
JMR – Gestão Empresas Retalho, SGPS, S.A.	21,815	-	102	-
JMR - Prestação Serviços para a Distribuição, S.A.	-	-	144	114
João Gomes Camacho, S.A.	-	-	375	3
Larantigo - Sociedade de Construções, S.A.	-	-	-	41
Lidinvest - Gestão de Imóveis, S.A.	-	-	1	-
Lidosol II – Distrib. Produtos Alimentares, S.A.	-	-	-	3
Masterchef, S.A.	-	-	-	11
New World Investments B.V.	-	730,450	-	-
Origins - Agro Business Investments B.V.	-	182,245	-	-
Ovinos da Tapada - Agropecuária, Lda.	-	-	1	-
Pingo Doce – Distribuição Alimentar, S.A.	-	-	1,719	346
Recheio - Cash & Carry, S.A.	-	-	4,156	88
Recheio Masterchef, Lda.	-	-	8	581
Recheio, SGPS, S.A.	-	-	272	-
Santa Maria Manuela Turismo, S.A.	-	-	15	-
Seaculture - Aquicultura, S.A.	1,140	-	3	-
Terra Alegre - Lacticínios, S.A.	9,330	-	34	2
Warta - Retail & Services Investments B.V.	-	843,480	-	-
Subtotal	55,670	1,756,345	10,420	7,429
Other related parties				
Unilever Fima, Lda	-	-	-	23
Subtotal	-	-	-	23
Total	55,670	1,756,345	10,420	7,452

26.2.7. 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	-
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	-	2
Terra Alegre - Lacticínios, S.A.	13,770	-	57	-
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

26.2.8. Remuneration paid to Directors

	2021	2020
Salaries and cash awards	1,604	1,478
Retirement benefits	9,915	477
Total	**11,519**	**1,955**

The Board of Directors of the Company consists of ten Members. The remuneration shown includes also the amounts paid to the members which, being part of the Board of Directors, work on the Audit Committee, that in the year was €60 thousand (2020: €60 thousand).

The increase in the remuneration of retirement benefits results essentially from the extraordinary contribution performed to the plan, following a decision of the Remuneration Committee, as explained in point 77 of Chapter 4, concerning Corporate Governance.

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 5.2 from the Consolidated Financial Statements.

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 JMH 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 2021 and 2020:

Rating company	Rating	2021	2020
Standard & Poor's	[A+ : AA]	17	17
Standard & Poor's	[BBB+ : A]	50,107	56,675
Standard & Poor's	[BB+ : BBB]	248,841	56,589
Standard & Poor's	[B+ : BB]	11,213	242
Moody's	[Caa2 : Caa1]	32	41
Fitch	[A- : A+]	142,937	56,913
Fitch	[BB+ : BBB]	90	102
Total		**453,237**	**170,579**

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 2021 and 2020 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.

2021	Exposure to liquidity risk		
	Less than 1 year	1 to 5 years	More than 5 years
Borrowings			
Commercial paper	11	-	-
Creditors	4,274	-	-
Lease liabilities	332	384	-
Total	**4,617**	**384**	**-**

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**	**-**

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 2021 was €101 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 2019 and 2020, 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 2019, 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 €349 thousand as a result of investments related with R&D activities in the total amount of €537 thousand, consisting of human resources expenses amounting to €367 thousand and operating expenses amounting to €170 thousand.

   Regarding the year of 2020, 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 €506 thousand as a result of investments related with R&D activities in the total amount of €890 thousand, consisting of human resources expenses amounting to €631 thousand and operating expenses amounting to €259 thousand.

   Lastly, taking into consideration the investments made in 2021 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

✓ Accounting policies

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.

Jerónimo Martins has been monitoring the evolution of events after 24 February 2022, with the beginning of the military conflict triggered by the invasion of Ukraine by the Russian Federation. This situation originated an increased uncertainty about the evolution of economies and financial markets worldwide, and it is not possible, at this moment, to estimate the potential future effects on the Group's operations, as described in point 4. Outlook for the Jerónimo Martins Businesses, of chapter 2. Management Report.

The Group is following the evolution of the conflict, taking the measures considered appropriate at any moment, up to this date no material impacts have been identified, that should lead to changes in the financial statements referring to 31 December 2021.

Lisbon, 8 March 2022

The Certified Accountant **The Board of Directors**

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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 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 2021 (showing a total of 3.001.485 thousand euros and total equity of 2.956.891 thousand euros, including a net profit for the year of 443.198 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 2021, 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 2021, amounts to 2.421.383 thousand 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 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	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; ► We were involved in the assessment of the main tax and legal disputes and contingencies existing in the entities participated by Jerónimo Martins SGPS;

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
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. 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.	► 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, the Corporate Governance Report, non-financial information and remunerations 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 actions taken to eliminate threats or related safeguards used.

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 regarding corporate governance matters 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 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 29-H of the Securities Code, and we have not identified material misstatements on the information provided therein in compliance with Nº 1, paragraphs c), d), f), h), i) and l) of the said article.

On the non-financial information

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 66-B of the Commercial Companies Code.

On the Remunerations Report

Pursuant to article 26-G, Nº 6 of the of the Securities Code, we inform that the Entity has included in the Corporate Governance Report, on separate chapter, the information provided 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 8 March, 2022; and
- We declare that we have not provided any prohibited services as described in article 5 of the Regulation (EU) Nº 537/2014 of the European Parliament and of the Council, of 16 April 2014, and we have remained independent of the Group in conducting the audit.

Lisbon, 17 March 2022

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

João Carlos Miguel Alves (ROC nº 896)
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CORPORATE GOVERNANCE

Corporate Governance

Part I – Information on Shareholder Structure, Organization and Corporate Governance

Section A – Shareholder Structure

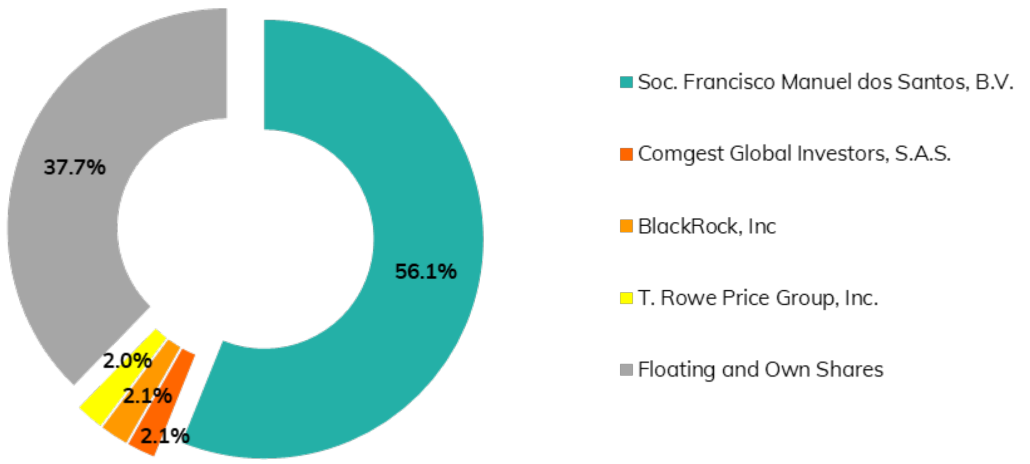
Subsection I - Capital Structure

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. 29.º-H/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 2021*:



* 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. 29.º-H/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. 29.º-H/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. 29.°-H/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. 29.°-H/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. 29.°-H/1/c & /d PSC) and Art. 16.° 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, as it stood on 31 December 2021, based on the total number of shares under the terms of section b), paragraph 3 of Art. 16 PSC, as at 31st December 2021 are identified in the table below.

List of Qualifying Holdings as at 31st December 2021*

(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%
Comgest Global Investors, S.A.S.	12,983,594	2.06%	12,983,594	2.06%
BlackRock, Inc	12,947,912	2.06%	12,947,912	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.

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 31.12.20		Increases during the year		Decreases during the year		Held on 31.12.21	
	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 2021, 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 2021, with Jerónimo Martins, SGPS, S.A. securities.

9. Special Powers of the Board of Directors, especially as Regards Resolutions on the Capital Increase (Art. 29.°-H/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. 29.°-H/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 2021 one General Meeting 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 which, under the terms of the Annual Newsletter for Issuers / 2021 of the CMVM, must still have been taken into particular consideration.

Shareholders who declared they wanted to participate in the General Meeting had to indicate an email 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 the 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 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 email address assembleiageral@jeronimo-martins.com. In that expression of interest, shareholders had to indicate an email 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. 29-H/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, which stood in the period under analysis.

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 4 of this Report.

In this regard, it is also important to mention the Plan for (gender) Equality 2021-2022, disclosed by the Company and which can be consulted on the respective website, 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 2021, 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).

Being the number of independent directors of six, in accordance to the criteria above mentioned, out of a total of ten 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. Currently he has various non-executive directorships and is a Co-Founder of Monarch, a British/German specialized service company. 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 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 serves as a Director and member of the Nomination and Compensation Committee of 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 NN Group, NV, she was appointed, in 2017, as member of the Supervisory Board, and of the Risk Committee and the Nomination and Corporate Governance Committee (ceased functions in this Committee in 2021) and became a member, in 2021, of the Remuneration Committee. In 2019, she was appointed Member of the Supervisory Board of Deutsche Börse AG, currently serving on the Nomination Committee. 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 2015, 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. He was a 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. and of the Advisory Council of Kearney Portugal. 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.

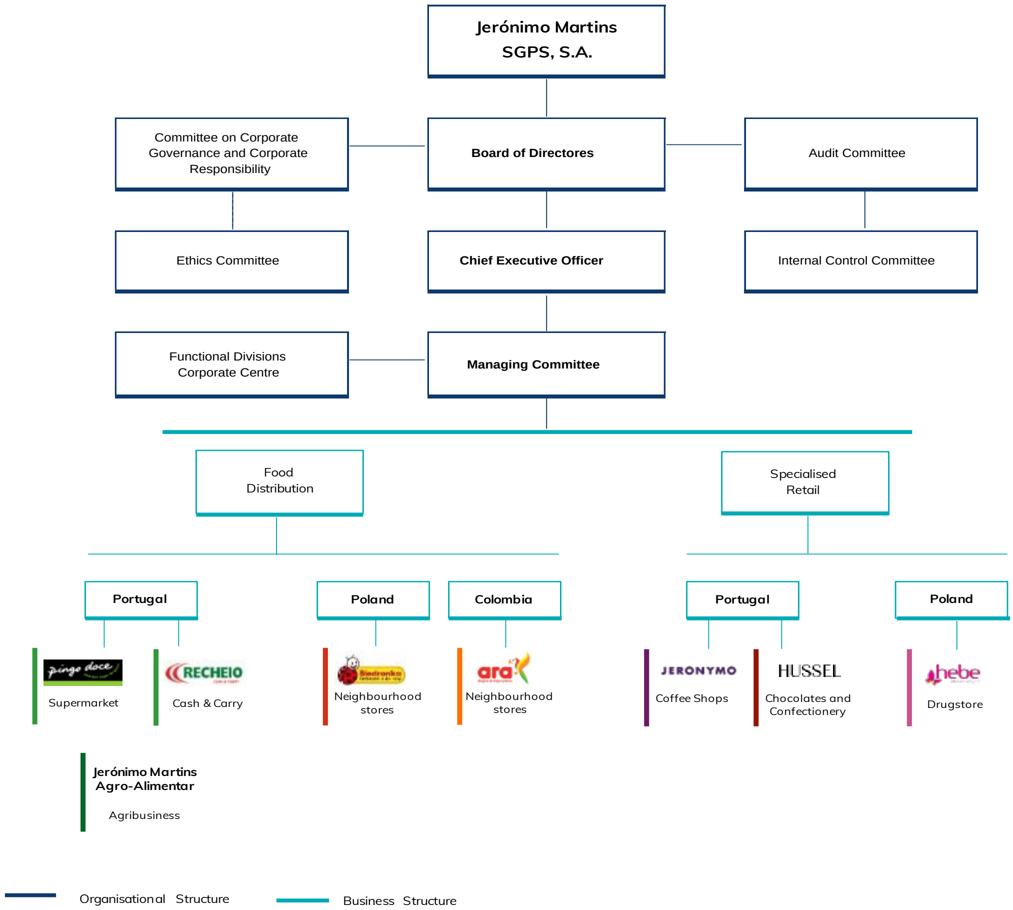
María Ángela Holguín Cuéllar is a Colombian national, has a degree in Political Sciences from Universidad de los Andes. She also holds a specialization in Public Administration at the Andes University, and a specialization in Diplomacy and Strategy from the Centre d' Études Diplomatiques et Stratégie. 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 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 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 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 2021, 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 2021 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.

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 ii) 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 agrobusiness 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 2021

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	Carlos Lis
Business Support	
Commercial/Global Sourcing	José A. Nogueira de Brito
Logistics and Supply Chain	Eduardo Brito
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 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, and also from and on the value chain.

Based on the environmental risk evaluation, trends, the best 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 and progress is publicly reported.

The main commitments and actions implemented in 2021, as well as the results achieved, can be found in Chapter 5 ("Corporate Responsibility in Value Creation"), being highlighted in the year:

- TCFD – definition of the roadmap to mitigate environmental risks in the supply chain for the most relevant ingredients / food products for Companies at Jerónimo Martins;
- In 2021, environmental criteria started having the same ponderation as all other evaluation components, being now a deciding factor in the approval of new suppliers.

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.

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 proposing, coordinating and implementing the global procurement strategy, and global commercial policies, across the several geographies where the Group operates.

The main mission is to drive and lead the coordination and integration of the commercial departments of the several operational companies, in pursuing the following main goals:

- Develop Procurement activities and joint negotiations with producers and international suppliers of Private Brands, perishables and non-food;
- Propose, plan and execute the annual JM Commodities' Global tenders;
- Coordinate and implement international negotiations with selected global suppliers;
- 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 identify all other potential commercial synergies between companies and pursue them to the benefit of the group of companies;
- Harmonize internal rules and procedures for procurement, supplier selection and price negotiation, applicable in all operating companies of the Group.

In 2021, in addition to the initiatives within the scope of the points listed above, it is worth mentioning the implementation of new processes and internal fora, such as:

- The Global Sourcing Committees with the Private Brand Development areas of Poland and Portugal, with a monthly period in Portugal, and bimonthly in Poland;
- The weekly Imports Committee of Ara;
- Monthly strategic categories' coordination meetings with Pingo Doce and Biedronka for pet food, baby care, personal hygiene, and plastic bags and aluminum foil.

Reinforcing the emphasis on social and environmental sustainability criteria introduced in the decision-making process of global tenders, a new set of rules and internal contracting procedures was prepared, giving shape to the Group's best practices in this field.

Corporate Communications and Responsibility – Ensures the strategic and multidimensional management of the Jerónimo Martins brand, promoting its reputation and the alignment of sustainability practices across all the Group's companies in their operations and throughout the value chain. It does so by being in constant dialogue with the various internal and external stakeholders, seeking to incorporate its concerns and expectations in strategic priorities and major lines of action to manage the balance between economic prosperity, social development and environmental conservation.

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Chapter 5 ("Corporate Responsibility in Value Creation") provides more detailed information about the Responsibility initiatives carried out by this department.

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 2021, it continued the development and implementation of organizational simplification and administrative efficiency projects, namely through process automation and digitalization.

It adapted the Group reporting system to comply with the European Single Electronic Format (ESEF), as well as monitored the legislative developments associated with the European Union measures on the so called Green Deal, in what concerns the information to be disclosed regarding the green Taxonomy.

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 2021, a year still marked by operational and strategic challenges, the department kept its focus on managing strategic projects and analysing medium to long-term business opportunities, additionally, the department monitored the impact of the dramatic changes in the business environment had on the different business units.

Fiscal Affairs – Provides all 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 2021, it provided the necessary technical support in ownership restructuring operations. It monitored all tax legislation changes due to Covid-19 pandemic. Coordinated the implementation 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 sustainable development of the several business units in the different geographies.

Having the above as a mission, this Office set since 2021 three key priorities:

- Anticipate and define with each business, the innovations that are happening globally in the End to End supply chain;
- To build a model of physical infrastructure for the future, based on operational experience, which takes into account the best practices in automation and warehouse management systems;
- Promote and foster good practices, and increase synergies among teams from different geographies.

Financial Operations and Insurance – 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.

It is also a responsibility of the Financial Operations, working closely with other areas, especially Corporate Responsibility, to follow up and coordinate processes that aim to guarantee the fulfillment of the sustainable finance reporting obligations.

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 2021, credit lines were renewed that, according to the Financial Risk Management Policy, have to be available up to the limits imposed on it. 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. It was also conducted an international tender to select a single insurance broker to assist the Group requirements in all geographies for the next three years.

Data Privacy – Responsible for the development and implementation of policies, procedures and the framework of data privacy in all business units where Jerónimo Martins operates. In close collaboration with Information Security, Legal departments and the data protection officers, it is responsible for monitoring the compliance with the legislation and applicable regulations, supporting the business units on the assessment and mitigation of privacy risks.

In 2021, 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. Responsible for managing the JM Molecular Biology Lab.

In 2021, the main activities carried out focused on:

- carrying out the defined product and supplier control activities;
- implementation of a new suppliers audit check-list, including food fraud and food defense requirements;
- continuous improvement of Private Brand products by reformulating existing products;
- in the largest and fastest anti-fraud and genetically modified organisms (GMO) ingredients control – 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 for, in the several geographies where Jerónimo Martins operates, 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 Group 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.

In 2021, the main activities developed were the implementation of a continuous improvement plan for suppliers focused on their performance along the year and in food fraud control, a continuous improvement plan for product through several consumer panels and internal sensory panels and its follow up in stores, maintenance of quality and food safety certifications, and continuous improvement of quality management and data analysis tool.

Human Resources – Responsible for defining the strategy and global policies of human resources and internal social responsibility that contribute to keep being a benchmark employer, guiding its implementation and compliance in a sustainable way, including the promotion of 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 2021 can be found in detail in Chapter 5 (“Corporate Responsibility in Value Creation”), subchapter 6 – “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.

Institutional Relations – Responsible for relations with the main sector organizations in which the Group's companies participate. Internally coordinates the involvement and active participation of the corporate functional areas (Sustainability, Environment, Quality, Legal, Financial/Treasury, Tax and Human

Resources) in the different activities of the various organizations. It is worth noting the representation, at European level, of Jerónimo Martins as a member of the EuroCommerce Board and, in Portugal, of Pingo Doce as vice-president and member of the Board of APED (Portuguese Association of Distributing Companies). This, in addition to ensuring articulation with representatives in similar entities in Poland and Colombia. In 2021, it is worth mentioning the coordination of Jerónimo Martins' adhesion to the European Commission Code of Conduct for Responsible Business and Marketing Practices, as the only signatory Portuguese company, and also the consolidation of the relationship with other sectoral organizations in Portugal such as CAP (Confederação dos Agricultores de Portugal) and CIP (Confederação Empresarial de Portugal).

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 2021, 130 security audits were carried out (an increase of 16% compared to 2020) and new security solutions were tested to prevent theft, intrusion and robbery in stores, whose tests will extend to 2022. The reformulation of the risk platform was started, with the inclusion of new KPI's as well as the process of dematerialization of reports of theft in stores, prepared by security personnel.

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 2021, the main initiatives were security awareness and training of employees, regarding the main cyberthreats, the strengthening of incident detection and response resources, as well as security assessments undertaken in several internal systems. Cooperation with national cybersecurity authorities was also reinforced in the three geographies.

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. 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 2021, 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	86%
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.
Director of Sociedade Francisco Manuel dos Santos II, S.A.

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.
Director of Planted Foods AG
Director of Footprint International Holding Inc.
Managing Director of Brillant 3333 GmbH
Managing Director of parabellum.one Beteiligungsgesellschaft mbH
Managing Director of Spac-Founder GmbH

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.
Chairman of the Evaluation and Remuneration Committee of Mota-Engil, SGPS, S.A.
Chairman of the Supervisory Board of Tabaqueira II, S.A.
Chairman of the Advisory Council of Kearney Portugal

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 miMed, Cuidados de Saúde, 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 2021.

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 (termination of duties on September 2021), 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 2021, 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 (CCGCR). Since 19th December 2019 it is composed by António Serrano, Germán Barreto, Dominik Wolski and Sara Maia (termination of duties on 31st December 2021). 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 2021 for the exercise of its competences were drawn up.

The Regulation of the Ethics Committee 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 2021, 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 efectiveness 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.

Under the terms of the law and the procedure described below in points 89. and 91., the Audit Committee is responsible for assessing whether any existing transactions with related parties were carried out within the scope of the current activity of the Company and/or its subsidiaries and under market conditions. The Audit Committee is also responsible for, whenever necessary, to issue its prior opinion on any transactions with related parties or transactions that may generate conflicts of interest.

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.

Within the scope of its attributions in terms of monitoring the legal accounts audit services, and the statutory auditor, the Audit Committee shall propose to the competent body the dismissal of the former, or the termination of the contract for the provision of services entered into, should there be just cause.

In 2021, the Audit Committee paid particular attention to financial risk management, namely on what regards exchange rate hedging operations and cash position management, to the evolution of pending court cases, to the external audit plan and procedures, to the plan and activity of the Internal Audit Department, as well as to the activity of other departments, namely Information Security, Risk Management, Quality Control, Food Safety and Data Privacy.

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 2021, 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 2021 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 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 2021, 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 five 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 2021, 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 five 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, as it stood in the period under analysis, 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 53,043 euros, concern to support services in the field of human resources and limited assurance services on sustainability indicators.

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 26 July 2021, the remuneration to be paid to the External Auditor in 2021.

In 2021, the total remuneration paid to the External Auditor and other individuals or companies' belonging to the same network was 864,774 euros.

In percentage terms, the amount referred to is divided as follows:

	Amount	%
By the Company		
Amount for statutory auditing services (€)	100,815	11.7%
Amount for audit reliability services (€)	32,700	3.8%
Amount for tax consulting services (€)	-	-
Amount for other non-statutory auditing services (€)	-	-
By entities comprising the Group		
Amount for statutory auditing services (€)	710,916	82.2%
Amount for audit reliability services (€)	-	-
Amount for tax consulting services (€)	-	-
Amount for other non-statutory auditing services (€)	20,343	2.3%

Section C – Internal Organisation

Subsection I - Articles of Association

48. The Rules Governing Amendment to the Articles of Association (Art. 29-H/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 email 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 email, 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 email 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 2021, 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 pandemic context that was experienced again throughout this year and the frequent need to resort to work from home, priority was given to audits of the critical processes potentially most affected in this context and analysis methods were applied that complement the face-to-face observation with assessments and interactions by telematic means.

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 hierarchically 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 Model, which distinguishes among three groups (or lines) involved in effective risk management, namely:

- First Line (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 (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, Physical Security, Information Security, Data Privacy, Quality & Food Safety, amongst other corporate areas;
- Third Line (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 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 2021;
- 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 2021;
- 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 controls of the most exposed processes, 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 Covid-19 pandemic continued to significantly impact the conditions in which Jerónimo Martins' Companies operated throughout the year. It was therefore necessary to keep the implementation of various measures in order to anticipate and mitigate the most relevant impacts on the operation and in the execution of the strategic objectives, always prioritizing the protection of the teams.

The sanitary crisis to which the Companies continued to be exposed was therefore reflected in the various risks to which the Group is subject to, namely strategical, operating and information systems related.

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 attempts 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[10]

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;
ii. monitoring, by following the product throughout the whole logistics flow, to analyse compliance with best practice and certification requirements;

[10] The actions carried out by the Group for Food Quality and Safety in 2021 are detailed in Chapter 5 ("Corporate Responsibility in Value Creation"), subchapter 2 - "Promoting Good Health through Food".

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[11]

The identification, assessment and management of environmental risks – and opportunities – play an important role in the way Jerónimo Martins conducts its businesses. These actions seek to ensure the efficient management in the use of resources in its Companies' operations, products and services, to mitigate the occurrence of possible natural risks such as extreme weather events and to identify opportunities to create value in a logic of promoting environmental preservation and regeneration. To support this exercise, the Group uses studies and audits to assess the main impacts of its activities on ecosystems and the resources they provide, in the following areas:
i. Agricultural management practices focused on water and energy consumption, biodiversity and land management, as well as economic management of perishables suppliers;
ii. Conservation risk analysis on Private Brand and perishables fish sold;
iii. Analysis of risks and opportunities associated with impacts arising from climate change (following the recommendations of the methodology of the Task Force on Climate-related Financial Disclosures) and water usage;
iv. Mapping of deforestation commodities, their origins and production methods in Private Label and perishables products;
v. Carrying out internal and external audits at its own facilities, on Private Brand and perishables suppliers and service providers.

Therefore, the following risk typologies were identified[12]:
- 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 and by promoting biodiversity;
- 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 United Nations' 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.

[11] Actions carried out by the Group during 2021, on Environment Protection are detailed in the Chapter 5 ("Corporate Responsibility in Value Creation"), subchapters 3 - "Respecting the Environment" and 4 – "Sourcing Responsibly".
[12] 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 and opportunities 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

Risk Factors

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 27 – 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.

Annually, the Board of Directors approves, after a favorable opinion from the Audit Committee, the budgets and strategic plans for the following year, taking into account the opportunities and risks considered.

55. Core Details on the Internal Control and Risk Management Systems Implemented in the Company Regarding the Procedure for Reporting Financial Information (Art. 29-H/1/l) 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 2021, still in the context of the Covid-19 pandemic, the concern to maintain 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 remained.

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-mails with questions addressed to the Investor Relations Office;
- virtual meetings hosted by the Management from the business areas, Group CFO and the Chairman;
- 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 email 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;
- 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 quarter or annually, 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 email 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 2021, 278 contacts with investors were recorded through meetings that took place almost entirely by virtual means, 134 contacts through telephone conferences with investors and 375 requests for information sent via email, or by telephone by investors, financial analysts or by other entities, 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/pt/
https://www.jeronimomartins.com/en/

60. Place Where Information on The Firm, 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 26-G 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.

In 2021, no natural or legal person was hired to support the Remuneration Committee in the performance of its duties, although it could have freely decided the hiring by the Company of consulting services deemed necessary or convenient for the exercise of its duties.

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 8th April 2021.

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 more than 30 years in both positions of responsibility in the Human Resources area and in commercial areas. In Asia Pacific, where he worked for over 15 years, he held the role of CHRO of Royal Ahold Asia and Philips Electronics Asia Pacific, as well as the role of CEO of Philips Domestic Appliances. He was Purchasing Director for Techtronics in Hong Kong before joining the Board of Directors of one of Europe's largest private family-owned companies, owned by the Brenninkmeijer family in Switzerland. He now runs his own software company, IntelligentBoardRoom, and serves on the Advisory Board of EMK Capital, a London-based mid-cap 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

At the 2021 General Meeting the remuneration policy proposal presented by the Remuneration Committee was approved.

In the preparation of said proposal, the Remuneration Committee reviewed and gave careful consideration to the principles that govern the Corporate Bodies Remuneration Policy of the Company. These principles reinforce and highlight those aspects of the remuneration policy that are critical to the sustainability of the Jerónimo Martins business, namely:

- the international landscape should be the foundation of the benchmark for the corporate bodies' competitive remuneration. It is essential to maintain the ability to attract and retain the best talent in a competitive 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 payments), should be aligned with the practice of the reference market (e.g., European top executives' market), and with internal remuneration policies;
- the alignment with the Company employees' remuneration policies and employment conditions is ensured by considering similar reference markets and/or strategic positioning (always comparing to equivalent jobs) that confer a substantial level of internal level of internal equity and adequate external competitiveness;
- 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, which is also taken into consideration in the rewarding policies of the Company;
- the need to safeguard the interests of the Company.

It was proposed by the Remuneration Committee to maintain the above mentioned policy's principles. The proposal considers the legal framework and the existing recommendations, as well as the organisational model adopted by the Board of Directors.

The Committee kept and reaffirmed, at every moment, its independent nature, being composed only by non-directors appointed by the shareholders. This independence, together with the permanent monitoring of the benchmark referred to above and the resource, whenever necessary, to the best external consulting services, constitutes an effective way to avoid any possible conflicts of interest with the members of the corporate bodies at stake.

With respect to the organisation of the Board of Directors, the Remuneration Committee has specifically considered the following characteristics:

- the existence of a Chief Executive Officer with delegated duties (who since 18th December 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;
- 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 in accordance with the framework of the compensation principles, the Remuneration Committee considered the following measures:

- to ensure that the remuneration of directors with executive duties is aligned with international market practices, it is reinforced the importance of keeping the process for defining targets and assessing performance, which should be subject to review and/or update on a regular basis (every mandate);
- to guarantee the consistency between the quantitative key performance indicators defined for the Chief Executive Officer annual performance evaluation and those that are also considered, according to their responsibilities, in the annual performance appraisal for all Company's managers;
- the remuneration of the non-executive directors shall be a fixed amount exclusively, reviewed periodically according to international best practices and taking into consideration the specific responsibilities and availability of such directors;
- regarding the remuneration of directors with executive duties, specifically the Chief Executive Officer (CEO), the Remuneration Committee decided to maintain the existence of two remuneration components, fixed and variable:

    i) fixed component: the fixed component of remuneration corresponds to a monthly remuneration paid in 14 monthly installments, the amount of which is determined taking into account the duties and responsibilities attributed to the CEO of the Company, the performance achieved and the benchmark for similar positions; also the CEO remuneration cannot or should not create an impediment to the competitiveness of the Company's remuneration policies;

    ii) variable component: the variable component corresponds to an annual amount determined by the Remuneration Committee and is limited to the maximum amount of twice the value of the fixed remuneration. The determination of a final amount is based on an annual individual performance evaluation. The evaluation is based on a framework of key quantitative indicators which should be in line with the Group strategic goals and business plans approved by the Board of Directors, and qualitative priorities that are key to the long term sustainability of the business;

    iii) 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, which will be weighed according to the strategic priorities of the Company, the context of the business and the overall interests of the stakeholders, take into account the turnover growth, the earnings evolution, the return on invested capital and the robustness of the Company's capital structure;

    iv) the qualitative key performance indicators account for 50% of the individual performance calculation. The Remuneration Committee evaluates real implementation of transversal projects to the Group's companies to ensure the future business competitiveness and the long-term sustainability. The individual performance indicators are: 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 are measured by Environmental Social and

Governance (ESG) analysts according to the information disclosed on the policies, practices and KPI's;
These dimensions – quantitative and qualitative - 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;
v) the attribution of the annual variable component should consider the following criteria: a) if after review, the individual performance does not meet any of the set targets (quantitative or qualitative), there will be no annual variable remuneration payment; b) if the individual performance equals or exceeds in all or some of the targets, the variable remuneration payment may range from 50% to 100% of the maximum variable amount;
vi) the process for the CEO performance review includes an annual performance assessment with quarterly periodic reviews which are made available to the Remuneration Committee. The assessment and reviews are based on evidence, and on a regular monitoring of the degree of achievement of the targets. In accordance with the established procedure, the performance cycle is concluded with the award of the variable incentive component in the first quarter of the year following the performance period after the calculation of the full year results. The payment is made 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, through the setting and achievement of ambitious ambitious goals of accelerated growth and appropriate shareholder return. Furthermore, the Committee considers that the Remuneration Policy of the Company is also 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 the Company in this matter from time to time based on appropriate and reliable benchmark studies provided 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 between the Company and its subsidiary companies where such Directors are also members of the management body, in a portion determined by the Remuneration Committee.

The Remuneration Committee considers that the remuneration of Directors with executive duties is adequate and allows a strong alignment through the setting of appropriate targets 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 believes it is unnecessary to have a deferral on the variable remuneration. For the same reason, the Remuneration Committee deems unnecessary to determine the maximum potential amount of the remuneration, in aggregate and/or for any individual, to be paid to members of Corporate Bodies (with no prejudice to the above mentioned regarding the proportion between the fixed and the variable remuneration of the executive directors). Finally, and for these same reasons, it also finds unnecessary the inclusion of a claw back mechanism related to variable remuneration.

Additionally, the Company provides for a Retirement Pension Plan for Executive Directors which was approved by the General Meeting, which is described in point 76.

As established by the Remuneration Committee in 2010, life and health insurance fringe benefits for Directors with executive duties shall continue unchanged. These fringe benefits have no relevant weight on the remuneration of such directors, representing less than 1% of the total remuneration.

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.

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, since 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 Jerónimo Martins, which covers almost all its subsidiaries. This remuneration shall be in line with market practices and is subject to the approval of the Audit Committee.

The Company continues not to have any type of plan for the attribution of shares or share purchase options to directors, nor has there been any remuneration paid in the form of profit sharing.

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.

In accordance with the aforementioned Remuneration Policy proposal presented by the Remuneration Committee which was approved at the 2021 General Meeting, the Company has not adopted and will not adopt any policy or perform any contracts or agreements with directors, members of the Audit Committee or members of the Company's Internal Committees, related to the performance of its functions, applicable notice periods, termination and payment clauses associated with the termination thereof.

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.

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.

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 percentage of the monthly deduction for the Fund is currently 25% - the value of the benefits varying depending on the earnings obtained. The Remuneration Committee defines the contribution rate of the Company.

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.

The Remuneration Committee may determine the Company to make extraordinary contributions on behalf of the Participants, including through the redemption of life insurance, if this proves to be appropriate in light of the reasons that led the shareholders to approve such an amendment to the Pension Plan in 2020 This possibility is in accordance with the remuneration policy in force, namely in the case of short contributory careers or misaligned with the benchmark or in the event of a mismatch between the contribution period and the career at the service of the Company.

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 of Directors, paid by the Company during 2021, totaled 2,159,000 euros, corresponding to 1,001,500 euros of fixed remuneration, 542,500 euros of variable remuneration and 615,000 euros of ordinary contributions to the retirement pension plan. To this amount was added 9,300,000 euros relating to the extraordinary contribution to the said plan.

This last contribution stems from the Remuneration Committee's finding of the need to correct a deviation resulting from (i) the prolonged lack of competitiveness of the remuneration package of the Chairman of the Board of Directors and Chief Executive Officer (in view of the reference market) which, associated with a low rate of ordinary contribution to the pension fund in force in the past, had led to low annual contributions to the defined pension scheme and (ii) the gap between the contribution period (started in 2005) and the entire career of the Chairman of the Board of Directors and Chief Executive Officer at the service of the Group as Executive Director (since 1995). Thus, the Remuneration Committee decided, pursuant to article 3, paragraph 3 of Plan C of the Jerónimo Martins & Affiliates Pension Fund, that the Company should allocate, in 2021, the aforementioned extraordinary contribution to the Fund on behalf of the Chairman of the Board of Directors and Chief Executive Officer, with a view to filling the aforementioned competitive gap[13].

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[13] In the analysis of said competitiveness differential, the Remuneration Committee also took into account, as mentioned in its deliberation, that the year 2021 marks: "the culmination of a decade of extraordinary growth, the first under the leadership of the current Chairman of the Board of Directors and Chief Executive Officer, and which the Committee has been recording quarter on quarter throughout the last years. In fact, between the beginning of 2010 and the end of 2020:

- The Group's sales more than doubled, and are expected to exceed 20 billion euros in 2021;
- The number of employees grew 2.2 times, with the creation of more than 64 thousand jobs, in a period of continuous updating of remuneration and benefits policies and practices, always trying to keep a positive gap between our minimum salary and the national minimum salary in the countries where the Group operates;
- Net results on a comparable basis (excluding IFRS16) doubled;

In the chart below reference is made, pursuant to paragraph 2 of Art. 26-G 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 Ordinary contributions + Extraordinary** contribution
Pedro Soares dos Santos	318,500	542,500	615,000 + 9,300,000**
Andrzej Szlęzak	83,000	-	-
António Viana-Baptista	80,000	-	-
Artur Stefan Kirsten	80,000	-	-
Clara Christina Streit	80,000	-	-
Elizabeth Ann Bastoni	90,000	-	-
Francisco Seixas da Costa	80,000	-	-
José Soares dos Santos[1]	-	-	-
Maria Ángela Holguín Cuéllar	80,000	-	-
Sérgio Tavares Rebelo	120,000	-	-

* Annual variable remuneration fixed and paid in 2021, following the performance assessment for the year 2020

** Extraordinary contribution to the Pension Plan awarded in 2021 by decision of the Remuneration Committee to correct the identified deviation

[1] Waived the remuneration for the remaining term of office, including 2021.

In the following charts, the provisions of Article 26-G 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. 26-G 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	Remuneration Paid (% of annual total)		
	Fixed Component (%)	Variable Component* (%)	Retirement Pension Plan (%) Ordinary contributions + Extraordinary** contribution
Pedro Soares dos Santos	7.35	12.53	4.97 + 75.15**
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[1]	-	-	-
Maria Ángela Holguín Cuéllar	100	-	-
Sérgio Tavares Rebelo	100	-	-

* Annual variable remuneration fixed and paid in 2021, following the performance assessment for the year 2020

** Extraordinary contribution to the Pension Plan awarded in 2021 by decision of the Remuneration Committee to correct the identified deviation

[1] Waived the remuneration for the entire term of office.

- Market capitalization grew 100%;
- The market leaderships of the different brands of the Group were always strengthened;
- Internationalization was further consolidated and deepened with the entry into Colombia as the third country of operations, in a green field strategy;
- The strength of the balance sheet has always been reinforced throughout the decade, placing the Group in a financial position that allows it investment flexibility for the future;
- The consistency of the strategy and the work developed in terms of ESG made possible for Jerónimo Martins to be included in more than 100 international sustainability indexes."

In the charts below is provided the information required under the terms of paragraph 2 of Art. 26-G 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		**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Pedro Soares dos Santos	Fixed Remuneration (€)	630,000	630,000	630,000	685,000	700,000	910,000
	Variable Remuneration (€)[1]	450,000	1,080,000	990,000	1,080,000	1,400,000	1,550,000
	Ordinary Contributions to Pension Plan (€)	189,000	299,250	283,500	306,396	476,875	615,000
	Total Remuneration including Ordinary Pension Plan Contributions (€)	1,269,000	2,009,250	1,903,500	2,071,396	2,576,875	3,075,000
	% Change	-	**58.3**	**-5.3**	**8.8**	**24.4**	**19.3**
	Extraordinary Contribution to Pension Plan[2] (€)	-	-	-	-	-	9,300,00
	Total Remuneration including Ordinary Pension Plan Contributions and Extraordinary Contribution (€)	1,269,000	2,009,250	1,903,500	2,071,396	2,576,875	12,375,00
	% Change	-	58.3	-5.3	8.8	24.4	380

[1] Variable Remuneration paid in a specific year is related to the previous year performance.
[2] Extraordinary contribution to the Pension Plan awarded in 2021 by decision of the Remuneration Committee to correct the identified deviation.

Non-Executive Directors		**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Andrzej Szlęzak	Fixed Remuneration (€)	105,500	130,000	133,000	123,000	133,000	133,000
	% Change	-	23.2	2.3	-7.5	8.1	0
António Viana-Baptista	Fixed Remuneration (€)	80,000	80,000.00	80,000	80,000	80,000	80,000
	% Change	-	0	0	0	0	0
Artur Stefan Kirsten	Fixed Remuneration (€)	70,000	80,000	80,000	80,000	80,000	80,000
	% Change	-	14.3	0	0	0	0
Clara Christina Streit	Fixed Remuneration (€)	80,000	80,000	80,000	80,000	80,000	80,000
	% Change	-	0	0	0	0	0
Elizabeth Ann Bastoni	Fixed Remuneration (€)	-	-	-	80,000	80,000	80,000
	% Change	-	-	-	-	0	0
Francisco Seixas da Costa	Fixed Remuneration (€)	85,500	80,000	80,000	80,000	80,000	80,000
	% Change	-	-6.4	0	0	0	0
José Soares dos Santos	Fixed Remuneration (€)	-	-	-	80,000	-	-
	% Change	-	-	-	-	n.a.[1]	-
Maria Ángela Holguin Cuéllar	Fixed Remuneration (€)	-	-	-	100,000	130,000	130,000
	% Change	-	-	-	-	30	0
Sérgio Tavares Rebelo	Fixed Remuneration (€)	140,000	200,000	220,000	190,000	220,000	220,000
	% Change	-	42.9	10	-13.6	15.8	0

[1] The variation from 2019 to 2020 is not applicable due to the renounce of remuneration presented by the Director.

Company Associates		2016	2017	2018	2019	2020	2021
Total Remuneration[1]	FTE Average Remuneration (€)[2]	103,726	99,389	102,140	102,787	105,857	106,928
	FTE Average Remuneration - % Change[3]	-	8.2	4.8	4.7	6.5	5.6

[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.
[3] Annual variations were calculated on a constant basis of employees between year N and N-1, in order to exclude from this indicator the effects of new hires in year N.

Jerónimo Martins Group Performance		2016 (%)	2017 (%)	2018 (%)	2019 (%)	2020 (%)	2021 (%)
Key Performance Indicators	Sales Growth (at constant exchange rates)	9.8	9.4	6.8	8.4	6.7	10.7
	EBITDA growth[1] (at constant exchange rates)	11	4.7	3.9	9.3	0.5	17.5
	Δ Ordinary Net Earnings attributable to JM[1]	12.8	0.2	3.2	8.9	-10.2	30.1
	Pre-tax Return on Invested Capital[1]	32	32.3	28.5	30.5	29.7	42.6

[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 2021 totalling 1,799,000 euros, being the gross individual amounts paid detailed, pursuant to paragraph 2 of article 26-G PSC, in the chart below:

Director	Amounts Paid (euros)	
	Fixed Component	Variable Component *
Pedro Soares dos Santos[1]	591,500	1,007,500
Andrzej Szlęzak[2]	50,000	-
María Ángela Holguín Cuéllar[2]	50,000	-
Sérgio Tavares Rebelo[2]	100,000	-

* Annual variable remuneration fixed and paid in 2021, following the performance assessment for the year 2020.

[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. 26-G PSC

The gross remuneration paid, during 2021, 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. 26-G PSC, in the chart below:

Audit Committee	Remuneration Paid (euros)			
	Fixed Component	%	Variable Component	%
Sérgio Tavares Rebelo (President)	20,000	100	-	-
Clara Christina Streit	20,000	100	-	-
Elizabeth Ann Bastoni	20,000	100	-	-

In the chart below is provided the information required under the terms of paragraph 2 of Art. 26-G 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		2016	2017	2018	2019	2020	2021
Sérgio Tavares Rebelo (President)	Fixed Remuneration (€)	16,000	20,000	20,000	20,000	20,000	20,000
	% Change	-	25	0	0	0	0
Clara Christina Streit	Fixed Remuneration (€)	12,000	20,000	20,000	20,000	20,000	20,000
	% Change	-	66.7	0	0	0	0
Elizabeth Ann Bastoni	Fixed Remuneration (€)	-	-	-	20,000	20,000	20,000
	% Change	-	-	-	-	0	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 7,500 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.

In any case, it is reaffirmed, as was already stated in Point 69., that, in accordance with the Remuneration Policy approved at the 2021 General Meeting, the Company has not and will not adopt any policy or execute any contracts or agreements with directors, members of the Audit Committee or members of the Company's Internal Committees, related to the performance of their duties, applicable notice periods, termination and payment clauses associated with the termination thereof.

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. 29-R/1 of the Securities Code That Envisage Compensation in the Event of Resignation or Unfair Dismissal or Termination of Employment Following a Takeover Bid (Art. 29-H/1/k) 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.
See, also, Points 69. and 83.

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. 29-H/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

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 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 2021, 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 23 – Related Parties of Chapter 3.

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

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

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)	
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

RECOMMENDATION	STATUS REGARDING THE ADOPTION	REFERRAL TO THE CGR TEXT
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)
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;	Adopted	Part I, Section B, Sub-section II, point 21

RECOMMENDATION	STATUS REGARDING THE ADOPTION	REFERRAL TO THE CGR TEXT
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.		
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
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	Adopted	Part I, Section D, Sub-section III, points 69 to 71

RECOMMENDATION	STATUS REGARDING THE ADOPTION	REFERRAL TO THE CGR TEXT
of their remuneration should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks.		
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.	Not Applicable	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
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	Adopted	Part I, Section B, Sub-section III, point 30, and Section C, Sub-section III, points 52 and 55

RECOMMENDATION	STATUS REGARDING THE ADOPTION	REFERRAL TO THE CGR TEXT
effectiveness of this system, propose adjustments where they are deemed to be necessary.		
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 powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.	Adopted	Part I, Section B, Sub-section III, points 30 and 37, Sub-section V, points 46 and 47
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. 29-S PSC, added by Law no. 99-A/2021, of 31 December. 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") which still made reference to Art. 249.-A CVM, in force at the time, with material content equivalent to that of Art. 29.-S CVM.

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 2021, 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 g).

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

5

CORPORATE RESPONSIBILITY IN VALUE CREATION

NON-FINANCIAL REPORT

Corporate Responsibility in Value Creation

1. Approach to Corporate Responsibility

Our nearly 230 years of accumulated experience in the food sector proves that we are able to create value consciously, seeking to manage the balance between economic prosperity, social development, and environmental conservation.

We know that modern societies face complex challenges and recognise that we, as an organisation, depend on the resources that planet Earth provides.

That is why, in 2021, we boosted our importance as a change agent in environmental and social sustainability issues throughout the value chain.

We received the highest score ('A') in the CDP – Disclosure Insight Action "Climate Change" and "Water Security" programmes. For the third consecutive year, we received an "A-" (leadership level) in the assessment of commodities associated with deforestation risk (palm oil, beef and soy), positioning Jerónimo Martins as the food retailer with the best score worldwide.

Just a few months before the COP26 UN Glasgow Climate Change Conference and at a time when changes to European legislation were being finalised, we were one of the eleven signatories of an open letter calling for greater ambition from the European Union in fighting deforestation. We were also one of the first to sign the EU Code of Conduct on Responsible Food Business and Marketing Practices.

In 2021, we continued to be part of a select group of companies listed on the Bloomberg Gender-Equality Index and opened the Incluir Centre, to boost the employability of people with disabilities through specialised training.

As part of our vision of democratising access to food, we improved what we believe to be crucial for the consumer: information about what they buy. To this end, we decided to add the Nutri-Score label to packaging, a more intuitive symbol about the nutrition profile of pre-packaged products, applying it to more than 160 references in Portugal and Poland. We also opened our own molecular biology laboratory to continue to ensure food safety.

Ten years after setting our first corporate responsibility targets, we are listed on over 100 international sustainability indices.

Sustainability Indices

The Jerónimo Martins Group is listed on more than 100 international sustainability indices, recognising the Group's progress in environmental, social and governance (ESG).

We are the only Portuguese company on the CDP A list (formerly Carbon Disclosure Project, now Disclosure Insight Action), having achieved two 'A's: one under "Climate Change" and the other under "Water Security". For the third consecutive year, we are the only food retailer worldwide with a score of 'A-' (Leadership level) in three of the four commodities associated with deforestation: palm oil, soy, and beef. The Group achieved a 'B' for paper and timber.

We are listed on the Eurozone ESG Large 80 index, which brings together the largest Euronext companies that best adapt their business to the energy transition. We are also listed on the Euronext Vigeo Eiris Eurozone 120 and Europe 120 indices, and the FTSE4Good Europe, FTSE4Good Developed and FTSE4Good Developed Minimum Variance indices.

In early 2022, and for the second consecutive year, we were once again listed on the Bloomberg Gender-Equality Index

1.1. 2021 Highlights

Our Corporate Responsibility strategy consists of five pillars that are transversal to all the Companies and aims at responding to the challenges and expectations identified by our stakeholders, in line with the Sustainable Development Goals and the United Nations Global Compact Principles.

I - Promoting Good Health through Food

We focus on the quality, diversity and safety of the products we market.

- We have prevented 1,215.6 tonnes of sugar, 152.8 tonnes of fats, and 20.4 tonnes of salt from entering the market with the nutritional reformulations of our Private Brand and perishable products;
- We apply the Nutri-Score label to more than 160 Private Brand references in Portugal and Poland;
- We opened a molecular biology laboratory that conducts 350 monthly analyses of Private Brand food products and fresh goods for Portugal, Poland and Colombia.

II – Respecting the Environment

We seek to reduce the environmental impacts of our operations and supply chains.

- We reduced our carbon footprint (scope 1 and 2) by 35%, compared to 2017;
- We reduced energy consumption by 11% for every 1,000 euros in sales, compared to 2017;
- We reduced our plastic consumption by 15% for every million euros in sales, compared to 2018.

III - Sourcing Responsibly

We integrate social and environmental criteria throughout the supply chain.

- We sourced around 89% of our food purchases from local suppliers;
- Our certified sustainable Private Brand and perishable products account for 7.8% of sales in these categories;
- Biedronka brought forward its goal of eliminating the purchase of cage eggs by four years.

IV - Supporting the Surrounding Communities

We strive to fight hunger and malnutrition, particularly in the communities in which we are present.

- We channelled 51.3 million euros towards community support, 8% more than in 2020;
- We donated 21.4 tonnes of food donations, 15% more than in the previous year;
- We entered into an agreement with WOŚP (The Great Orchestra of Christmas Charity), Poland's largest charity event.

V – Being a Benchmark Employer

We promote job creation, balanced wage policies, and a stimulating work environment.

- We increased our workforce by 4.4% (an additional 5,248 employees);
- We promoted 17,426 employees;
- We invested 217 million euros in bonuses paid to employees;
- We improved the gender pay ratio to 97.6%, 1.1 p.p. more than in 2020.

1.2. Stakeholder engagement

[GRI 102-21; GRI 102-40; GRI 102-42; GRI 102-43; GRI 103-1]

We regularly engage with our stakeholders, which enables us to identify and manage sustainability aspects that have a significant impact on society and on our businesses. These stakeholders are[14]:

- shareholders and investors;
- analysts;
- official bodies, supervising entities, and local authorities;
- suppliers, business partners, and service providers;
- employees;
- customers and consumers;
- local communities;
- journalists;
- non-governmental organisations and associations.

Our preferred interfaces for each type of stakeholder and respective communication channels are described in more detail on our corporate website. Details about the national and international organisations of which the Group is a part are also available at the same platform[15].

We review the material aspects that should be taken into account in our Corporate Responsibility strategy and reporting every three years. The most recent review was performed in 2019 and identified the following ten material topics[16]:

- food quality and safety;
- reduction of packaging materials, and the use of sustainable materials;
- ethics and transparency;
- fighting food waste;
- respect for human and labour rights;
- affordable product offering;
- respect for human and labour rights in the supply chain;
- mission, vision and strategy;
- support to social projects;
- incorporation of circular economy principles.

The Committee on Corporate Governance and Corporate Responsibility is the body responsible for ensuring compliance, disclosure and reinforcement of our corporate responsibility principles[17]. Each Company has a Sustainability Committee that manages priorities and the alignment between the Group's corporate responsibility policies and the practices of the Companies.

In 2021, 20 Sustainability Committee meetings were held to discuss topics related to nutritional reformulation strategies, the development of differentiated solutions in Private Brand products, the fight against climate change, plastic pollution, animal welfare, and support to surrounding communities.

[14] More information is available on our corporate website, in the “Our Stakeholders” page.
[15] For more information see the “About us” area on our corporate website.
[16] More information is available on our corporate website, in the “Defining our Priorities” page.
[17] The responsibilities of the Committee are described on our corporate website, in the "Investors" area.

2. Promoting Good Health through Food

2.1. Introduction

We recognise the contribution that a Group such as ours can make to adopting healthier lifestyles through food. That is why we endeavour to minimise the use of artificial ingredients and processing methods in the foods we produce and market. We also focus on diversifying options for consumers with specific needs or preferences, such as food intolerances and allergies.

2.2. Quality and Diversity

To guarantee the high standards of quality and food safety of the products we market, the guidelines in place in Portugal, Poland and Colombia encompass the following guidance:

- the Product Quality and Safety Policy[18], aimed at improving the development and monitoring of Private Brand products (food and non-food) and perishables;
- the Nutritional Policy[18], concerning nutrition profile, preferred ingredients, labelling, serving sizes, continuous improvement, and communication;
- the guidelines for the development of Private Brand products and perishables, specifying, inter alia, restrictions on the use of food colouring, preservatives and other artificial additives, and defining the maximum quantities of ingredients such as salt, sugar and fat, as well as principles of nutritional labelling.

2.2.1. Launches

The Group continues to invest in bringing products to the market that meet the needs and preferences of consumers while it also extends the supply of food that encourages more responsible consumption patterns.

Poland

Biedronka has introduced 70 new Private Brand products in the market that promote healthier nutrition habits. Some of the most notable launches in the year were four gluten-free products (such as the Go Vege marinated tofu with basil and the tofu with paprika), eight lactose-free products (such as the Mleczna Dolina natural *kefir*), the Ayran Turkish-style yoghurt (made from the milk of cows fed non-genetic modified organisms [OGM] feed) and 23 clean label[19] products (such as the Tutti only three ingredients vanilla homogenised quark).

Also of note are the Culineo instant pasta without the flavour enhancer monosodium glutamate[20], and Marletto ice-cream wafers without soy lecithin.

In the vegan and vegetarian, in non-GMO categories and those that respect other legally required criteria[21], 45 references were introduced in the market by Biedronka, such as the Go Vege oat cream and the fermented oat-based drinks with B12 and D vitamins. Of note in the fresh food category are the regional breads, Mediterranean-style bread with dried tomatoes and olives, and the Omega-3 and seed bread. Fresh organic bread is now also available in 470 stores, 32 more than in 2020.

Portugal

Most noteworthy among the products launched by the various banners are the Pingo Doce plant-based, such as red bean millet burgers (organic, gluten-free, without colouring or preservatives), the beef-style burger and beef-style meatballs without animal-based flavour enhancers or aromas, and the natural

[18] This policy can be found on our corporate website, under "Promoting Good Health through Food".
[19] Without (or with a limited amount of) additives, usual in a given category, in accordance with legal requirements.
[20] Additive in common use in the food sector, or glutamate potency or food flavor. According to the EFSA, there is currently no numerical acceptable daily intake (ADI) number specified for glutamic acid and glutamate as food additives in the EU. Some adverse reactions recorded in the media to frequent occurrences, namely headaches. To find out more: https://www.efsa.europa.eu/en/press/news/170712
[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, under which products whose production process does not include animal-based ingredients can be labelled "Certified Vegan" or "Suitable for Vegans"; good production practices so as to minimise cross contamination with non-plant-based ingredients; and be GMO free.

probiotic yoghurt, without added sugar, with whole milk and starter cultures, and with live yoghurt cultures that improve lactose digestion.

Go Active

Suitable for various consumer profiles, from sportspeople to seniors and the general population, the Go Active range was created in 2021, with Pingo Doce being the first food retailer in Portugal to launch a brand dedicated to an active lifestyle.

The project, which is the result of the joint efforts of the Jerónimo Martins Group's Well-being, Nutrition and Quality teams, has brought to the market eight products, whose packaging includes a "Protein-o-metre" identifying protein content so that consumers can make a more informed choice based on their age and lifestyle.

We continue to offer the Pura Vida range for people with more specific food needs or who prefer a more balanced and natural diet. In this range, we launched fortified milk for people over the age of 50 made using an exclusive formula developed by Pingo Doce and supported by the Portuguese Heart Foundation. It contains skimmed milk, is lactose-free, and is fortified with Omega-3, fibre, and selenium and magnesium minerals.

The offering in the Go Vege range was expanded with 12 new products suitable for vegetarian and vegan consumers (such as the dried tomato and cranberries *pâté*), and three burger references (beet, pepper, and carrot). Between the Pingo Doce, including perishables, and Go Bio brands 100 organic products were marketed, ten of which were new products.

New bakery products were launched in the perishables category, including fig and honey bread, and protein bread. The meal solutions and takeaway assortment was expanded to nine alternatives for vegetarians (such as the lentil shepherd's pie and the spinach and ricotta cheese puff pastry). We also continued to supply soups to HoReCa customers.

Colombia

The Mr Congelo frozen gluten-free bread and the De La Cuesta lactose-free milk in 900 ml packets were the year's noteworthy launches.

Differentiating Products*

Type	Poland		Portugal[22]		Colombia[23]		Total	
	Launches	Total	Launches	Total	Launches	Total	Launches	Total
Gluten-free	4	**94	5	1,038	1	2	10	1,134
Lactose-free	8	20	3	40	1	2	12	62
Vegan and vegetarian	45	146	5	55	-	-	50	201
Organic[24]	5	95	10	100	-	-	15	195

*References in the year.
**References containing specific symbol ensuring gluten-free composition.

2.2.2. Reformulations

[GRI 416-1]

The reformulation strategy focuses primarily on foods that:

- are consumed mostly by children;
- contain high levels of salt, sugar, fat, saturated fat, and/or unnecessary additives;
- are consumed in large quantities and, as such, their reformulation might have a wider positive impact on public health;

[22] Pingo Doce, Recheio and perishables.
[23] Ara.
[24] Biedronka and perishables.

- might be perceived as being healthy, but whose nutrition profile needs to be adjusted;
- are low in fibre, vitamins and minerals;
- have ingredients that could potentially cause allergic reactions.

In 2021, the recipes of 91 food products were reformulated[25]. As a result of this process of continuous improvement, we prevented more than 1,200 tonnes of sugar, more than 149 tonnes of fat, 3 tonnes of saturated fat, and over 20 tonnes of salt from entering the market.

Product Nutritional Reformulations

	Biedronka	Pingo Doce[25]	Recheio	Ara	Total
Reformulated products*	34	36	21	-	91
Salt (number of references)	14	5	3	-	22
Sugar (number of references)	24	31	16	-	69
Fat (number of references)	2	1	1	-	4
Saturated fat (number of references)	-	2	2	-	4
Quantities avoided (tonnes)**					
Salt	16.2	3.3	0.9	-	20.4
Sugar	868.6	305.3	41.7	-	1,215.6
Fat	127.3	22.3	0.1	-	149.7
Saturated fat	-	3.0	0.1	-	3.1

* A product may have its recipe reformulated in terms of more than one ingredient. The single counting method of the products, as opposed to reference counting, is used for this purpose.
** 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.

Poland

Among the 34 reformulated products, of note are the Miami three dual-compartment yoghurts and the Mokate instant cappuccinos (reduction in sugar of 33% and between 12% and 17%, respectively), the Nasza Spizarnia gratinated beetroots (salt content reduced by 40%), and the Delikate camembert cheeses (reduction of 31% in fat).

In terms of the clean label concept, 28 products containing ingredients considered unnecessary, such as flavour enhancers and artificial colours (particularly in foods widely consumed by children), have been removed or replaced with natural ingredients. One such example are the Top brand snacks, such as the *tortilla* chips, from which we removed the flavour enhancers and the yeast extracts.

The progress report about the 2021-2023 and other commitments made by the Group can be found on the Jerónimo Martins corporate website[26].

Portugal

The recipes of 57 products were reformulated, including raw materials for perishables. Among these are the Pingo Doce Crunchy Muesli cereals and the classic cola soft drink (reduction in sugar of 23% and 19%, respectively), Sweet Popcorn (widely consumed by children, with a 46% reduction in saturated fat), and tomato pulp (63% reduction in salt).

In the bakery category, we replaced palm oil with sunflower oil in the mixture for making *bolo-rei* (Portuguese Christmas cake). In Pingo Doce's takeaway category, seven savoury snack references are now baked instead of fried, thereby reducing the fat content.
We also removed or partially substituted additives, such as sweeteners, from 16 references, including the Pura Vida apple and cinnamon biscuits and the Pura Vida whole grain chia seed biscuits respectively.

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[25] Includes perishables.
[26] Information available on our corporate website, under "Our Commitments and Progress".

Progress on the commitments made by Pingo Doce under the Portuguese Government's Integrated Strategy for the Promotion of Healthy Eating (EIPAS) can be found on the Jerónimo Martins corporate website[27].

Colombia

The recipe of three sauce references and a cold meat product from Kai brand was reformulated, resulting in the removal of the flavour enhancer monosodium glutamate. We also removed the soy oil from the composition of Costa Blanca tuna.

2.2.3. Promoting More Conscious Choices

Among the priorities set in this regard are product format, the voluntary indication of the number of servings in each package, information on the average time within which 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 dates).

For example, in 2021 the meal solutions and takeaway areas invested in smaller portions of soups, introducing references of 400 grams into the market as alternatives to the 900 grams packages.

Product information

In addition to the technical and legal information on packaging (nutritional composition and full nutrition tables with values per 100 grams and per serving), the Group voluntarily includes more straightforward nutritional information on the front of packages to facilitate consumers to make a more informed purchasing decision.

In Portugal, the following are used:
- "Non-GMO" label on products consisting mainly of maize and/or soy, two ingredients susceptible to be genetically modified – at the end of 2021, 10% of the 205 eligible products[28] bore this label;
- specific symbols on alcoholic beverages to indicate i. calorie count (92% of references, the same as in 2020), ii. pregnancy warnings (100% of references), and iii. responsible driving (39% of references, 28 p.p. more than in 2020);
- icons for products that are a source of Omega-3, sugar-free, lactose-free, fat-free, and gluten-free;
- maintenance of the identification of Pingo Doce cold meat products that have less fat and salt according to the requirements of the "Escolha Saudável" (Healthy Choice) programme, developed in collaboration with the Portuguese Heart Foundation.

In Poland, the following are of note:
- "Non-GMO" label on plant-based products[29] and consisting mostly (>50% net weight) of maize and/or soy – at the end of 2021, this label was applied to 84% of the 32 eligible products[30] (44 p.p. more than in 2020);
- indication of fibre in the nutrition table, on the back of packages;
- use of specific symbols based on own criteria and those required namely by the Polish law, for vegan and vegetarian consumers, together with launches and reformulations for consumers with specific dietary requirements or preferences, mainly in the Go Vege range (45 products were labelled "Suitable for Vegans");
- icons on products that are a source of Omega-3, lactose-free, and gluten-free. In the latter case, we maintained the partnership with the Polish Association of Celiac Disease Sufferers and the Gluten-Free Diet to monitor the production and launch of gluten-free products, ensuring both the absence of cross-contamination and final certification of four new products;

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[27] Information available on our corporate website, under "Our Commitments and Progress".
[28] Includes 105 Pingo Doce products (Pingo Doce, Go Bio and Pura Vida) and 100 Recheio products (Amanhecer, Gourmês and Masterchef). "non-GMO" label: 18 Pingo Doce products and 2 Recheio products marketed in 2021.
[29] Labelling applies to two dimensions, in compliance with Polish law: "non-GMO" (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).
[30] Includes Pingo Doce products (Pingo Doce, Go Bio and Pura Vida ranges), Recheio (Amanhecer, Gourmês and Masterchef) and Biedronka's Private Brands.

- differentiated symbols to indicate selected Plony Natury products that are a source of fibre, rich in fibre, a source of magnesium, and a source of protein selected (an initiative implemented in 2021);
- symbols applied on alcoholic beverages, i. calorie count (92% of references, 32 p.p. more compared to 2020), ii. pregnancy warnings (87%, 79 p.p. more than in 2020), and iii. responsible driving (84%, 67 p.p. more than in 2020).

In Colombia, we continued the voluntary adoption of nutritional indications of recommended daily ingredients intake, displaying the calorie count, fat, sodium, sugar and protein values of products on the front of the package. We also began the repacking process of products with levels of salt, fat and sugar above those recommended by the health authorities, which also included applying recommended symbols on products with low levels of the ingredients concerned, in accordance with the goals[31] set by the authorities for December 2022.

For example, Ara's 20 de Julio beer reference bears the responsible driving and pregnancy warning symbols.

Information in other media

Besides product packaging, which includes cooking advice and suggestions for side dishes with fruit and vegetables, Pingo Doce also uses its website[32], social media, and *Sabe Bem* (Tastes Good) magazine (bi-monthly average print-run of 150,000 copies) to promote the Mediterranean diet. Recipes that encourage the reuse of leftover food are also published.

Pingo Doce printed 400,000 copies of the book *Quatro Estações à Mesa with Pingo Doce*, (Four-Season Dining with Pingo Doce), sharing 150 recipes that follow the principles of the Mediterranean diet. Also of note is the "Juliana da Semana" (This Week's Juliana) campaign, which is based on the recommendation for a weekly soup that follows the principles of the diet.

Pingo Doce and CUF (a specialised healthcare enterprise group) have joined forces to promote health through food and created the "A Saúde Alimenta-se" (Feeding Health) programme which provides insight into the properties of some fruits and vegetables, and the role they can play in a diverse and balanced diet. The purpose is to help and incentivize consumers to select those that best suit their needs and lifestyle[33].

[31] Colombian Law 2120 and Resolution No. 810, both of 2021.
[32] The website also includes a list of lactose-free and gluten-free products to help consumers in their purchases. The list is updated every month by Pingo Doce's nutrition team, based on the analytical control of its Private Brand products.
[33] To learn more, visit www.pingodoce.pt/responsabilidade/a-saude-alimenta-se and www.cuf.pt/saude-alimenta-se

Voluntary labelling: Nutri-Score

In 2021, Pingo Doce and Biedronka adopted the Nutri-Score label, a more intuitive symbol about the nutritional quality of pre-packaged foods. The Nutri-Score system was created by the French public health authorities and establishes a nutritional classification ranging from 'A' (high nutritional quality) to 'E' (products that should be consumed less frequently) and a corresponding colour code.

This label, placed on the front of packages, takes into account nutrients and elements to favour such as fibre, protein, fruit and vegetables, pulses, nuts, rapeseed, walnut and olive oils, and those to be limited such as calories, sugar, saturated fatty acids and salt. The Nutri-Score system does not assess micronutrients, such as vitamins or minerals, or the presence of additives.

The label was introduced on the packages of breakfast cereals, savoury snacks, biscuits, cheeses, pulses, and chilled meals, among other Pingo Doce and Biedronka Private Brand foods, appearing on a total of 103 and 59 products, respectively.

More information can be found at www.pingodoce.pt/responsabilidade/nutri-score and at www.biedronka.pl/nutri-score.

Biedronka maintained the quarterly *Czas Na… (Time to…)* magazines, dedicated to nutrition and healthier lifestyles each with 120 recipes, and an average print-run of 200,000 copies. One of the issues was dedicated to the principles of the Mediterranean diet – preference for local and seasonal products – adapted to Polish cuisine.

In Colombia, Ara joined the First Lady's "Gran Alianza por la Nutrición" (Grand Alliance for Nutrition) initiative, which is aimed at reducing nutritional deficiency in more vulnerable populations. Another campaign – Misión Nutrición" (Mission Nutrition) – also sought to raise awareness of healthy eating reached an average of 2.2 million people through posts on social media[34].

2.2.4. 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) and participates in its technical committees, including those dedicated to food quality. Partnerships are maintained with organisations that aim at contributing to healthy eating as a public health pillar, such as the Portuguese Directorate-General for Health (DGS – within the framework of the National Programme for the Promotion of Healthy Eating[35]), the Portuguese Celiac Association, and the Portuguese Association of Nutritionists.

In Poland, besides the already previously established agreements for publishing information on healthy eating habits and the more straightforward identification of food products, two other initiatives were implemented.

[34] To learn more, visit www.instagram.com/p/CYEwS0DFXfB
[35] Available at www.alimentacaosaudavel.dgs.pt

The first was the publication of the report "Eating habits in Poland: what has changed in the past 25 years?"[36] by Biedronka based on a social investigation led by the IPSOS centre, in collaboration with the National Institute of Public Health. This study – which used qualitative and quantitative methods – attempted to understand what dietary standards are being followed by the Polish people, what changes in diet have occurred during the last few years, and how Biedronka has promoted changes in consumption habits.

The second initiative was the presentation of the report's findings at the 6th National Nutrition Conference, hosted by the National Institute of Public Health, and that had Biedronka as partner.

Details about other partnerships involving Pingo Doce and Biedronka can be found on the Jerónimo Martins website[37].

In Colombia, Ara continued to participate in the ICONTEC working groups (Colombian Institute of Technical Standards) to normalise the technical quality parameters for fruit and vegetables. The goal is to assess the maturity levels, scale, use, and management of pesticide residues in production.

2.3. Quality and Food Safety

Continued investment in the certification and monitoring of our processes, facilities, and equipment is the foundation of our banners and business's reputation capital. In this regard, we not only count on our quality and food safety technicians, and on external auditors and independent and accredited laboratories.

In 2021, we opened our own molecular biology laboratory, a state-of-the-art facility that adds capacity to verify the authenticity of ingredients and prevent food fraud. The Group's laboratory conducts analyses of products from Portugal, Poland and Colombia.
In the year, we conducted 14,380 internal audits of the Group's infrastructures (12.7% more than in 2020), 181,040 analyses of work surfaces and product manipulators (22.7% more), and 66,874 food product analyses (11.7% more).

Internal and follow-up audits[38] and the analyses of marketed products consider the level of risk associated with criteria such as hygiene, food safety, and other quality aspects[39].

2.3.1. Certification

The following certifications were renewed or extended to new facilities in the year:

- ISO 22000:2018 – at the 16 distribution centres in Poland, with regard to the storage and distribution of animal-based and plant-based food products, and at Biedronka's headquarters, with regard to the development of Private Brand food products;
- FSSC 22000 v.5 (which includes ISO 22000:2018) – for the soup factory in Poland, with regard to ready-to-eat after heating and individualised packaging;
- ISO 9001:2015 – for the development of Private Brands in Portugal and post-launch product/supplier follow-up;
- HACCP in accordance with the Codex Alimentarius[40] – for two Pingo Doce central kitchens (with regard to food safety), 13 Recheio stores, a Recheio Masterchef food service platform in Lisbon, and four distribution centres in Portugal (with regard to food safety);
- Food Safety Management System, according to the EN ISO 22000:2018 Portuguese Standard – in 25 Recheio stores and two Recheio Masterchef food service platforms;

[36] Available at csr.biedronka.pl and in pdf format here.
[37] Available on our corporate website, under "Communication".
[38] Conducted in accordance with the business unit and infrastructure to be assessed, internal audits consider criteria organized into dimensions, such as basic hygiene conditions, cleanliness and disinfection, facility and equipment maintenance, good production practices, product handling, water availability, metrology, pest control, waste management, records, traceability, and procedure review. These audits assign scores with specific levels according to the business units: "Inadequate", "Basic", "Satisfactory", "Good", "Very Good", and "Excellent". Any corrective measures needed to adopt are determined based on the severity of the non-conformities identified. Also, the conceded deadlines for resolving the identified issues may vary between the immediate and the time until the subsequent audit.
[39] These include, inter alia: laws in force and the technical specifications of the official authorities; the recommendations of the European Union and/or other official bodies; the Rapid Alert System for Food and Feed (RASFF) urgent notifications and known food fraud incidents; the physical characteristics of products (such as perishability) and organoleptic properties (such as colour, texture, taste or smell); the country of origin of production and/or supply of the products and the history of trade partners; marketing expansion (stores and distribution centres); the surrounding conditions (sanitation or weather conditions related to humidity and average temperatures); opting for facility certification schemes; and the results of past assessments.
[40] A set of international standards aimed at promoting food safety and consumer protection. The Codex Alimentarius is available at www.fao.org/fao-who-codexalimentarius/home/en

- Organic product handling in accordance with Council Regulation (EC) No 834/2007 – renewed in 2021 for all distribution centres in Poland and Portugal.

2.3.2. Audits

[GRI 416-1]

In addition to internal audits, we also audited the suppliers of Private Brand and perishable products, the results of which are available in sub-chapter 4. “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.

Biedronka stores and distribution centres	Biedronka stores			Distribution centres		
	2021	2020	Δ 2021/2020	2021	2020	Δ 2021/2020
Internal audits	7,021	6,376	+10.1%	32	35	-8.6%
Follow-up audits	243	150	+62.0%	0	0	-
External audits	145	135	+7.4%	20	20	-
HACCP performance*	84%	85%	-1 p.p.	89%	90%	-1 p.p.

*At Biedronka, HACCP implementation is evaluated based on specific requirements which, in turn, are based on the Codex Alimentarius. At 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.

The HACCP plan was reviewed[41] in the year to update the procedures in stores that support customer home product deliveries through online partner platforms.

More internal and follow-up audits have been recorded fundamentally motivated by the expansion of the Biedronka chain, by the expansion of meat counters to 500 stores (97% more than in 2020)[42], and by the annual planning, which takes into account the results obtained in previous years. External audits increased due to the expansion of the banner, with 123 new stores being included in the HACCP audit plan, and due to the audit of stores with a variety of organic bread (470 stores, 32 more than in 2020)[43].

At distribution centres, the decrease in internal audits is justified by a delay in the 2019 calendar, the scheduled audits of which had to be conducted in 2020. This made new audits unnecessary in the year, to normalise planning. The decline in performance is explained by stricter criteria in areas identified in internal audits as critical, the weighting of which in the final score was higher, and also to the update to ISO 22000:2018 standard, which established new hygiene requirements for sites and employees that handle products.

The number of analyses carried out increased to 59,709 (about 125% compared to 2020), mainly due to the above mentioned increase in the number of stores with meat counters. As regards product manipulators, the reduction in analyses is due to a methodological change. Until 2020, the equipment was included under the heading ‘product manipulators’, but since 2021 it has been included under ‘work surfaces’.

Number of analyses/samples collected	2021	2020	Δ 2021/2020
Work surfaces	53,972	13,160	+310.1%
Manipulators	4,234	12,415	-65.9%
Raw materials/finished product	617	556	+11.0%
Water	886	448	+97.8%
Total	**59,709**	**26,579**	**+124.6%**

[41] The Hazard Analysis and Critical Control Points (HACCP) system is designed to prevent, by eliminating or reducing hazards, potential risks that cause harm to consumers and thereby ensuring food is safe to eat.
[42] 254 in 2020. In Poland, internal audits of stores and distribution centres, including follow-up audits, are assisted by external and independent entities such as Diversey, Det Norske Veritas (DNV-GL), and Lloyd’s Register.
[43] The external audits were conducted by AgroEko, an independent entity duly authorised by official bodies for such purpose.

Portugal

Audits of Pingo Doce, Recheio and distribution centres

	Pingo Doce stores			Recheio stores			Distribution centres**		
	2021	2020	Δ 2021/2020	2021	2020	Δ 2021/2020	2021	2020	Δ 2021/2020
Internal audits	608	516	+17.8%	81	43	+88.4%	26	24	+8.3%
Follow-up audits	3,104	2,590	+19.9%	202	271	-25.5%	173	35	+394.3%
External audits	47	33	+42.4%	16	10	+60.0%	4	1	+300.0%
HACCP Performance*	81%	80%	+1 p.p.	86%	88%	-2 p.p.	92%	82%	+10 p.p.

*At Pingo Doce and Recheio, HACCP implementation is assessed using the specific reference standards, based on the Codex Alimentarius and which are appropriate for the operating realities of the Companies.
** Also includes central kitchens and on-site canteens.

In the case of stores, audits focused on the quality of the products exposed, the hygiene and cleanliness of stores, and on operational support (screening, product verification or replacement).

At Pingo Doce, the expansion of stores in relation to 2020 and the goal of improving HACCP performance explain the increase in the number of internal and follow-up audits. At Recheio, the interval of two internal assessment audits per year was resumed, resulting in a decrease in follow-up audits. The variation in the HACCP performance of stores is related to the number of audits conducted and respective scores compared to 2020.

As regards the increase in external audits, it is also due to the lifting of pandemic measures, which enabled face-to-face inspections by the authorities.

At the distribution centres, which now includes central kitchens and on-site canteens, there was a significant increase in follow-up audits, mainly of central kitchens, which was due to the inclusion of follow-up audits of the testing of new products and recipe reformulations.

We also conducted 111,674 quality and food safety analyses (0.5% less than in 2020) at Pingo Doce and Recheio stores, distribution centres, as well as other facilities, such as the fresh dough factory and kitchens. For most sub-headings the decrease is due to their risk management history, which, because it is very good, makes regular audits unnecessary. The increase in the audits of raw materials/finished product is in line with the inclusion of new stores in analytical control plans.

Number of analyses/samples collected	2021	2020	Δ 2021/2020
Work surfaces	46,276	50,448	-8.3%
Manipulators	17,764	18,654	-4.8%
Raw materials/finished product	41,203	36,655	+12.4%
Water	6,431	6,502	-1.1%
Total	**111,674**	**112,259**	**-0.5%**

Colombia

Audits were carried out at Ara stores and distribution centres by independent, external entities (Diversey and Ecolab).

Ara	Stores			Distribution centres		
	2021	2020	Δ 2021/2020	2021	2020	Δ 2020/2019
Internal audits	2,157	1,816	+18.8%	6	5	+20.0%
Follow-up audits	723	901	-19.8%	4	2	+100.0%
Good hygiene and quality practices*	88%	84%	+4 p.p.	93%	98%	-5 p.p.

* The compliance rate shown refers to the score obtained on current good practices, in line with criteria aimed at guaranteeing the quality and safety of the products according to the law, evaluating the operation itself and the control system and procedures. The criteria include, inter alia, hygiene and quality control aspects of the facility's conditions for handling the product and aspects related to product temperature, type of packaging, and those related to organic waste management procedures.

The increase in internal audits was due to the expansion of Ara stores and to the corresponding number of visits by independent, external auditors following the easing of Covid-related restrictions on movement. Follow-up audits are conducted by internal and external audit teams, depending on previous results and based on internal risk metrics.

As such, more attention was paid to the implementation of priority corrective measures. Moreover, internal teams conducted 901 unplanned (ad hoc) audits.

Improved performance in stores is due to the designation of a quality and food safety "delegate" in each store, who monitors the implementation of procedures and post-audit corrections. This "delegate" also collaborates in the design of an internal plan adapted to each store.
At the distribution centres, the increases are justified by the inspection of the new facility in Cucuta and by the easing of restrictions on movement in relation to 2020, a year in which we were unable to conduct all planned audits. The data indicates a need to improve corrective actions for 2022a

We created internal initiatives to make preventing and fighting food fraud more efficient, such as:

- the implementation of an online module in the internal Quality Management System (QMS) platform to register clients' complaints and aimed at increasing product and supplier traceability at stores and distribution centres;
- the design of mitigation and procedure monitoring and verification strategies, in line with priority areas identified in 2020;
- a food defence training for teams from the quality area and distribution centres, which includes identifying products that do not meet the requirements.

In 2021, 9,657 analyses were carried out, 10% more than in 2020, due mainly to the pro-active collection of samples in all stores twice a year. This mechanism has been in place since 2020 and aims at improving Ara's quality and safety performance.

Number of analyses/samples collected	2021	2020	Δ 2021/2020
Work surfaces	3,098	2,780	+11.4%
Manipulators	1,398	1,221	+14.5%
Raw materials/finished product	1,369	1,244	+10.1%
Water	3,792	3,506	+8.2%
Total	**9,657**	**8,751**	**+10.4%**

2.3.3. Analyses

[GRI 416-1]

Marketed products are checked as to their quality and safety, and the analyses are carried out at external, accredited laboratories. In all, 49,813 Private Brand food product analyses (13% more than in 2020) and 17,061 perishable product analyses (8% more) were carried out, the latter including 2,266 analyses carried out at the molecular biology laboratory that the Group opened in 2021.

Poland

Number of analyses/samples collected	2021	2020	Δ 2021/2020
Private Brand – Food	14,981	14,452	+3.7%
Private Brand - Non-food	1,007	1,052	-4.3%
Private Brand	**15,988**	**15,504**	**+3.1%**
Fruit and vegetables	4,085	3,572	+14.3%
Meat and fish	1,128	971	+16.2%
Bakery	257	210	+22.4%
Eggs	213	63	+238.1%
Perishables	**5,683**	**4,816**	+18.0%
Total	**21,678**	**20,320**	**+6.6%**

In the case of the Biedronka Private Brands, the increases are due to expansion of the product portfolio and an increase in the volume of products analysed as a result of the expansion of the banner's operations.

The increase in the perishables categories is due to the following:

- fruit and vegetables – greater control of products from non-EU countries, expansion of the assortment, and more suppliers;
- meat and fish – more meat counters, increased ad hoc testing, and greater investment in laboratory tests that were not as widespread in 2020;
- bakery – number of store references increased 50%;
- eggs – more suppliers and increased frequency and type of analyses.

Portugal

Number of analyses/samples collected	2021	2020	Δ 2021/2020
Private Brand - Food*	17,815	17,814	-0.0%
Private Brand - Non-food	4,452	4,214	+5.6%
Private Brand	**22,267**	**22,028**	**+1.1%**
Fruit and vegetables	1,827	2,790	-34.5%
Meat	1,466	1,154	+27.0%
Fish	1,820	1,480	+23.0%
Bakery	596	510	+16.9%
Meal solutions	5,558	5,046	+10.1%
Perishables	**11,267**	**10,980**	**+2.6%**
Total	**33,534**	**33,008**	**+1.6%**

*Including routine analyses on the presence of gluten, genetically modified organisms, lactose, denomination of species, control analyses, and extra analyses.

The increase of almost 6% in the analysis of Private Brand non-food products is due to the number of items marketed, which increased during 2021.

In the case of perishables, all categories saw an increase, with the exception of fruit and vegetables. In the latter case, the decrease was due to a review of the criteria for defining the analytical control plan taking into account the variability of products, purchasing volumes and compliance history.

As regards bakery products, the growth was due to an increase in the assortment, with greater analytical control of products and raw materials. The reinforcement in audits related to meal solutions was due to the definition and confirmation of the expiration dates of new references.

Colombia

Number of analyses/samples collected	2021	2020	Δ 2021/2020
Private Brand – Food	17,017	11,740	+45.0%
Private Brand - Non-food	4,475	3,119	+43.5%
Private Brand	**21,492**	**14,859**	**+44.6%**
Fruit and vegetables	46	36	+27.8%
Meat	61	29	+110.3%
Bakery	4	2	+100.0%
Perishables	**111**	**67**	**+65.7%**
Total	**21,603**	**14,926**	**+44.7%**

The progress in the analysis of Private Brand products is in line with the expansion of the regular assortment (160 more products than in 2020) and the expansion of the store network.

In the case of perishables, the increase in the number of samples is based on a plan which takes into account the risk assessment of suppliers and products, the number of products marketed, and the natural expansion of stores, requiring further sampling to ensure control of the different categories.

2.3.4. Food Recalls and Withdrawals

[GRI 416-2]

One of the actions to protect public health and the reputation and credibility of the Companies is the removal of products that are unsafe for consumers and society. Continuous monitoring, communication with the official health authorities, and the traceability of products and suppliers enable our Companies to respond swiftly and effectively in preventing and/or reacting to any food-related incident.

There are two types of food removal, which address specific risks to the health and safety of consumers, whether in store or at distribution centres: recall[44] (removal from sale of products with potential health risks) and withdrawal[45] (removal from sale of products that do not pose a health risk). In either case, internal investigation mechanisms are triggered and, where necessary, also conducted with suppliers to identify the causes and aiming to implement the appropriate corrective measures to prevent food incidents.

The severity of the risks to consumer health and safety are classified as:

- Level I – Critical (Recall): likelihood of causing adverse public health consequences related to food safety;
- Level II – Quality and Food safety (Withdrawal): aspects that can affect consumer's experience, and food safety;
- Level III – Labelling (Withdrawal): legal requirements related to labelling.

[44] Recall: an action taken by the Group Companies in response to inspections carried out by local authorities, the results of laboratory analyses or internal audits, or complaints/reports from different stakeholders (producers, retailers, government agencies, or consumers). They are mandatory and notices are published using the appropriate medium for consumers to return or destroy the product concerned.
[45] Withdrawal: a voluntary or mandatory action that can be taken on two occasions based on the risk analysis of the Companies or inspection by a local authority: (a) when quality defects (e.g. colour or texture), weight defects or irregularities are detected in the labelling (which does not pose a potential risk to the health or safety of consumers); or (b) as a precaution pending investigation into a potential risk to public health and safety. If a credible risk is identified, the food is removed from sale and it is categorised as a recall.

In 2021, a total of 315 incidents were recorded and led to the removal of food products, a decrease of 6% compared to 2020. Of the incidents that occurred in 2021, the majority (91%) were classified as Level II and Level III.

Number of recall and withdrawal incidents

Recalls/withdrawals		Level I (Recall)		Level II (Withdrawal)		Level III (Withdrawal)		Total incidents	
		2021	2020	2021	2020	2021	2020	2021	2020
Group		29	17	243	252	43	65	315	344
Portugal[46]	Private Brands	10	8	74	60	11	16	95	84
	Perishables	0	0	49	57	17	24	66	81
Poland[47]	Private Brands	3	1	54	71	7	14	64	86
	Perishables	4	3	2	4	0	2	6	9
Colombia[48]	Private Brands	12	5	59	56	0	3	71	64
	Perishables	0	0	5	4	8	6	13	10

The monitoring and control of suppliers/products are actions that the Group continuously takes in order to prevent non-conformities in products and, consequently, the need for removal from sale.

2.3.5. Training

Training in Poland encompassed 21,762 employees, 14% more than in 2020. Training initiatives were reinforced, and training volume increased 21%, demonstrating the Company's concern regarding these topics. The progress of the indicators are also explained by the opening of new stores, investment in fresh food categories, and the availability of digital tools.

Training focused, inter alia, on:

- food safety systems, as per international HACCP and ISO22000 standards;
- good food defence practices, to prevent and combat the intentional adulteration of food;
- good food hygiene and production practices;
- food temperature control;
- basic knowledge and handling of organic products.

In Portugal, more than 35 thousand training hours were provided to 10,931 employees. These figures represent increases of 10% and 44%, respectively. Despite the decrease in the number of training initiatives, compared to 2020, the Group included more employees in training initiatives with a longer duration.

Topics included:

- requirements related to the food safety management system implemented in the Companies and, in particular, on the perishables categories, central kitchens, and meal solutions, as well as on ISO 22000:2018 standard requirements;
- the labelling of milk and milk products, and the management of allergens;
- good practices in the handling of perishables.

In Colombia, 146,133 training hours were provided to 10,970 employees (36% more due to the expansion of Ara's operations). The 190% increase in training volume is related to the reinforcement of virtual training and the diversity of courses available, which enabled more content to be delivered to more employees – such as those related to good production and hygiene practices, and food defence and quality requirements.

[46] Pingo Doce and Recheio.
[47] Biedronka.
[48] Ara.

The decrease in the number of training initiatives is related to the online adaptation of part of the sessions and the corresponding calculation methodology (in a face-to-face model, actions are counted per occurrence, while in virtual actions, regardless of the number of times they occur, count only once).

Food safety and hygiene training	Training volume[49]		Training initiatives		Employees trained	
	2021	2020	2021	2020	2021	2020
Group	**213,186**	**108,684**	**10,208**	**9,243**	**43,663**	**34,742**
Portugal[50]	35,027	31,874	4,781	4,895	10,931	7,573
Poland[51]	32,026	26,416	4,911	3,199	21,762	19,107
Colombia[52]	146,133	50,394	516	1,149	10,970	8,062

[49] Training volume = number of people trained x number of Hygiene and Food Safety training hours.
[50] Pingo Doce, Recheio, Jerónimo Martins Agro-Alimentar, Hussel and Jerónimo Martins Restauração e Serviços.
[51] Biedronka.
[52] Ara.

3. Respecting the Environment

3.1. Introduction

Confirming the trend noted in previous reports, the 2022 edition of the World Economic Forum's Global Risks Report[53] lists five environmental risks among the ten biggest threats to the world over the next decade. Climate action failure, extreme weather events and biodiversity loss are listed as global risks that could cause significant negative impact. They also aggravate other environmental risks, such as human-made environmental damage and natural resources crises, and also social, such as involuntary human migration, livelihood crises, and the erosion of social cohesion.

The Jerónimo Martins Group shares these concerns and its Environmental Policy[54] sets out the priorities for action, aimed at reducing the environmental impacts of its operations and supply chains: preserving biodiversity, fighting climate change, and promoting a more circular economy, also through responsible waste management.

3.2. Preserving Biodiversity

[GRI 304-2; GRI 304-3; GRI 304-4]

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 have an impact and depend on biodiversity and ecosystem services.

Current scenarios[55] predict that, if nothing is done, biodiversity and ecosystem services will continue to decline[56] beyond 2050. A recent study[57] indicates that, if immediate action is taken, it is still possible to reduce the species extinction rate and stabilise biodiversity 'intactness'. The study also indicates that the costs will be lower in an immediate action scenario and higher if action is delayed.

The interdependencies and complexity of environmental systems, and how they can impact and be impacted by socio-economic development, are well established. Holistic science-based policies that include making every effort to limit the average global temperature rise to below 1.5°C above pre-industrial levels and preserve and restore biodiversity must be designed. These policies should include increasing aid and incentive mechanisms, adopting best agricultural and production practices, reducing food waste, and promoting healthier and more sustainable diets.

We are aware of the importance of preserving ecosystems and reversing biodiversity loss, including to the sustainability of our business. To this end, we have designed policies and strategies for action in the various stages of the value chain. Upstream, and in partnership with our suppliers, we encourage awareness and monitoring initiatives, such as the sustainable agriculture project, and initiatives to fight deforestation. In our operations we promote, for example, the protection of wild fish species, introduce products and services with a better environmental and social profile, and 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[58], we promote awareness campaigns and projects for the preservation of the ecosystems, habitats and species on which our activities depend and/or which are impacted by them. We also participate in initiatives – such as act4nature Portugal[59], Business for Nature[60], and the Forest Positive Coalition of Action[61] – in which we have pledged to preserve and regenerate biodiversity.

[53] The World Economic Forum's Global Risks Report 2022, published in January 2022, is available at www3.weforum.org/docs/WEF_The_Global_Risks_Report_2022.pdf.
[54] Available for consultation in the Group's website, under "Responsibility".
[55] Available at www.cbd.int/gbo/gbo5/publication/gbo-5-spm-en.pdf.
[56] 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 those to control flood, drought, soil degradation and disease; (iii) supporting services, such as soil formation and nutrient cycling; and (iv) cultural services, such as recreational, spiritual, religious and other non-material benefits.
[57] Vivid economics and Natural History Museum (2021), 'The Urgency of Biodiversity Action'
[58] To learn more about these initiatives, see this section and section 3.5. "Awareness Campaigns", as well as sub-chapter 4. "Sourcing Responsibly", section 4.3. "Promotion of More Sustainable Production Practices".
[59] Business Council for Sustainable Development Portugal.
[60] www.businessfornature.org .
[61] www.theconsumergoodsforum.com/environmental-sustainability/forest-positive.

Initiatives for the upstream, as well as in our own operations, preservation of ecosystems and biodiversity are described in sub-chapter 6. "Sourcing Responsibly". In what regards to the initiatives carried out in 2021 among the public and civil society, we donated over 600 thousand euros to support projects for restoring natural habitats, protecting biological diversity and raising environmental awareness.

Biodiversity Protection projects of note[62]

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. It contributed to obtaining certification (FSC®) for 30 thousand hectares of cork wood forest, including a High Conservation Value Area of 1,302 hectares.
ProAves	Save the Macaws	Launched in 2019 with support from Ara, the project protects five macaw species in the Tití Cabeciblanco nature reserve and its catchment area, and includes awareness-raising campaigns in Antioquia. In 2021, a sampling effort over 879 km was carried out and 324 macaws of the five protected species were recorded. The protection of 1,442 trees that provide a vital habitat for macaws was also ensured, 165 of which were planted in reforestation areas, including 125 new trees of native species.
Salamander – Polish Society for Nature Conservation	Support for endangered species in Poland	Biedronka began supporting this initiative[63] in 2021, which will be implemented in cooperation with environmental organisations specialising in the protection of endangered species. At the end of the year, the competition for projects to protect the European hedgehog was launched. Biedronka will fund at least 12 of these projects.

3.3. Fighting Climate Change

The urgent need to implement climate change mitigation and adaptation measures has been reinforced by the return of global greenhouse gas (GHG) emissions to pre-pandemic levels and by the alerts of the Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment Report[64], indicating that, at the current rate of emissions, the increase of 1.5°C will occur in the next two decades.

The Jerónimo Martins Group's strategy to fight climate change is transversal to its entire value chain and includes measures to identify and manage climate-related risks and opportunities. It also includes mitigation measures, such as reducing energy consumption in operations and action with suppliers through, for example, promoting good agricultural practices and pledges to fight deforestation[65].

Jerónimo Martins is the food retailer with the best CDP score worldwide

The Group received a double A, the highest score, from CDP in the "climate change" and "water security" categories.

As regards deforestation, and for the third consecutive year, the Group is the only food retailer in the world to score an A- (leadership level) in the commodities associated with deforestation – palm oil, beef and soy. It received a B for wood/paper.

These assessments by CDP – Disclosure Insight Action (formerly the Carbon Disclosure Project) position Jerónimo Martins as the food retailer with the best score in the world.

[62] Available on our corporate website, in the "Biodiversity" page.
[63] This initiative is associated with the awareness campaign Gang Sjojaków (Sweeties Gang). For further information on this initiative, see sub-chapter 5. "Supporting Surrounding Communities", section 5.5 "Other Direct Support".
[64] The IPCC report "Climate Change 2021: The Physical Science Basis", published in 2021, is available at www.ipcc.ch/report/sixth-assessment-report-working-group-i.
[65] To learn more about these initiatives, see sub-chapter 4. "Sourcing Responsibly", section 4.3. "Promotion of More Sustainable Production Practices".

3.3.1. Task Force on Climate-related Financial Disclosures (TCFD)

[GRI 201-2]

In 2021, we continued our efforts in implementing the recommendations of the TCFD[66] to improve the quantification and management of financial risks and opportunities associated with climate change. Together with our Private Brand and perishables suppliers, we focused on identifying mitigation and adaptation measures, already in place or to be implemented, to increase supply chain resilience. The following dimensions were covered: governance, strategy, risk management, metrics and targets, and progress.

Governance

In addition to being assumed as priorities in our Environmental Policy, climate-related risks and opportunities are an integral part of the Group's Responsibility Strategy, both in our operations and in our supply chain. These issues are followed up on regular meetings held by the Sustainability Committees of each Company and by the Committee on Corporate Governance and Corporate Responsibility[67], which works with the Board of Directors by assessing and submitting strategic proposals on corporate responsibility, including on climate change mitigation and adaptation.

Strategy

For this analysis we selected a sample of 30 food product groups relevant to the Group's business in the three countries in which it operates: Poland, Portugal and Colombia. Climate risks were assessed in four stages of the value chain – production, processing, logistics and establishments – and included an analysis of several risk categories for a time horizon until 2030, considering two scenarios:

- average temperature increase between 4.0°C and 6.1°C (scenario RCP 8.5[68]), assuming that efforts to limit global warming fail;
- average temperature increase below 2.0°C (scenario RCP 2.63), in line with the Paris Agreement.

The main risks and opportunities identified for the Group's businesses are related to the origin of the ingredients used and exposure to physical climate risks, such as temperature changes, increased precipitation, extreme weather events, and rising sea level. The risks and opportunities linked to the transition to a low-carbon economy were also assessed, which, among the risks associated with energy transition, include, for example, increased energy costs linked to the targets of the Paris Agreement. This assessment did not take into account already implemented or planned mitigation and adaptation measures.

The findings of the assessment are being embodied in concrete actions that give continuity to activities already underway, such as the acquisition of renewable energy certificates, installing equipment that runs on natural refrigerant gases and with low global warming potential, fighting deforestation, the sustainable agriculture project, and implementing plans with mitigation and adaptation measures for ingredients exposed to climate risk. Accordingly, regular mapping of climate-related risks and opportunities in the supply chain and close cooperation with the Group's Private Brand and perishables suppliers are essential.

In 2021, a TCFD roadmap was developed to establish a strategy to mitigate and adapt to identified climate risks, which includes:

- identifying and assessing the maturity level of implemented measures;
- working with suppliers to implement additional measures appropriate to each ingredient and for each risk category;
- defining new cycles of climate risk assessment and inclusion of new categories of products and their ingredients.

The identification of mitigation and adaptation measures enabled a reassessment of the climate risk identified in 2020. We have begun developing roadmaps per ingredient, identifying climate risk response

[66] The TCFD is an initiative promoted by the financial sector that helps businesses quantify and disclose financial risks and opportunities associated with climate change, and their respective action plans.
[67] More information is available in our corporate website, in the "Specialised Committees" page.
[68] The RCP (Representative Concentration Pathways) scenarios were developed by the Intergovernmental Panel on Climate change (IPCC) and represent future emission trajectories based on the concentration of greenhouse gases associated with human activities.

actions for the different product categories at the various stages of the supply chain. Based on a preliminary analysis, we estimate a reduction of one third in the risk in relation to the initially estimated value.

The assessment also identified opportunities in the Group's supply chain. Among these opportunities, of note is the importance of increased investment in:

- renewable energy sources, such as installing photovoltaic panels, which help mitigate climate change and reduce the risks associated with rising energy prices;
- developing products that facilitate storage or transportation, especially in periods of extreme cold (which tend to be longer);
- identifying alternative routes and seaports;
- increasing demand for local production to mitigate logistics risks that extreme cold and rising sea levels pose to some current sources.

In addition to the negative impacts of climate change on production until 2030, future assessments should take into account potential opportunities, such as an increase in the production of some crops, due to changes in temperature and precipitation patterns identified for some of the sources assessed.

In 2021, 160 of Biedronka, Pingo Doce, Recheio and Ara's strategic Private Brand and perishable suppliers were actively involved in the assessment. Their contribution resulted in the identification of different climate risk mitigation and adaptation measures. The table below describes some of the measures identified.

Climate risks – adaptation measures implemented

Ingredients	Companies	Value chain stage	Climate risk	Examples of implemented adaptation measures
Poultry meat	Pingo Doce Recheio	Production	Risk of extreme cold	• Use of forest residues to heat poultry facilities
Pork meat	Pingo Doce Recheio	Production	Risk of extreme cold	• Use of heating pads • Reuse of shredded paper for bedding
	Biedronka Pingo Doce Recheio	Production	Risk of water scarcity	• Rainwater harvesting • Use of smart irrigation management and water distribution systems
Tomato	Biedronka	Production	Risk of extreme cold	• Greenhouse production
Potato	Ara Pingo Doce Recheio	Production	Risk of extreme cold	• Cold storage
Milk	Biedronka	Production	Risk of extreme cold	• Development of alternative products (e.g. powdered milk)
Wheat flour	Ara	Logistics	Rising sea levels	• Identify alternative production sources
Coffee	Pingo Doce Recheio	Production	Risk of extreme heat	• Select coffee varieties that are more resistant to climate change
	Pingo Doce Recheio	Production	Risk of water scarcity	• Smart irrigation and water distribution systems that can be regulated based on evapotranspiration in the different stages of crop growth, soil conditions, and precipitation
Beer	Biedronka	Logistics	Risk of extreme cold	• Distribution on temperature-controlled vehicles • Use of antifreeze additives and fuels

In the case of the Companies' establishments, risks and opportunities are mainly related to the energy transition. The main mitigation measures are detailed under sections 5.3.3. to 5.3.5., most noteworthy of which are investment in renewable energy for self-consumption, Renewable Energy Certificate System (RECS) certificates, and technologies that use natural refrigerant gases.

Risk management

The following types of risk have been identified as a result of climate change, water usage, and commodities linked to deforestation[69]:

- transition risk, which may represent an increase in costs incurred with energy consumption, investment in new technologies, and complying with environmental laws in the framework of the shift to a low-carbon economy;
- physical risk, which may result in the scarcity of some natural resources, such as agricultural products, or a climate-related disruption of the supply chain;
- reputational risk, associated with stakeholders' expectations regarding the reduction of carbon emissions, preservation of biodiversity, and the contribution to fighting deforestation.

The likelihood of any of these situations occurring and the level and management of their respective impacts, including financial, is analysed by the Group as a regular part of its risk assessment processes[70].

Metrics and targets

Every three years the Jerónimo Martins Group sets corporate responsibility goals and defines related management metrics[71]. For the three-year period 2021-2023, we pledged to reduce our carbon footprint (scopes 1 and 2[72]) by at least 40% for every 1,000 euros in sales compared to 2017, thus contributing to goals established under the Paris Agreement.

The Group also made other commitments under its strategy to fight climate change (scope 2 and 3 emissions[72]), such as fighting deforestation, the sustainable use of energy and water, fighting food waste, improving the efficiency of downstream logistics operations, packaging ecodesign, and fighting plastic pollution.

In 2021, the Group joined the Science Based Targets initiative (SBTi)[73] pledging to set a science-based emissions reduction target in the next two years.

Progress

Implementing TCFD recommendations and defining GHG emission reduction targets using SBTi criteria will strengthen the Group's climate change strategy. In the next climate risk assessment, more Private Brand and perishable product groups will be considered and new ingredients and raw materials analysed.

3.3.2. Carbon Footprint

[GRI 302-2; GRI 305-1; GRI 305-2; GRI 305-3; GRI 305-4; GRI 305-5]

Our scope 1 and 2 GHG emissions corresponded to 789,976 tonnes of carbon dioxide equivalent (CO_2e) in 2021, a reduction of 11.7% compared to 2020, mostly as a result of a reduction of emission factors[74] linked to the consumption of electricity in Poland. For the same reason, the specific value dropped from 0.0462 to 0.0377 tonnes of CO_2e for every 1,000 euros in sales.

The reduction of emission factors, in addition to energy efficiency initiatives, offset the increases in emissions associated with refrigerant gases and the use of CO_2, justified by technical maintenance interventions that were intensified after the lifting of Covid-related restrictions and expansion of the Group's activities. The same was true for enteric emissions, which increased due to the acquisition of sheep farming operations and increased cattle farming activities.

In 2021, the Group reduced scope 1 and 2 carbon emissions by 48% per €1,000 of sales, meeting the target of reducing emissions by at least 40% compared to 2017. In absolute terms, the decrease was 35%.

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[69] The Group publicly discloses the risks and opportunities associated with these issues in its response to CDP Climate, Forests and Water Security questionnaires, and on its corporate website, in the "Responsibility" area.
[70] To learn more, see chapter 4. "Corporate Governance", sub-section III "Internal Control and Risk Management".
[71] For more information, see sub-chapter 7. "Commitments for 2021-2023".
[72] The sources of emission considered in each of the scopes are defined under sub-section 3.3.2. "Carbon Footprint", of this sub-chapter.
[73] The Science Based Targets initiative (SBTi) allows companies to set science-based emission reduction targets, encouraging them to halve emissions before 2030 and achieve carbon neutrality by 2050.
[74] 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.

Carbon Footprint (t CO_2e/thousand euros of sales)	2021	2020	Δ 2021/2020
Specific value (scopes 1 and 2)	0.0377	0.0462	-18.4%

Carbon Footprint (t CO_2e)	2021	2020	Δ 2021/2020
Overall Carbon Footprint (scopes 1 and 2)[75] by GHG	**786,976**	***891,449**	**-11.7%**
▪ Carbon dioxide (CO_2)	648,406	*772,286	-16.0%
▪ Methane (CH_4)	21,504	13,775	+56.1%
▪ Hydrofluorocarbons (HFC)	114,802	102,609	+11.9%
▪ Perfluorocarbons (PFC)	0	0	-
▪ Nitrous oxide (N_2O)	2,264	2,779	-18.5%
▪ Sulphur hexafluoride (SF_6)	0	0	-
Overall Carbon Footprint (scopes 1 and 2)			
▪ Biedronka	641,853	767,590	-16.4%
▪ Hebe	9,147	9,321	-1.9%
▪ Pingo Doce[76]	35,424	34,459	+2.8%
▪ Recheio	5,007	*4,559	+9.8%
▪ Ara	69,612	57,662	+20.7%
▪ JMA[77]	25,933	17,858	+45.2%
Carbon Footprint (scope 1 – direct impacts)	**246,863**	***222,520**	**+10.9%**
▪ Leakage of refrigerant gases	115,005	102,620	+12.1%
▪ CO_2 usage	27,498	23,874	+15.2%
▪ Fuel consumption	63,592	66,778	-4.8%
▪ Light vehicle fleet	19,781	*16,066	+23.1%
▪ Enteric emissions (cattle)	20,987	13,182	+59.2%
Carbon Footprint (scope 2 – indirect impacts)	**540,113**	**668,929**	**-19.3%**
▪ Electricity consumption (location-based)	787,100	825,476	-4.6%
▪ Electricity consumption (market-based)	524,510	655,894	-20.0%
▪ Heating (location-based)	15,603	13,035	+19.7%
Carbon Footprint (scope 3 – other indirect impacts)	**27,363,835**	**27,511,251**	**-0.5%**
▪ C1. Purchased products and services	27,112,424	27,278,988	-0.6%
▪ C5. Waste produced in operations	34,715	31,639	+9.7%
▪ C6. Work travel	619	1,139	-45.7%
▪ C9. Downstream transport and distribution	205,375	185,662	+10.6%
▪ C14. Franchises[78]	10,702	13,823	-22.6%

* Amounts corrected based on updated calculations to ensure alignment with the Greenhouse Gas Protocol methodology.

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 Gases 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 IPCC; (ii) enteric emissions from sheep – emission factors defined by Agência Portuguesa do Ambiente (Portuguese Environmental Agency); (iii) fuel and heating – defined by Direcção-Geral de Energia e Geologia (Portuguese Directorate-General for Energy and Geology), by Unidad de Planeación Minero Energética (Colombian Unit of Mining and Energy Planning) and by Krajowy Ośrodek Bilansowania i Zarządzania Emisjami (Polish Centre for Emission Balance and Management); (iv) 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); (v) fuel used in the light vehicle fleet and C1, C6 and C9 emissions – defined by the Greenhouse Gas Protocol, and; (vi) 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 considered 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.

With regard to scope 3 emissions, there has been a decrease in emissions linked to energy consumption in franchised stores[78] associated with the acquisition of renewable energy certificates (RECS) in some of these establishments in Portugal, and the reduction of the electricity factor in Poland. The reduction in emissions related to work travel is closely correlated with international travel restrictions as a result of the measures defined to control the pandemic.

[75] Scope 2 emissions concern location-based (heating) and market-based (electricity) type emission factors, according to the table "Carbon Footprint – Indicators".
[76] To measure the environmental indicators reported in this sub-chapter, the distribution centres, central buildings, and trucks used to distribute goods were accounted for under Pingo Doce.
[77] JMA: Jerónimo Martins Agro-Alimentar.
[78] This parameter includes franchising and similar models.

The increase in emissions associated with the treatment of waste in operations is mainly due to the growth of operations in Colombia and Biedronka's increased sales[79]. The increase in emissions linked to transport from distribution centres to stores is described in more detail under section 5.3.4. "Reduction of Environmental Impacts from Logistics Processes".

3.3.3. Water and Energy Consumption Management

Efficient management of water and energy use is part of the Group's strategy to mitigate climate change and is taken into account in refurbishment projects and the construction of new infrastructures, most notably the adoption of:

- renewable energies[80];
- energy control and management systems;
- efficient refrigeration, freezers and lighting technologies;
- skylights;
- water saving systems, such as flow regulators, taps with timers, and rainwater harvesting for our irrigation systems and to wash equipment.

The investment associated with these measures (215 million euros since 2016) has been covered in less than 5 years, avoiding the emission of more than 400,000 tonnes of CO_2e.

The adoption of best practices through employee awareness is also of note. With the Water Consumption Management Teams project, launched in 2011 in the Pingo Doce and Recheio stores, we were able to reduce water consumption by 480,000 m^3 and energy consumption by 60.8 million kWh, corresponding to savings of over 5.2 million euros[81].

The Let's Go Green project currently covers office buildings in Portugal, Poland and Colombia. It was implemented in 2015 and aims at encouraging employees to adopt good practices in the use of energy, water and paper, and raising awareness of the importance of proper waste disposal. In 2020 and 2021, a large proportion 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. In the past two years, we saved 5,509 m^3 of water and more than 284,000 kWh of electricity.

In 2021, with the goal of promoting good water management and use practices, the Group joined the Water Management Pact in Portugal, with a seat on its Steering Committee.

Water withdrawal and reuse [GRI 303-1; GRI 303-3]

Total withdrawal (megalitres/million euros)	2021	2020	Δ 2021/2020
Overall specific value	0.248	0.247	+0.4%
Specific value (Distribution)	0.136	0.145	-6.2%
Specific value (Agribusiness)	34,868	*35,211	-1.0%

Total withdrawal (megalitres)	2021	2020	Δ 2021/2020
Water withdrawal by source**	**5,172.5**	**4,765.2**	**+8.5%**
▪ Municipal and private supply system	4,898.9	4,448.2	+10.1%
▪ Groundwater	256.4	***298.8	-14.2%
▪ Surface water (including rainwater)	17.2	***18.2	-5.5%
Water withdrawal by business unit			
▪ Pingo Doce	1,470.1	1,484.3	-1.0%
▪ Recheio	83.8	88.4	-5.2%
▪ Biedronka	898.0	870.3	+3.2%
▪ Hebe	17.7	17.4	+1.8%
▪ Ara	282.9	265.2	+6.7%
▪ JMA[77]	2,350.6	1,978.1	+18.8%
▪ Franchised stores[78] (Biedronka and Pingo Doce)	69.4	61.5	+12.8%

* Corrected value (order of magnitude).
** Total withdrawal volume corresponds to freshwater.
*** Values corrected based on updated calculations to ensure alignment with the Greenhouse Gas Protocol methodology.

[79] For more information, see sub-section 3.4.3. "Waste Management".
[80] See "Renewable Energies" table in this sub-chapter.
[81] Amount calculated based on regular reporting and internal benchmarking.

Recycled water (megalitres)	2021	2020	Δ 2021/2020
Total recycled water*	1.7	2.1	-19.0%

* Only at Ara.

Overall, the Group recorded an increase of around 8.5% in water withdrawal, mainly as a result of its agribusiness. Around 95% of the water we use for our activities is withdrawn from municipal or private supply systems. Groundwater and surface water withdrawal accounts for the remaining 5%, for which we hold the required licences and is only used for less demanding operations, such as irrigation and cooling systems.

The Group aims to reduce, by 2023, the volume of water withdrawal in Distribution by 10% (for every million euros in sales), compared to 2017. In 2021, this withdrawal was reduced by 21% for every million euros in sales.

Distribution activities in 2021 maintained the trend of reducing the specific value from 0.145 to 0.136 megalitres/million euros in sales and recorded an absolute increase of only 1%, compared to 2020, despite a significant increase in the number of stores (328 more than in 2020). In Portugal, distribution activities once again withdrew less water, thanks to a more rational use of technology and good practices. Biedronka increased water withdrawal from the municipal system, as a result of cleaning needs, the opening of new stores, and expansion of stores with butcheries. With the lifting of Covid-related restrictions, Hebe withdrew more water after the reopening of stores (which were closed in 2020). Like Biedronka, Hebe also opened new stores. In Colombia, Ara increased water withdrawal also due to an increase in its number of stores. For this same reason, franchised stores recorded a 12.8% increase in water withdrawal in 2021.

Our agribusiness also saw a significant increase in water withdrawal, explained by the need for more irrigation at one of the farms and by the watering of the animals at Best Farmer and at Ovinos na Tapada. Reduced rainfall in Portugal compounded the situation.

With regard to water reuse at the four distribution centres (one in Portugal and three in Colombia) and at the Jerónimo Martins Agro-Alimentar (JMA) farms, over 17 thousand m^3 of rain water were harvested, albeit 5.5% less than in 2020. In Portugal, this decrease was due to a reduction in average rainfall (8.3% less compared to 2020), while in Colombia the decrease was due to stoppage for maintenance of the rainwater harvesting and treatment system at one of the distribution centres. The harvested water was used for cooling systems, irrigation, external truck washing, and cattle watering systems.

Water discharge [GRI 303-2; GRI 303-4]

Total discharge (megalitres)	2021	2020	Δ 2021/2020
Wastewater disposal by destination*	**2,473.3**	**2,434.4**	**+1.6%**
▪ Municipal sewage	2,417.8	2,369.4	+2.0%
▪ Environment	55.5	65.0	-14.6%
Wastewater production per business unit			
▪ Pingo Doce	1,176.0	1,187.4	-1.0%
▪ Recheio	67.1	70.7	-5.1%
▪ Biedronka	718.4	696.3	+3.2%
▪ Hebe	14.2	13.9	+1.9%
▪ Ara	226.3	212.1	+6.7%
▪ JMA	215.8	204.8	+5.4%
▪ Franchised stores[82] (Biedronka and Pingo Doce)	55.5	49.2	+12.7%

* Fresh water is estimated to represent less than 0.5% of the volume rejected.

The discharge of wastewater into the natural environment – properly treated before disposal – accounts for 2.2% of the total volume of wastewater produced by the Group.

[82] This parameter includes franchising and similar models.

Water consumption [GRI 303-1; GRI 303-5]

Total consumption (megalitres)	2021	2020	Δ 2021/2020
Water consumption per business unit	**2,699.2**	**2,330.8**	**+15.8%**
▪ Pingo Doce	294.0	296.9	-1.0%
▪ Recheio	16.8	17.7	-5.1%
▪ Biedronka	179.6	174.1	+3.2%
▪ Hebe	3.5	3.5	0.0%
▪ Ara	56.6	53.0	+6.8%
▪ JMA	2,134.8	1,773.3	+20.4%
▪ Franchised stores[82] (Biedronka and Pingo Doce)	13.9	12.3	+13.0%

Note: According to the Global Reporting Initiative (GRI) formula, water consumption is the difference between water withdrawal and water discharge.

Water stress [GRI 303-1; GRI 303-2]

Water consumption increased 15.8% compared to 2020, in line with the increase in water withdrawal. Taking into account only the water used in distribution activities, the increase was 1%. To determine exposure of the Group's activities to the risk of a 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 Companies' establishments are mapped and the World Resources Institute (WRI) "Aqueduct: Baseline Water Stress Class" model is followed. The analysis shows that, in 2021, 52.9% of total water withdrawal (2,735 megalitres) has an "extremely high" or "high" water stress level. In terms of water discharged, the volume for both risk levels is of 554 megalitres (22.4% of the total).

It is the Agribusiness, particularly cereal crops for cattle feed, that is more exposed to the risk of water shortage, which does not affect our operations in Poland and Colombia. The Group has been implementing measures to mitigate these risks, such as:

- installing smart irrigation systems that adjust the amount of water based on soil water needs;
- harvesting rainwater for later use;
- using regenerative agriculture techniques applied to the cultivation of cereal crops;
- preventing deterioration of water quality by treating wastewater.

Non-graded products or by-products of the food industry are also incorporated into animal feed. These products reduce the dependence on cereals and have high moisture levels, which reduces water consumption.

Water stress level (megalitres)	Water withdrawal		Water discharged	
	Municipal and private supply system	Groundwater and surface water	Municipal sewage	Environment
Total	**4,898.8**	**273.6**	**2,417.8**	**55.5**
▪ Low	578.9	35.9	472.3	19.5
▪ Low to medium	322.8	0.0	258.2	0.0
▪ Medium to high	1,339.0	159.9	1,136.3	32.2
▪ High	1,871.9	62.5	110.6	0.0
▪ Extremely high	785.2	15.3	439.6	3.8
▪ Drought	0.0	0.0	0.0	0.0
▪ No data	1.0	0.0	0.8	0.0

Energy consumption [GRI 302-1; GRI 302-2; GRI 302-3; GRI 302-4; GRI 302-5]

Total consumption (GJ/thousand euros)	2021	2020	Δ 2021/2020
Specific value	0.361	0.374	-3.5%
Specific value (except franchising[82])	0.353	**0.366	-3.6%

Total consumption (GJ)	2021	2020	Δ 2021/2020
Energy consumption by type (except franchising[82])	**7,382,408**	****7,063,426**	**+4.5%**
▪ Electricity*	5,919,661	5,633,497	+5.1%
▪ Fuel	1,301,063	**1,294,850	+0.5%
▪ Heating	161,684	135,079	+19.7%
Renewable energy (except *franchising*)**	**2,676,135**	**2,451,145**	**+9.2%**
▪ Electricity	2,660,775	2,438,312	+9.1%

Total consumption (GJ)	2021	2020	Δ 2021/2020
▪ Heating	15,360	12,833	+19.7%
Energy consumption per business unit	**7,537,771**	****7,211,016**	**+4.5%**
▪ Biedronka	4,519,906	4,379,043	+3.2%
▪ Hebe	93,393	81,284	+14.9%
▪ Pingo Doce[83]	1,775,092	1,728,825	+2.7%
▪ Recheio	196,514	**196,482	***0.0%
▪ Ara	687,438	575,322	+19.5%
▪ JMA	110,065	102,470	+7.4%
▪ Franchised stores[82] (Biedronka and Pingo Doce)	155,363	147,590	+5.3%

* Includes 100% renewable sources and the percentage of renewable energy for each source (according to energy labelling for electricity and heating).
** Values corrected to ensure alignment with the GRI methodology used to measure this indicator.
*** Unnoticeable growth due to rounding.

In 2021, energy consumption increased 4.5% compared to 2020. The Group has pledged to reduce, by 2023, energy consumption by 10% for every 1,000 euros in sales, compared to 2017. At the end of 2021, energy consumption, compared to 2017, had been reduced by 11% for every 1,000 euros in sales.

The increase in energy consumption by Biedronka and Hebe in 2021 is due mainly to increased electricity consumption, since most stores extended the opening hours compared to the same period in 2020. Moreover, both Biedronka and Hebe opened new stores during the year. In the case of Pingo Doce, the increase in energy consumption is due to a return to normal store operating hours following the lifting of Covid-related restrictions. Ara's energy consumption increased 19.5%, in line with the increase in its number of stores (156 more stores than in 2020).

Franchised stores also increased their energy consumption by 5.3% in 2021, following the increase in the number of stores (16 more than in 2020) and the return to normal operating hours of existing stores.

Energy consumption at JMA increased as a result of the growth of the business, in particular the 8.3% increase in the volume of milk processed at the Terra Alegre factory compared to 2020.

Renewable Energy

Technology	No. buildings	Energy (GJ/year)	Saving* (t CO_2e/year)
Photovoltaic cells for self-consumption	**25**	**26,735**	**1,775**
▪ Pingo Doce[83]	15	21,488	1,288
▪ Recheio	1	2,568	154
▪ Biedronka	**8	1,284	249
▪ JMA	1	1,395	84
Lamp posts and security system powered by photovoltaic panels and/or wind turbines	**7**	**187**	**13.1**
▪ Pingo Doce[83]	1	1	0.1
▪ Recheio	4	40	3
▪ Biedronka	1	10	2
▪ JMA	1	136	8
Solar collectors to produce hot water used for heating water and/or in the air conditioning system	**14**	**3,888**	**233**
▪ Pingo Doce[83]	7	3,399	204
▪ Recheio	7	489	29
Geothermal heat pumps (Biedronka)	**16**	**5,916**	**1,147**

* These values reflect the update in the electricity emission factor (market-based).
** At the end of 2021, Biedronka had completed the installation of photovoltaic panels in 12 new locations that were awaiting authorisation to connect to the power grid.

With an increased focus on the photovoltaic projects, the investment in renewable energy led to the generation of around 36,700 GJ, 34% more than in 2020. Also, since July 2018 the Group has been investing in purchasing electricity from renewable energy sources to power the operations of its banners in Portugal, by acquiring RECS certificates (Renewable Energy Certificate System). In 2021, the purchase of these certificates corresponded to around 100 thousand tonnes of carbon dioxide. In total, 36% of the

[83] To measure the environmental indicators reported in this sub-chapter, the distribution centres, central buildings, and trucks used to distribute goods were accounted for under Pingo Doce.

energy consumed by the Group comes from renewable sources, a consumption which increased 7.2% in absolute value compared to 2020, due mainly to a significant reduction in the carbon content of electricity in Poland.

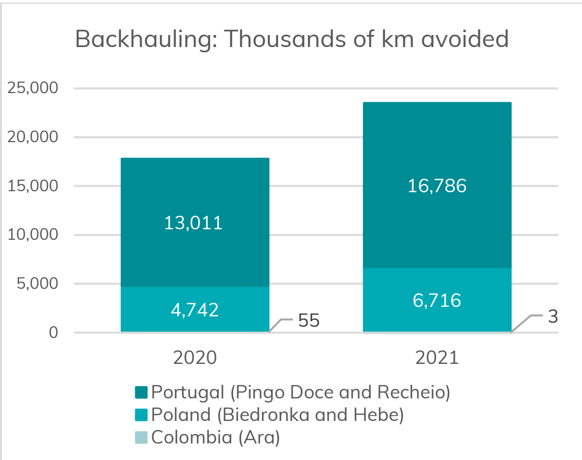
Biedronka's investment in renewable energy

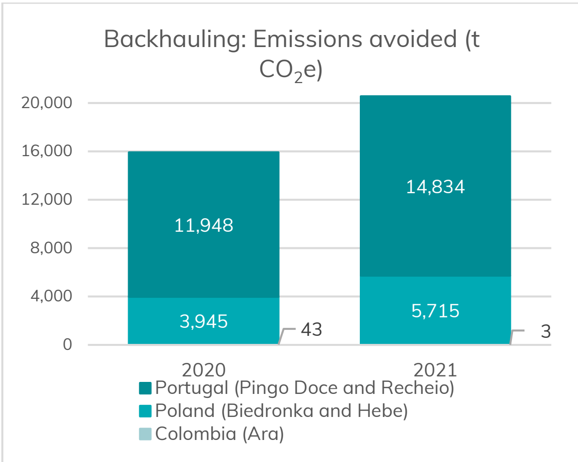
Biedronka plans to increase its number of stores with solar photovoltaic panels to 110 by the end of 2022, reinforcing investment in renewable energy sources. The total annual energy generation of these systems is estimated to be approximately 5 million kWh, equivalent to around 4 thousand tonnes of CO_2e avoided per year.

3.3.4. Reduction of Environmental Impacts from Logistics Processes

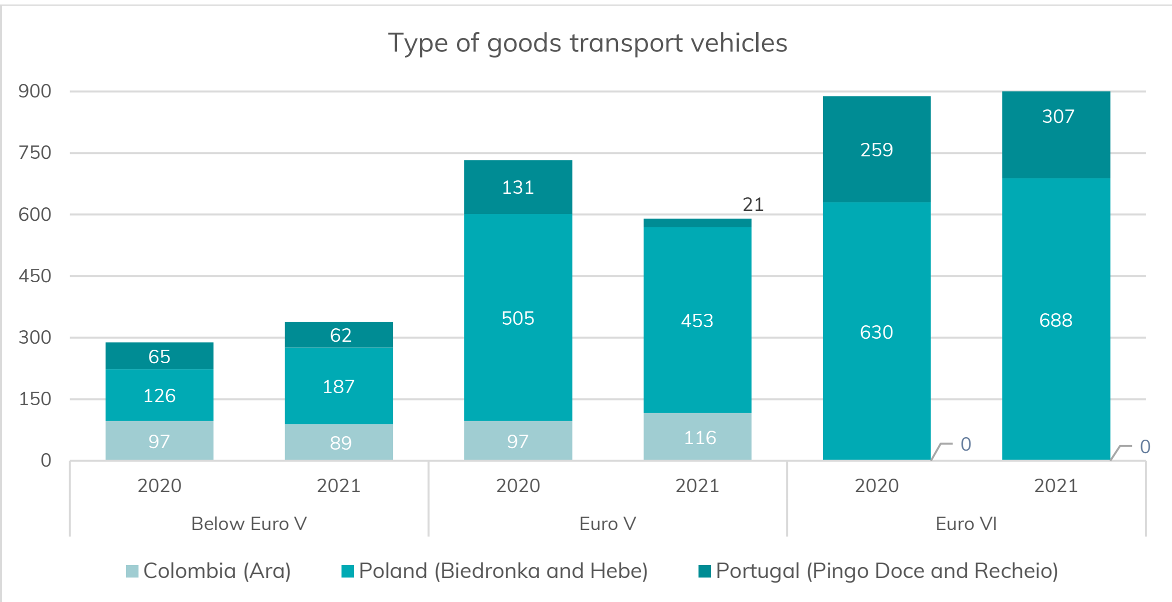
We have developed and implemented several measures to improve the efficiency of logistic processes, thereby reducing their environmental impact. The optimisation of distribution routes and investment in more efficient vehicles are two examples of such measures.

Our backhauling operations[84]





Breakdown of goods transport vehicles according to the Euro standard



[84] 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.

Backhauling operations continued to show an increase in kilometres travelled and a reduction in emissions associated with logistics transport. A reduction is only recorded in Colombia, linked to a combination of reduced truck space availability to increase backhauling logistics and collaboration with new suppliers located away from the return routes.

As regards transport vehicle type, in 2021 we registered an increase in the number of Euro VI (+106 compared to 2020) and below Euro V (+50 compared to 2020), accompanied by a decrease in Euro V trucks (-37 comparted to 2020) due to limited availability of these vehicles in Poland.

The Group also implements complementary measures to limit the carbon emissions associated with transporting goods. At Pingo Doce and Recheio, the fronthauling project[85] helped shave off 140,033 km (9.5% more vs 2020) and avoided the emission of 124 tonnes of CO_2e (5% more than in 2020). At Ara, the project for transporting non-palletised goods to optimise loads between our suppliers' facilities and our distribution centres helped shave off 1,148,517 km (5% more than in 2020), while avoiding the emission of 1,878 tonnes of CO_2e (9.7% more vs 2020). Also at Ara, the by-truck project (trailers for the transportation of goods between distribution centres and the farthest stores) was extended to all regions and shaved off of 2,630,603 km (40 times the kilometres reduced in 2020) and avoided the emission of 2,051 tonnes of CO_2e (also 40 times the emissions avoided in 2020).

In 2021, for every 1,000 pallets transported, carbon emissions from transporting goods to stores were reduced by 3.7% compared to 2020, contributing to the goal of a 5% reduction in CO_2e per thousand pallets transported.

Decarbonising logistics

After joining the European Lean & Green initiative, aimed at achieving the carbon neutrality of logistics activities in five distinct phases by 2050, Pingo Doce's performance was distinguished with the award of three stars in 2021, corresponding to the first three phases. Biedronka formally joined the initiative in 2021.

3.3.5. Management of Refrigeration Gases

The quality, safety and preservation of food products requires good temperature control using cooling and air conditioning systems. To reduce the carbon emissions linked to the refrigerants used in these systems, the Group uses leak control technologies and increasingly, and voluntarily, uses more natural refrigerant gases. Most noteworthy among these initiatives are:

- the replacement of fluorinated gases with natural refrigerants, such as carbon dioxide and ammonia, in cooling plants;
- the use of cooling and refrigeration equipment running on carbon dioxide (ice machines, freezers and fridges in the canteen) at the Alfena distribution centre (Portugal);
- freezers running solely on propane at 2,124 Biedronka stores, 282 Pingo Doce stores, 39 Recheio stores and platforms, and 407 Ara stores.

Establishments using natural refrigerant gases in their cooling systems

Locations	Number of locations		Progress*	
	2021	2020	2021	2020
Stores	1,914	1,429	39%	31%
Distribution centres and manufacturing units	21	20	58%	56%

*Progress in relation to The Consumer Goods Forum resolution.

We also seek to ensure that new stores and those undergoing major refurbishments use refrigeration equipment with low global warming potential (GWP) fluids (for heating, ventilation, and air conditioning installations) and 100% natural refrigerants (for industrial refrigeration installations).

[85] After delivering products to our distribution centres, our suppliers' return route to their facilities includes stopping by the Group's stores to deliver goods.

These actions are in line with the commitments to reduce GHG emissions that we have voluntarily pledged to meet, including The Consumer Goods Forum's resolution to promote the use of natural refrigerant gases.

3.4. Main Consumption of Materials and Waste Management

According to the Ellen MacArthur Foundation[86], a circular economy is underpinned by a transition to renewable energy and materials, and decouples economic activity from the consumption of finite resources. From this perspective, material production is based on three principles: (i) eliminating waste and pollution from the product design stage, (ii) keeping products and materials in (continuous) use, and (iii) regenerating natural systems.

Specifically, as regards plastic, we have made several commitments as a result of our participation in the Portuguese Plastics Pact, the Polish Plastics Pact – through Biedronka, The Consumer Goods Forum's Plastic Waste Coalition of Action, and our pledge to the New Plastic Economy Global Commitment.
By 2025 we undertake to:

- ensure that 100% of Private Brand plastic packaging is reusable or recyclable;
- incorporate at least 25% of recycled content in Private Brand plastic packaging;
- reduce specific plastic consumption by 10%, compared to 2018, measured in tonnes of plastic packaging for every one million euros of turnover.
- reduce virgin plastic used in Private Brand packaging by 15%, compared to 2018.

3.4.1. Materials Used and Reduction Initiatives

[GRI 301-1; GRI 301-2]

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 in sales)	2021	2020	Δ 2021/2020
Specific value	24.02	25.48	-5.7%

Total consumption (tonnes)	2021	2020	Δ 2021/2020
Materials consumption	**501,749**	***491,621**	**+2.1%**
▪ Biedronka	391,178	387,713	+0.9%
▪ Hebe	830	855	-2.9%
▪ Pingo Doce[87]	66,000	62,965	+4.8%
▪ Recheio	11,257	12,039	-6.5%
▪ Ara	32,486	*28,049	+15.8%
Private Brand product packaging	**473,464**	**465,188**	**+1.8%**
▪ Paper and cardboard	193,474	187,828	+3.0%
▪ Cardboard packaging for liquid products[88]	15,741	14,949	+5.3%
▪ Plastic	137,927	132,280	+4.3%
▪ Glass	95,176	100,257	-5.1%
▪ Steel	21,905	18,915	+15.8%
▪ Other materials**	9,241	10,959	-15.7%
Service packaging	**11,436**	***10,554**	**+8.4%**
▪ Plastic	8,567	7,469	+14.7%
▪ Paper and card	2,799	*2,576	+8.7%
▪ Other materials**	70	509	-86.2%
Other consumption	**16,849**	**15,879**	**+6.1%**
▪ Office paper	839	802	+4.6%
▪ Promotional leaflets	16,010	15,077	+6.2%

[86] A foundation that works with a multitude of players in society to accelerate the transition to a circular economy. More information available at www.ellenmacarthurfoundation.org.
[87] To measure the environmental indicators reported in this sub-chapter, the distribution centres, central buildings, and trucks used to distribute goods were accounted for under Pingo Doce.
[88] Correspond to composite packaging used to package products such as juices, milks and creams, among others.

Recycled materials (tonnes)	2021	2020	Δ 2021/2020
Recycled materials (packaging*)**	**193,181**	***162,485**	**+18.9%**
▪ Biedronka	155,239	*134,673	+15.3%
▪ Hebe	25	39	-35.9%
▪ Pingo Doce[87]	21,946	*19,152	+14.6%
▪ Recheio	3,616	*2,536	+42.6%
▪ Ara	12,355	*6,085	+103.0%
Packaging materials*****			
▪ Paper and cardboard	166,596	145,706	+14.3%
▪ Plastic	4,291	**2,151	+99.5%
▪ Glass	22,294	*14,628	+52.4%

* Amounts corrected to include the quantity of recycled glass.
** Amounts corrected based on updated calculations as a result of external verification processes.
*** Includes aluminium, wood and other materials.
**** Includes Private Brand product packaging and service packaging.

In 2021, total materials used increased 2.1% as a result of the expansion of our operations. However, there was a 5.7% decrease for every million euros in sales. In what concerns the Group's commitment to reduce by 5%plastic consumption (measured in tonnes per million euros in sales) by 2023, compared to 2018, the value obtained in 2021 indicates a 15% reduction. The same reduction was seen as regards the Group's goal of reducing plastic consumption (in tonnes of plastic packaging per million euros of sales) by 10% by 2025, compared to 2018.

In 2021, service and Private Brand product packaging incorporated 39.8% of recycled materials, particularly paper and cardboard, plastic, and glass. Specifically with regard to paper and cardboard packaging, around 85% of materials used are recycled. In total, around 193,181 tonnes of recycled materials were used, 19% more than in 2020.

Single-Use Plastics (SUP)

Total consumption (tonnes/million euros in sales)	2021	2020	Δ 2021/2020
Specific value	8.21	8.43	-2.6%

Total consumption (tonnes)	2021	2020	Δ 2021/2020
SUP use per business unit	**171,571**	**162,709**	**+5.4%**
▪ Biedronka	124,475	119,568	+4.1%
▪ Hebe	170	119	+42.9%
▪ Pingo Doce	25,697	23,614	+8.8%
▪ Recheio	4,771	4,933	-3.3%
▪ Ara	16,458	14,475	+13.7%
SUP use by category			
▪ Private Brand packaging	137,927	132,280	+4.3%
▪ Service packaging	8,567	7,469	+14.7%
▪ Check-out bags	9,428	8,262	+14.1%
▪ Pallet wrapping film	3,125	2,846	+9.8%
▪ Rubbish bags	12,138	11,304	+7.4%
▪ Other SUP*	386	548	-29.6%

* 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)	2021	2020	Δ 2021/2020
Recycled plastic	**15,535**	***11,476**	**+35.4%**
▪ Biedronka	9,117	6,222	+46.5%
▪ Hebe	4	1	+300.0%
▪ Pingo Doce	4,730	*4,008	+18.0%
▪ Recheio	921	817	+12.7%
▪ Ara	763	428	+78.1%
Recycled plastic			
▪ Packaging**	4,291	*2,151	+99.5%
▪ Check-out bags and wrapping film	7,058	6,345	+11.2%
▪ Rubbish bags and other SUP	4,186	2,980	+40.5%

* Amounts corrected based on updated calculations as a result of external verification processes.
** Includes Private Brand packaging and service packaging.

Use of virgin plastic in plastic packaging (tonnes)	2021	2020	Δ 2021/2020
Virgin plastic	**147,698**	**142,361**	**+3.7%**
▪ Biedronka	108,156	105,833	+2.2%
▪ Hebe	166	118	+40.7%
▪ Pingo Doce	20,341	18,911	+7.6%
▪ Recheio	3,553	3,805	-6.6%
▪ Ara	15,482	13,694	+13.1%
Virgin plastic			
▪ Packaging*	142,203	137,598	+3.3%
▪ Check-out bags and wrapping film	5,495	4,763	+15.4%

* Includes Private Brand product packaging and service packaging.

Regarding single-use plastics (SUP), there was a generalised increase, compared to 2020, in almost all categories. The exception lays in the category “other SUP”, which showed a reduction, as a result of replacing the plastic used, for example in disposable cups and plates or swab sticks, by paper. In 2021, plastic accounted for 32% of all materials that make up the four packaging categories (Private Brand, service, check-out bags, and wrapping film[89]), which have already incorporated 11,349 tonnes of recycled plastic, corresponding to 7% of single-use plastic in these categories. This figure puts us closer to achieving our commitment of increasing recycled plastic content to 10% of all plastic packaging we are responsible for by 2023.

The use of virgin plastic increased 3.7% compared to 2020; however, this percentage is currently 5.2% lower than the reference year (2018). The Group aims to achieve a reduction of 15% by 2025.

Reusable check-out bags and solutions

Material used by type of solution	2021	2020	Δ 2021/2020
Reusable paper check-out bags (tonnes)	**1,893**	**731**	**+159.0%**
▪ Biedronka	1,780	632	+181.6%
▪ Hebe	0	0	-
▪ Pingo Doce	112	99	+13.1%
▪ Recheio	0	0	-
▪ Ara	1	0	-
Reusable plastic bags* (tonnes)	**8,951**	**7,849**	**+14.0%**
▪ Biedronka	6,152	5,546	+10.9%
▪ Hebe	44	43	+2.3%
▪ Pingo Doce	2,164	2,055	+5.3%
▪ Recheio	6	5	+20.0%
▪ Ara	585	200	+192.5%
Single-use plastic check-out bags (tonnes)	**491**	**422**	**+16.4%**
▪ Biedronka	0	0	-
▪ Hebe	1	0	-
▪ Pingo Doce	0	0	-
▪ Recheio	0	0	-
▪ Ara	490	422	+16.1%
Trolleys (units)	**28,500**	**31,959**	**-10.8%**
▪ Biedronka	0	0	-
▪ Hebe	0	0	-
▪ Pingo Doce	28,093	31,080	-9.6%
▪ Recheio	353	444	-20.5%
▪ Ara	54	435	-87.6%

* Includes different sized resistant bags and materials that can be used multiple times.

The Jerónimo Martins Group Companies have been applying a plastic bag charge at check-outs since 2017. The bags available at Biedronka and Pingo Doce are Blue Angel certified[90] and contain 85% of post-consumer recycled plastic, which helped avoid the use of around 6,500 tonnes of virgin plastic in 2021.

There was a general increase in the consumption of check-out bags during the year, particularly reusable paper and plastic bags. This increase appears to be related to an increase in the number of stores and the

[89] Excluding rubbish bags and other SUP that are not packages.
[90] Blue Angel certification is awarded to products that have a better environmental profile.

return to normal operating hours. 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. Also noteworthy is the increased use of post-consumer recycled plastic in reusable bags, from an average of around 60%, in 2019, to 77% in 2021, totalling more than 7 thousand tonnes. As regards paper bags, at Biedronka bags contain 50% recycled material and at Pingo Doce they contain 64%, corresponding to around 1 thousand tonnes.

Fighting plastic pollution – highlights from 2021

- Biedronka's new shopping carts and baskets contain 25% of recycled plastic, made from fishing nets taken out of the Baltic, North Sea and Atlantic Ocean;
- Since June, Pingo Doce's customers have been allowed to use their own containers to pack fresh food, fish, meat, bread and cold cuts purchased at the counter;
- Private Brand wooden cutlery, paper straws, cups and plates are made using FSC® certified, plastic-free forest fibres – Pingo Doce;
- Amanhecer Private Brand cups are made from FSC® certified, plastic-free forest fibres – Recheio;
- The plastic window in paper bread bags was eliminated – Biedronka and Pingo Doce;
- Private Brand rubbish bags (size 120 L) contain 86% recycled material – Biedronka;
- Ara stores in Santa Marta (in the coastal region) no longer offer single-use plastic bags.

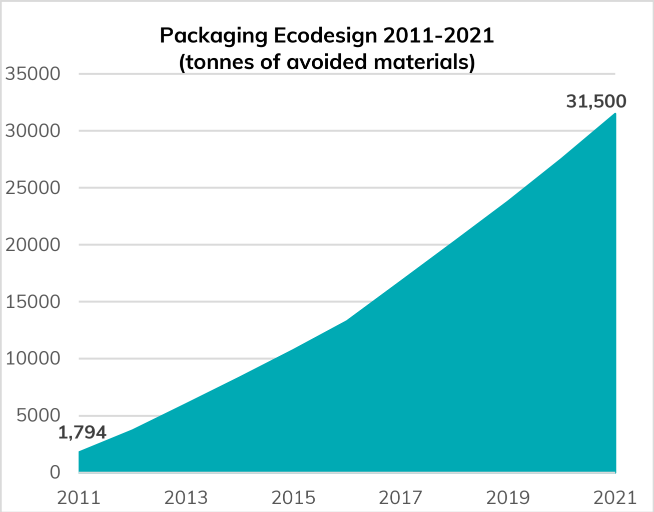
In all, these measures help avoid the use of over 80 tonnes of single-use plastic per year and the consumption of around 900 tonnes of virgin plastic.

Also see the feature box about “Packaging Ecodesign”.

3.4.2. Promoting the Sustainable Use of Materials

Ecodesign of packaging

The ecodesign packaging project, launched more than ten years ago, seeks to reduce the environmental impact and optimise the costs of production, transportation and waste management of Private Brand product packaging. Since its launch more than 743 references have had their packaging redesigned, thus avoiding the use of about 31,500 tonnes of materials. An additional 244 FSC® certified packages were also introduced. The optimisation of packaging, in terms of shape and/or reducing its weight, also helped avoid the emission of approximately 5,100 tonnes of carbon dioxide as a result of increased efficiency in the transport of products.



In 2021, we implemented 209 of these projects (96 at Pingo Doce, 57 at Biedronka, 24 at Hebe, 12 at Ara and 20 at Recheio), increasing the percentage of ecodesigned Private Brand product packaging to 11.8% since 2011. The Group aims to reach 12% by 2023.

Packaging ecodesign – highlights from 2021

- Biedronka launched two Polaris water references with 50% recycled PET, avoiding the consumption of 150 tonnes of virgin plastic per year.
- The cardboard used in the packaging of 24 Hebe's Private Brand products is now FSC® certified, i.e., it comes from forests that are managed in a responsible way.
- Pingo Doce replaced all black Takeaway food packaging with clear or light-coloured packaging, avoiding the annual use of more than 300 tons of problematic plastics for sorting plants.
- Recheio launched the Amanhecer bleach tablets, which, due to their concentrated formula, reduces more than 97% of the weight of packaging per litre of solution.
- Ara reduced the weight of the Cottony fabric softener bottle, avoiding the consumption of more than 8.5 tonnes of plastic a year.

Reusable packaging

Increased investment in reusable packaging solutions helped avoid the use of more than 37 thousand tonnes of single-use packaging in 2021.

Pingo Doce and Recheio used 44.1 million reusable plastic boxes for perishables (13% more than in 2020), while Biedronka used 27.5 million reusable transport boxes for bakery products (the same as in 2020). At Ara, more than 5.7 million reusable transportation boxes were used for bottled water, milk, and fruit and vegetables (36% more than in the previous year).

Since 2018 Pingo Doce, in partnership with the New Water Project, has offered its customers a solution to refill 1.5 L, 3 L and 6 L reusable plastic bottles. At the end of 2021, the ECO bottle was available in 142 stores, thus avoiding the consumption of 69 tonnes of single-use plastic. The reduction in demand (5.5% less compared to 2020) is justified by the long periods of teleworking imposed on a significant percentage of the population in Portugal. In June 2021, Ara launched a similar pilot project at the Rodadero Gaira store in Santa Marta, an area where water quality is assured using the filtration technology of the refilling system, thus reducing the consumption of single-use plastic bottles by 0.3 tonnes.

Promoting bulk sales

At Ara, bulk sales accounted for nearly 52 thousand tonnes of food products, being available in 85% of stores (697 establishments), where at least one of the products covered are sold (rice, sugar, lentils and beans). At Biedronka, the bulk sale of dried fruit and sweets represented about 28,600 tonnes and is available in all stores. At Pingo Doce, these sales amounted to 235 tonnes, with the bulk sales model available in 52% of its stores.

3.4.3. Waste Management

[GRI 306-2]

In 2021, the Group's businesses produced 558,625 tonnes of waste, 6.9% more than in 2020. This increase is mainly due to the growth of operations in Colombia and the increase in Biedronka's sales. In the latter case, there was a significant increase in three waste streams: cardboard and plastic waste (due to an increase in the volume of goods handled); organic waste (due to an increase in food waste, particularly in the perishables categories which most contribute to this stream) and unsorted waste (due to the growth in sales).

Waste produced (tonnes/million euros)	2021	2020	Δ 2021/2020
Specific value	26.74	27.08	-1.3%

Waste produced (tonnes)	2021	2020	Δ 2021/2020
Quantity by type of waste	**558,625**	**522,531**	**+6.9%**
▪ Cardboard and paper	341,713	320,562	+6.6%
▪ Plastic	13,926	12,386	+12.4%
▪ Wood	2,055	2,119	-3.0%

Waste produced (tonnes)	2021	2020	Δ 2021/2020
▪ Organic	103,586	93,441	+10.9%
▪ Unsorted waste	83,343	79,723	+4.5%
▪ Cooking oil and fats	222	182	+22.0%
▪ Effluents treatment waste	8,505	8,850	-3.9%
▪ Hazardous waste	138	648	-78.7%
▪ Other waste	5,137	4,620	+11.2%
Quantity per business unit			
▪ Biedronka	426,753	397,070	+7.5%
▪ Hebe	924	865	+6.8%
▪ Pingo Doce	92,168	90,882	+1.4%
▪ Recheio	6,399	6,205	+3.1%
▪ Ara	30,155	25,439	+18.5%
▪ JMA	2,226	2,070	+7.5%

Waste recovery and destination in operations

The Group's waste recovery rate in 2021 was 85.8%, the same as in the previous year, of which 13.8% was sent to landfill, in line with 2020.

Waste recovery rate	2021	2020	Δ 2021/2020 (p.p.)
Overall value	**85.8%**	**85.8%**	**0.0 p.p.**
Biedronka	91.5%	91.7%	-0.2 p.p.
Hebe	77.4%	76.7%	+0.7 p.p.
Pingo Doce	64.8%	65.2%	-0.4 p.p.
Recheio	69.5%	69.3%	+0.2 p.p.
Ara	72.8%	71.6%	+1.2 p.p.
JMA	94.8%	96.8%	-2.0 p.p.

Waste management methods	2021	2020	Δ 2021/2020 (p.p.)
Recovery*	85.8%	85.8%	0.0 p.p.
Landfill	13.8%	13.7%	+0.1 p.p.
Incineration (without energy recovery)	0.0%	0.0%	0.0 p.p.
Other destinations without recovery	0.4%	0.5%	-0.1 p.p.

*Includes sending waste for recycling, organic recovery, and incineration with energy recovery.

Fighting food waste

The Group is committed to halving food waste generated by its activities by 2030[91], in line with target 12.3 on responsible consumption and production set under the Sustainable Development Goals. The goal for the 2021-2023 period is to limit the amount of food waste to 16.1 kg per tonne of food sold. To measure and monitor this commitment, we were the first retailer in Portugal to publicly calculate and disclose our food waste footprint, in line with the World Resources Institute's Food Loss and Waste methodology.

In 2021, the Group's food waste increased to 17.6 kg per tonne of food products sold. This 4.1% increase is due mainly to the growth of Biedronka's perishables business, as these products are more sensitive to handling and temperature, and have a shorter shelf life. Food waste in the perishables category account for about 70% of all food waste generated in the Group.

kg of food lost or wasted/tonne of food sold	2021	2020	Δ 2021/2020
Food waste*	**17.6**	**16.9**	**+4.1%**
Destination ▪ Animal feed and biological processing	2.2 10.8	2.5 10.3	-12.0% +4.9%

[91] 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 our corporate website.

kg of food lost or wasted/tonne of food sold	2021	2020	Δ 2021/2020
▪ Anaerobic digestion, composting and controlled combustion ▪ Landfill, incineration, and wastewater treatment systems	4.6	4.1	+12.2%
Quantity per business unit			
▪ Biedronka	18.5	17.1	+8.2%
▪ Pingo Doce**	21.3	22.7	-6.2%
▪ Recheio	4.7	6.4	-26.6%
▪ Ara	11.4	11.6	-1.7%

* According to the World Resources Institute Food Loss and Waste Protocol, food not used for human consumption is considered food waste.
** To measure this indicator, the food waste of distribution centres was accounted for under Pingo Doce, although the structures are shared with Recheio.

We implemented several initiatives to limit food waste in our distribution operations. We donated 21.4 thousand tonnes of food to charities[92] through stores and distribution centres, an increase of 14.8% compared to 2020. We also train employees to ensure the identification, selection and separation of food that can be safely donated[93].

With the markdown project, launched in 2019 at Pingo Doce and in 2020 at Biedronka, we prevented 8,000 tonnes of food from being wasted in 2021 (70% more than in 2020) by selling products that are nearing their expiration date at discounted prices.

Roasted chicken that is not sold, being still suitable for consumption, is shredded and used for pizzas, salads and sandwiches sold at the takeaway counter or in trays as shredded chicken. Suckling pig meat is also shredded and used for sandwiches. These initiatives helped prevent 202 tonnes of food waste.

Larger fruits (such as melons, watermelons, cantaloupe melons, papayas and pineapple) are cut into halves to avoid waste in stores and in consumers' homes, as it encourages customers to purchase only the desired quantity.

We also fight food waste upstream and downstream of our operations. Every year, 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), sold at Pingo Doce and Recheio stores. Non-graded foods, also known as "ugly" vegetables, have the same nutritional profile as that of graded produce. JMA also sources by-products from the food industry and non-graded vegetables for incorporation into cattle feed.

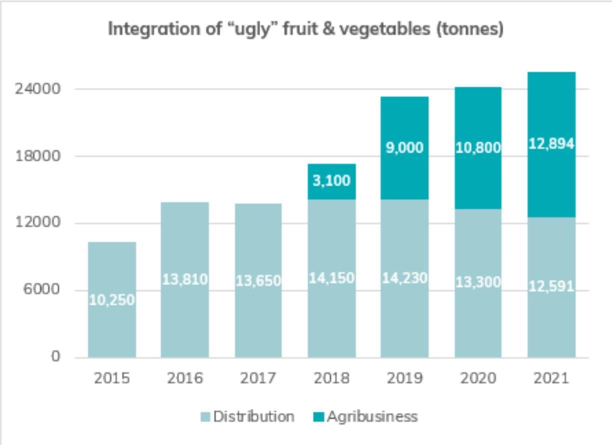
Between 2015 and 2021, the strategy of using non-graded vegetables prevented the waste of 127,775 tonnes of food.

"Ugly" plums and cabbages at Biedronka

The Małapolska region was hit by a hail storm in June, causing aesthetic damage to the outer leaves of the cabbages grown there. Biedronka bought 156 tonnes of these cabbages and sold them in its stores.

In September, heavy rainfall in the regions of Opole, Szydłów and Gróharm damaged the appearance of plums, which, although their nutritional profile remained intact, had wrinkled skin. Biedronka bought these plums from more than 50 affected farmers and sold them in its stores.

[92] For more information, see sub-chapter 5. "Supporting Surrounding Communities", section 5.3. "Direct Support".
[93] Refers to hygiene and food safety training. For more information, see sub-chapter 2. "Promoting Good Health Through Food", section 2.3.5. "Training".



Customer waste recovery
[GRI 301-3; GRI 302-5]

We strive also to raise awareness among employees, customers and surrounding communities of the importance of correctly separating waste. To facilitate proper waste disposal, we provide a number of infrastructures[94], including:

- recycling bins at 98% of Pingo Doce stores;
- recycling bins for the collection of small electrical appliances, used batteries and fluorescent lamps at 99% of Biedronka's stores;
- battery collection bins at 82% of Ara stores and at all Pingo Doce and Recheio stores;
- collecting and recycling coffee pods at Pingo Doce stores, which helped raise 2,607 euros for charity;
- the pilot project at Ara for collecting and recycling used cooking oil into biodiesel;
- the pilot projects Pingo Doce has partnered with aiming at encouraging consumers to return PET plastic bottles. In 2021, over 3.3 million PET bottles, 352 thousand aluminium cans, and 376 thousand glass bottles were deposited in the 13 collection machines that are part of the project, amounting to a total of 69 tonnes.

Waste dropped off by customers in recycling bins at stores

Waste collected in stores (tonnes)	2021	2020	Δ 2021/2020
Pingo Doce	**716.67**	**446.81**	**+60.4%**
Batteries	8.77	5.47	+60.3%
WEEE[95] (including fluorescent light bulbs)	105.21	101.14	+4.0%
Used cooking oil	121.19	101.79	+19.1%
Coffee pods	481.50	238.41	+102.0%
Recheio	**0.00**	**0.00**	**-**
Batteries	0.00	0.00	-
Biedronka	**336.56**	**253.40**	**+32.8%**
Batteries	263.75	212.58	+24.1%
WEEE[95] (including fluorescent light bulbs)	72.81	40.82	+78.4%
Ara	**0.98**	**0.80**	**+22.5%**
Batteries	0.96	0.80	+20.0%
Used cooking oil	0.02	-	-

In 2021, customer waste collection levels increased at Pingo Doce, Biedronka and Ara stores. Overall, 50% more waste was collected as a result of efforts to increase the number of recycling bins and customer awareness and information campaigns. 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 2022.

3.5. Awareness Campaigns

The Group holds several campaigns to raise awareness among its employees, customers and surrounding communities on the importance of individual and collective behaviours in reducing environmental impacts. The table below highlights some of the most relevant initiatives implemented in 2021.

[94] For more detailed information about how many and what type of recycling bins are available to our customers, please refer to the "Responsibility" area in the Group's corporate website.
[95] WEEE – Waste Electrical and Electronic Equipment.

Awareness campaigns of note

Campaign	Company	Description
“Día Internacional Sin Bolsas Plásticas” (International Plastic Bag Free Day)	Ara	In June, and to celebrate International Plastic Bag Free Day, Ara campaigned on social media, inviting customers not to forget their reusable bag.
“Razem Przeciw Marnowaniu” (United Against Waste)	Biedronka	Polish in-store and media campaign to raise customer awareness for preventing and fighting food waste at home. The second edition of the “Dobra Torba” (The Good Bag) enabled the donation of 43,500 euros to the Federation of Polish Food Banks.
“Amar o Mar” (Love the Sea) web series	Pingo Doce	The “Amar o Mar” web series shares inspiring stories of those who love and protect the oceans. The series, broadcast on YouTube and disseminated on Pingo Doce's social media pages, included four episodes focusing on a project or person that actively protects the oceans and marine ecosystem and had over 183,500 views on YouTube Kids and around 10,000 YouTube views.
The B Side – fighting food waste	Recheio	Harnessing the “United Against Waste” movement and the celebration of International Day of Awareness of Food Loss and Waste, Recheio launched the “B Side” campaign, with new recipes that use the less popular side of food (leftovers, skins and pulps in new flavours).

For more detailed information, see the “Responsibility” area at www.jeronimomartins.com.

4. Sourcing Responsibly

4.1. Introduction

The Group's sourcing strategy is underpinned by a number of commitments[96] to ensure the quality and safety of food products that contribute to healthier eating habits and food at affordable prices, working closely with suppliers and contributing to social well-being and the sustainability of the value chain.

4.2. Local Supplier Engagement

[GRI 102-9; GRI 204-1]

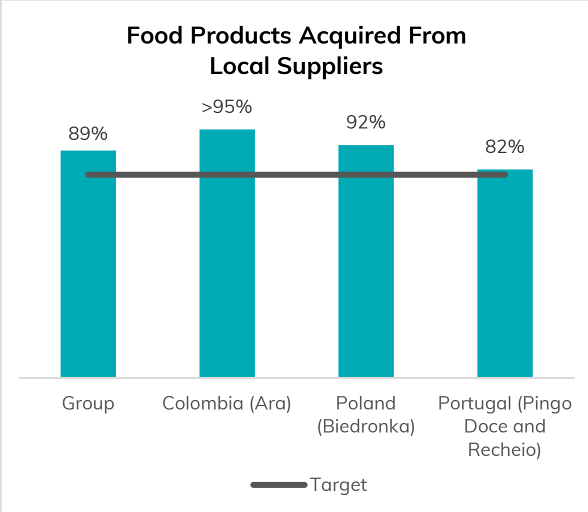
Whenever possible, we buy from local suppliers, following a strategy that promotes the economic development of each region and reduces both the distances between the suppliers and our distribution centres and the carbon emissions associated with transport. This strategy also contributes towards reducing food waste, with products arriving fresher and quicker to our stores.

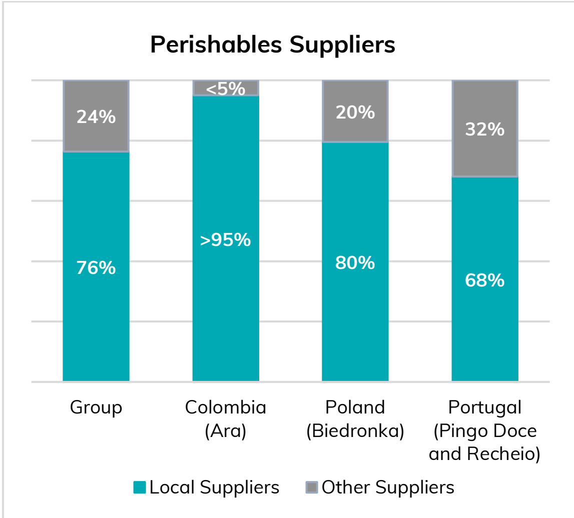
In working closely with suppliers, we seek partnerships that promote the development of our assortment, introducing new or traditional varieties. The strategy also enables us to incorporate sustainability criteria into production and distribution processes. Initiatives of note in 2021 are described in the table below[97].

Company	Initiative
Ara (Colombia)	We collaborated with over 180 suppliers that account for more than 90% of Private Brand sales. For example, Private Brand milk, with over 90 million litres (20% more than in 2020) of milk sold being 100% nationally produced.
	We maintained our partnership with BBVA, enabling suppliers to receive early payment on their invoices at more favourable rates and without affecting their debt rating. Around 77% of fruit and vegetable suppliers (more than 350 in total) are encompassed by this initiative.
Biedronka (Poland)	In May 2021, a project was launched for local fruit and vegetable producers so they could deliver their products to stores or distribution centres located close to the production area. More than 60 new suppliers were involved, delivering more than 10 thousand tonnes of fruit and vegetables. The fruit production project was maintained, particularly targeting apricots (26.5 tonnes vs 6.5 tonnes in 2020) and watermelons (335 tonnes vs 35 tonnes in 2020), to reduce imports.
	Payment terms were reduced to a maximum of 21 days for farmers with a turnover of less than 100 million zlotys to boost local production. Sixty suppliers benefited from this initiative, 40 more than in 2020.
Pingo Doce and Recheio (Portugal)	In-store communication, social media posts and leaflets were increased to raise consumer awareness of the importance of choosing seasonal, locally grown produce.
	Support was maintained for small and medium-sized perishable farmers who are members of the Confederation of Portuguese Farmers. This measure is unique in Portuguese retail and consists of bringing payment forward to an average of ten days, instead of the 30 days established by law, without any financial costs to farmers. Since 2012, more than 370 suppliers have benefited from this initiative.

[96] The Sustainable Sourcing Policy and the Supplier Code of Conduct are available under "Responsibility" on our corporate website.
[97] More information is available on our corporate website, under "Local Suppliers and Innovation".

To maintain our commitment to national production in the various countries where we do business, we strive to ensure that we source at least 80% of food product purchases from these suppliers. We fulfilled this commitment once again in 2021, achieving similar levels to those recorded in the previous year. The same was true for the sourcing of Private Brand and perishable products from local suppliers. During the year, and to make local products easier to identify by consumers, we used 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 identified 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, on leaflets, receipts, television ad campaigns, and on digital channels.





4.3. Promotion of More Sustainable Production Practices

As major buyers, we promote[98] the improvement of environmental and social practices in the production of our Private Brands and perishables to reduce the use of natural resources, the impact on ecosystems, and to boost and encourage the socio-economic development of the areas that our businesses directly or indirectly influence.

That is why the Group has signed the EU Code of Conduct on Responsible Food Business and Marketing Practices, an initiative of the European Commission. It is the only Portuguese signatory company among the 65 member institutions that supported this initiative from the outset.

The Code of Conduct is one of the first deliverables of the Farm to Fork Strategy. It sets out the initiatives that the actors “between the farm and the fork” – from food processors to food service operators and retailers – can voluntarily commit to undertake in order to tangibly improve and communicate their sustainability performance in their operations and in collaboration with industry peers and other food system stakeholders, such as farmers and consumers.

[98] Our Environment Policy, Sustainable Souring Policy and Supplier Code of Conduct can be found at www.jeronimomartins.com.

4.3.1. Fighting Deforestation

The global demand for agricultural commodities is one of the main causes of pressure on our forests and other high conservation value ecosystems. It is estimated that land use management and changes, as well as deforestation, are the second largest source of human greenhouse gas emissions. The conservation and restoration of these ecosystems can play an important role in carbon sequestration and the preservation and regeneration of biodiversity, thus contributing to the targets of the Paris Agreement and the European Green Deal.

Aware of the value of the services provided by forests, for several years we have been seeking to responsibly manage the incorporation of key raw materials associated with deforestation into our Private Brand products and packaging. That is why, in 2019, Jerónimo Martins joined The Consumer Goods Forum's Forest Positive Coalition of Action (FPCoA), which defines four areas of action:

- ensure that Private Brand and perishable products meet environmental and social sustainability criteria[99];
- encourage the main traders of these raw materials and Private Brand and perishables suppliers to make a commitment to fighting deforestation;
- promote, through multi-stakeholder initiatives, the conservation of ecosystems in the major areas in which these ingredients are produced;
- define specific progress indicators and publicly disclosing performance[100].

Commitment to fighting deforestation strengthened in 2021

- Together with ten other signatories, we signed an open letter asking the European Union for greater ambition in this matter.
- We publicly disclosed a document with our policies, commitments, and progress under the FPCoA.
- The Group was recognised by CDP forests for its management of commodities associated with deforestation, receiving a score of "A–" (leadership level) in palm oil, soy, and beef. In the case of paper and wood, we achieved a score of "B" (management level).

One of our strategies is to map the presence of ingredients linked to deforestation in our Private Brand and perishable products, collecting information from suppliers on the origin and sustainability certification of these ingredients. Our direct and indirect interaction with soy suppliers in Portugal, Poland and Colombia was intensified in 2021, through work sessions and surveys where we shared our goals and expectations regarding the origin and traceability of the commodity.

Commodity	Total amount (tonnes)		
	2021	2020*	Δ2021/2020
Palm oil	37,097	18,918	+96%
Colombia (Ara)	19,870	3,503	+467%
Poland (Biedronka and Hebe)	11,597	10,438	+11%
Portugal (Pingo Doce and Recheio)	5,629	4,977	+13%
Soy	485,675	430,822	+13%
Soy (direct)	**11,052**	**3,472**	**+218%**
Colombia (Ara)	7,937	1,036	+666%
Poland (Biedronka and Hebe)	2,266	1,819	+25%
Portugal (Pingo Doce and Recheio)	849	616	+38%
Soy (indirect)**	**474,622**	**427,350**	**+11%**
Colombia (Ara)	5,225	3,236	+61%

[99] These criteria include supporting activities that do not contribute to deforestation or the loss of high conservation value ecosystems and/or that contribute to their regeneration, and efforts to eliminate human, child and/or workers' rights violations.
[100] As part of our participation in the CDP Forests programme, the strategy that shapes our action is publicly disclosed and our progress updated, available at www.cdp.net and also on our corporate website, under "Fighting Deforestation".

Commodity	Total amount (tonnes)		
	2021	2020*	Δ2021/2020
Poland (Biedronka and Hebe)	348,074	305,167	+14%
Portugal (Pingo Doce and Recheio)	121,323	118,948	+2%
Paper and timber	182,848	193,687	-6%
Paper and timber (products)* **	**144,138**	**141,853**	**+2%**
Colombia (Ara)	3,539	2,518	41%
Poland (Biedronka and Hebe)	122,812	120,796	2%
Portugal (Pingo Doce and Recheio)	17,787	18,539	-4%
Paper and timber (packaging)* **	**46,882**	**51,834**	**-10%**
Colombia (Ara)	3,381	4,562	-26%
Poland (Biedronka and Hebe)	28,408	38,659	-27%
Portugal (Pingo Doce and Recheio)	6,921	8,613	-20%
Beef	42,922	45,533	-6%
Colombia (Ara)	183	152	+20%
Poland (Biedronka and Hebe)	13,059	12,511	+4%
Portugal (Pingo Doce and Recheio)	29,680	32,870	-10%

* Figures adjusted as a result of improvement opportunities detected in the previous year's verification process.
** Soy used in animal feed for the production of animal protein contained in products.
*** Includes only virgin fibres. Recycled fibres are excluded.

Palm oil

The overall increase in the amount of palm oil used is mainly due to the introduction of new Private Brand products in Ara's assortment, namely vegetable oils used for cooking, which represent around 80% of the total palm oil consumed in this Company.

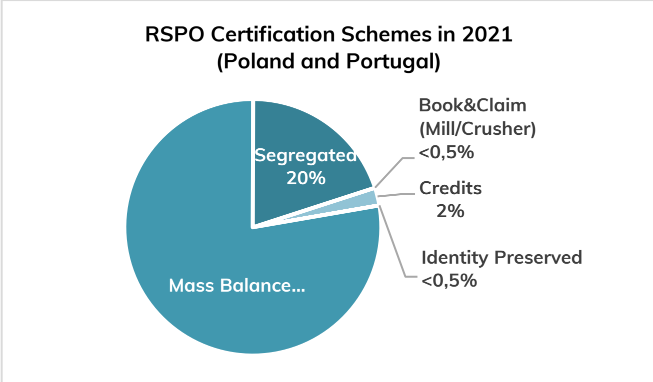
As in 2020, there was a reduction of certified palm oil (by the Roundtable on Responsible Palm Oil) at Ara due to the Company's strategy of promoting the local purchase of this ingredient. In 2021, over 95% of the palm oil used was sourced from Colombia (an increase of around 10 p.p. compared to 2020), with the remainder coming from other countries in South America (around 3%) or South East Asia (less than 1%). The level of RSPO certification in Colombia is still relatively low compared to the total produced. For this reason, and considering the Group's goal of ensuring the sustainable origin of this commodity wherever it operates, Ara joined, in 2021, 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 Palm Oil Chain in Colombia") with the aim of ensuring that the palm oil used in its Private Brands and perishables does not cause deforestation. This initiative is also supported by civil society organisations such as RSPO, Proforest, Tropical Forest Alliance and WWF.

In Colombia, less than 0.5% of deforestation was associated with palm oil production[101]. Nevertheless, we are committed to progressively trace the origin of the palm oil present in our Private Brand products and perishables, back to the farm where it was produced. With this information it is possible to assess whether it comes from deforested areas, as well as to implement corrective measures in cases where this may have occurred. For palm oil from other countries, the members of the agreement commit to progressively ensure the RSPO certification.

In 2021, 20% of the palm oil used in Ara's Private Brands and perishables that did not come from Colombia was RSPO certified (2 p.p. more than in 2020).

[101] Data disclosed in the analysis of the level of deforestation linked to palm oil production, carried out in 2019 by IDEAM - Instituto de Hidrología Meterorología y Estudios Ambientales and the Colombian Ministry of the Environment.

In Poland and Portugal, the increase in palm oil consumption is mostly associated with the increase in sales compared to 2020. In the particular case of Pingo Doce, there is also an increase associated with the use of raw materials containing palm oil for pastry and bakery products. In 2021, and similarly to 2020, 100% of the palm oil present in our Private Brand and perishable products in Portugal and Poland was RSPO certified, thus ensuring its sustainable origin.

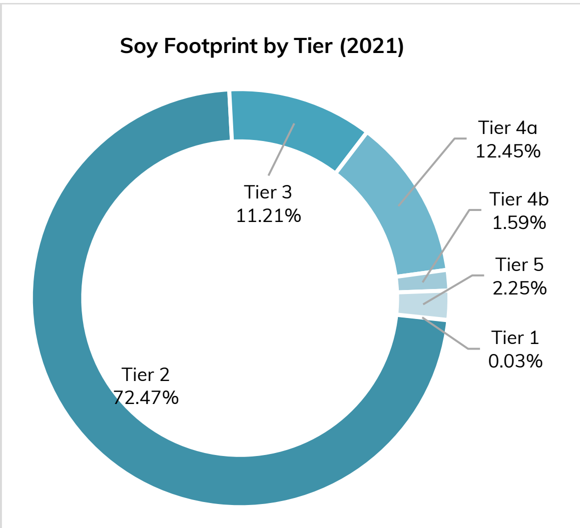


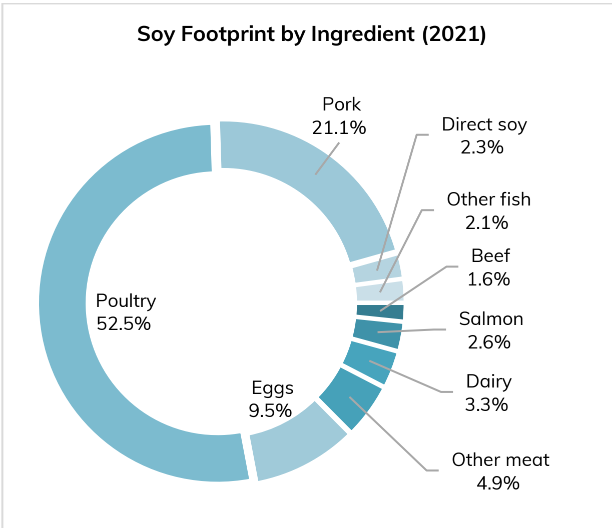
Soy

The increase in soy consumption is largely due to the use of this ingredient in animal feed (tiers 2 to 4b), with further impacts on products that are rich in animal protein, such as eggs, milk and meat. In 2021, sales of this type of products continued to grow, largely driven by meat and fish from aquaculture (tier 2), but also by eggs and dairy products (tier 3). This year, over 50% of the soy in our chain was related to poultry feed and over 20% to pig feed.

Also in direct soy, there is an increase in consumption (tiers 1 and 5). In the case of Ara, it is essentially related to the increase in sales of vegetable food oils containing high percentages of soy (in some cases combined with palm oil), leveraged by the launch of new Private Brand products with these characteristics.

In Poland, the increase is due to the introduction of new food products offering a rich vegetable-based protein alternative, such as tofu or fitness bread. In Portugal, and similarly to what happened with palm oil, the increase is explained by the use of flours containing a mixture of palm oil and soy as ingredients for pastry and bakery products.





In 2021, we continued our effort to reduce the uncertainty levels associated with the soy's country of origin that is directly or indirectly present in our Private Brand and perishable products[102], which resulted in a reduction of 15 p.p. compared to 2020, a year in which the level of uncertainty was around 30%. In 2022, we will continue this work to also ensure a higher level of certainty in the origins declared for the Soy used in animal feed, with a special focus on the poultry and pork categories, which is where most of the materiality of Soy present in our supply chain is found.

[102] The five tiers of soy quantification in the supply chain are taken into account, according to the CGF's "Calculation guidelines for the measurement of embedded soy usage in consumer goods businesses" methodology, available at www.theconsumergoodsforum.com.

This reduction of uncertainty also led to a higher visibility of the amount of soy from countries with deforestation risk[103], which increased to 52% of total soy (up 15 p.p. against 2020). Despite this increase, our suppliers reported that 17% of the soy coming from countries at risk of deforestation had sustainability certification - such as Round Table on Responsible Soy (RTRS) or ProTerra (2 p.p.pl more than in 2020).

Paper and Timber

In the case of virgin paper and timber fibres in Private Brand products, there has been an increase in the consumption of products with this ingredient, associated with sales of toilet paper and personal care wipes, among others. However, only 0.4% of these fibres come from countries at risk of deforestation[104], of which 99% come from sustainably managed forests, as they are FSC® or PEFC certified.

In the case of paper and wood used in packaging, more than 80% of the fibres are recycled (+10 p.p. than in 2020). Regarding the use of virgin fibres in packaging, there was an increase of those coming from countries with deforestation risk, representing 14% of the total (+12 p.p. than in 2020). Of these, 96% are FSC® or PEFC certified.

Overall, the virgin fibres used in our products and packaging held sustainability certification levels (FSC® or PEFC) of 81% and 70% respectively, contributing towards the Group's goal of reaching 100% by 2030.

Beef

In 2021 we managed to map all the beef used in our Private Brands and perishables and trace them back to at least their country of origin. Based on this work it was possible to confirm that 0.5% of the total was originating from Brazil, a country where there is a risk of deforestation associated with cattle production. Despite the reduced exposure we have for this ingredient, we maintain our participation in the beef working group, under the CGF's Forest Positive Coalition of Action.

We are also members of a group of organisations internationally recognised for their work on forest conservation and regeneration:

- Roundtable on Sustainable Palm Oil – to which we annually disclose our progress on sustainable palm oil;
- Round Table on Responsible Soy – to which we report and disclose our progress toward responsible soy use;
- Polish Coalition for Sustainable Palm Oil – aimed at ensuring certification of all palm oil used in Poland by 2023;
- Tropical Forest Alliance – which works on jurisdictional concepts and multi-stakeholder initiatives to fight deforestation and which we joined in 2021.

Ecosystem conservation and restoration initiatives that we supported in 2021 - Highlights:

Jerónimo Martins continued to invest in multi-stakeholder initiatives to contribute to the conservation and restoration of ecosystems, most notably:

- The Serra do Açor reforestation project, in central Portugal, which saw the planting of 58,090 trees in the first year. In partnership with the Arganil Town Council, the Coimbra School of Agriculture and common landowners' associations representing around a dozen vacant plots, this initiative aims at replanting and managing an area of 2,500 hectares over a period of 40 years.

- In partnership with Nestlé and Instituto de Pesquisa Ambiental da Amazónia (IPAM - Amazon Environmental Research Institute), we launched a project aimed at developing a government model for low-carbon agricultural production and the conservation of natural ecosystems among smallholder farmers and indigenous populations in the State of Mato Grosso (Brazil).

[103] The following countries are considered to pose a deforestation risk associated with soy production: Argentina, Brazil, Bolivia, Paraguay and Uruguay.
[104] The countries identified as bearing a deforestation risk associated with agricultural production of paper and timber correspond to those in the CGF guidelines.

4.3.2. Sustainable Fishing

The Group pledged to ensure that Private Brand and perishable fish and seafood products do not contribute to the over-exploitation, depletion or extinction of these species[105]. Every three years we evaluate the conservation status of all the species we market and, based on the results of this assessment, adjust our sustainable fishing strategy[106]. The table below depicts the level of compliance with commitments at each of the three levels of conservation risk according to the categories of the IUCN - International Union for Conservation of Nature and Natural Resources[107].

IUCN Red List category	Commitment	Compliance in 2021
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*)[108] falls into this risk category. It has not been marketed since 2016.	100%
Endangered*	Ban the marketing of species classified at this level of risk whenever they are not 100% 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.	100%
Vulnerable	Limit promotional activities with species that are classified as "Vulnerable" 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.	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.

In 2021 the Group maintained its level of compliance with the commitments indicated. There was also a need for closer monitoring of changes in Atlantic tuna stocks to ensure that the management plan defined is complied with and stock integrity is maintained in the coming years. In 2022, we will perform a new assessment of the fish and seafood species we use in our Private Brand and perishable products.

4.3.3. Practices to Promote Animal Welfare

[GRI 304-2; GRI 304-4; GRI 417-1]

The Group endeavours to adopt best animal welfare practices, both as regards own food production and in terms of distribution, particularly when it comes to Private Brand and perishable products with ingredients of animal origin. This concern is reflected in guidelines such as:

- prohibiting the use of growth promoters (growth hormones and beta-agonists). Antibiotics are only used for therapeutic purposes (never preventively or to promote growth);
- the compulsory stunning of animals immediately before slaughter, which occurs in more than 95% of cases – except for certified religious rituals[109] (less than 5% of the total);
- prohibiting animal testing in the development of our products[110];
- banning the use of genetically modified or transgenic additives or ingredients – including the use of cloning techniques -, whether plant- or animal-based.

Our policy on genetically modified organisms[111] (GMOs) determines that our Companies should:

- cooperate with suppliers 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 GMOs in the cases where it is not at all possible to replace them;

[105] This commitment is also set out in the Jerónimo Martins Sustainable Sourcing Policy, available on our corporate website, under "Sourcing Responsibly".
[106] Available on our corporate website, under "Sustainable Fishing".
[107] More information at www.iucn.org.
[108] 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.
[109] For example, Halal or Kosher certifications.
[110] The exception resides in animal food products in which sensory tests are performed to assess the level of satisfaction of a specific target population 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).
[111] As part of our Product Quality and Food Safety Policy, available on our corporate website, under the "Responsibility" area.

- guarantee the consumers' right to information about the presence of GMOs through product labelling[112].

We regularly carry out laboratory tests and conduct quality and food safety audits[113] of suppliers and in the slaughterhouses used by our Companies in Portugal, Poland and Colombia to ensure compliance with these principles. Animal welfare issues are also included on the agenda of each of the Companies'.

Sustainability Committees to define action strategies, monitor performance indicators, and identify opportunities for continuous improvement. By way of example, we point out the review of quality and food safety audit criteria in the perishable meat category[113].

Dairy, fresh egg and meat production practices

We have gradually been incorporating products of animal origin produced in line with animal welfare practices into our Private Brand and perishables assortment. We also hold campaigns to raise customer awareness of product labels and promote communication campaigns on the websites, social media pages and leaflets of our Companies. Some of the main initiatives carried out are described below[114].

Free-range chicken

Biedronka, Pingo Doce and Recheio sell nationally raised Private Brand free-range chicken. In the case of Biedronka, chickens are raised without the use of antibiotics and are given non-GMO feed. They have a minimum slaughter age of 70 days (14 days higher than the market average) and access to the outdoor with an average density of less than 30kg/m^2, that is, ten times more space than conventional chickens. At Pingo Doce and Recheio, the chickens have a minimum slaughter age of 81 days and are raised outdoors with a maximum density of 25 kg/m^2.

Free-range chicken sold by these Companies accounts for 7% of total sales, 3 p.p. more than in 2020, explained by an increase in the sale of these products at Biedronka and Pingo Doce, and their introduction in the Recheio assortment.

Beef and dairy products

In our operations in Portugal, animal welfare criteria are included in contract specifications for the calves sold (such as the absence of wounds and signs of thirst or malnutrition), for Aberdeen Angus beef (such as the ban on transporting cattle for more than eight hours or the use of tranquillisers), and for organic veal. In the latter case, certification includes criteria such as access to the outdoors and grazing.

The range of Pingo Doce fresh milk maintained the AENOR label as certified animal welfare approved according to the Welfair™ protocol. The protocol is built on four basic principles: feed, ambient conditions, health, and proper animal behaviour. More than 90% of the producers that supply the Terra Alegre dairy factory have maintained this certification, enabling use of the label on Pingo Doce fresh milk packaging. The 15 p.p. increase in the number of producers with this certification is the result of collaborative work with suppliers to ensure compliance with the Group's principles in promoting animal welfare practices.

Pingo Doce domestic Angus beef double certified

In 2021, Pingo Doce was the first retailer in Portugal to obtain double certification in all Private Brand Portuguese angus beef: antibiotic-free certification and animal welfare certification, according to the WelfairTM protocol (based on the international benchmarks Welfare Quality and AWIN®).

Cage-free chicken eggs

The Group Companies have pledged to ensure that, by 2025, 100% of Private Brand fresh eggs will be from hens raised according to organic production methods, free-range or in a barn, that is, cage-free. These three systems follow a set of animal welfare criteria and require, for instance, a larger area available per hen, straw bales for the animals to peck at, and greater freedom of movement, among other conditions.

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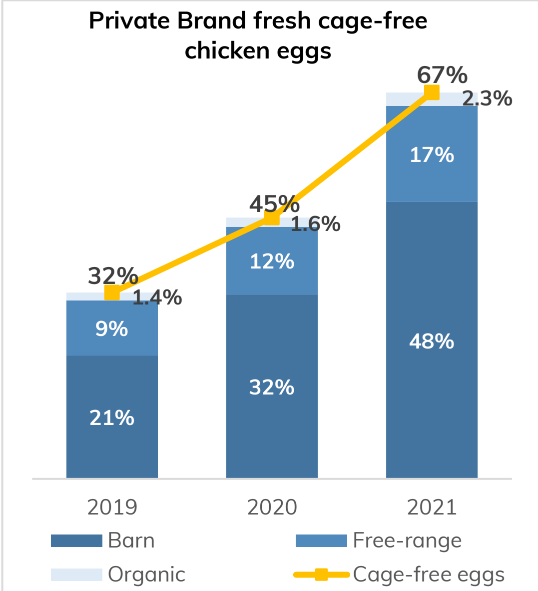
[112] Disclosure is carried out in strict compliance with the limit applied by the Group of a maximum of 0.1% (within the method's quantification limit). The limit allowed under European law is 0.9%.
[113] For more information about these audits, see sub-section 4.4.1. "Supplier audits" of this sub-chapter.
[114] More information is available on our corporate website, under "Animal Welfare".

In 2021, 67% of Private Brand fresh eggs marketed by our Companies came from cage-free chickens, 22 p.p. more than in 2020, mostly as a result of Biedronka's progress in eliminating the sale of fresh eggs from caged hens. To achieve these results, the Companies have been working with suppliers to adapt their production methods. These changes include, for example, identifying new production sites and visits by quality and food safety teams to ensure that producers adapt to and meet the criteria required by the Group. The Group has also been adapting its supply procedures to the responsiveness of suppliers.



Moreover, and whenever possible, we seek to incorporate this criterion for eggs used as ingredients in perishable and Private Brand products. In 2021, 13 new references were launched by Pingo Doce, two by Recheio and 36 by Biedronka. In all, 36 new references were launched (24 more articles than in 2020). In these companies, 30 articles were also reformulated, ensuring the use of eggs from non-caged hens in their formulation.

Biedronka achieves target for cage-free eggs

Biedronka stopped purchasing fresh eggs laid by caged hens from its suppliers at the end of 2021, bringing forward its commitment to only selling cage-free eggs by four years. Warsaw was the first region in which this commitment was implemented, on 1 January 2021. It was extended to other regions during the year, with the last five regions (Wyszków, Luzartów, Wojnicz, Koszalin, Lubin) transitioning to the new policy in December 2021. Biedronka has only been selling Private Brand fresh eggs for about two years.

Pingo Doce achieved the same target in 2019 in the Private Brands assortment.

Livestock transport and slaughter practices

The Group has been improving its livestock transport and slaughter practices by implementing monitoring measures. In 2021, we conducted an initial survey in Portugal among suppliers of perishable goods in the meat category. The survey revealed that 100% of livestock were stunned prior to slaughter and more than 99% of stunning was effective in the first attempt. This analysis also included the average transport time per livestock category[115], which varied between 35 minutes for ducks and 5.5 hours for rabbits, in line with the recommendation to limit the transport of animals to eight hours.

Practices at Jerónimo Martins Agro-Alimentar (JMA)[116]

In the aquaculture of sea bass and sea bream, we ensure the vaccination of 100% of the fish we grow in the open sea and that they have a density of 15 kg/m^3 or less. We also ensure that no mutilation is permitted (e.g., cutting fins), which means that 100% of our animals are free from such practices. During slaughter, iced water is used for rapid cooling of the body temperature in order to stun the animal.

In sheep production we ensure a minimum density of 0.6 m^2, exceeding the recommended standard of 0.5 m^2, as well as a diet based on fodder (as a source of fibre) and feed concentrate. In this operation, none of the animals are neutered or have mobility issues.

Aberdeen angus cattle are reared in an area of 6.5 m^2 or more per animal, with grooved concrete or rubber flooring to prevent the animals from slipping and getting hurt. We also replace straw used for bedding every day to ensure their comfort and well-being.

[115] The meat categories assessed included: beef, rabbit, chicken, sheep/goat meat, duck, turkey and pork.
[116] More information is available on our corporate website, under "Animal Welfare".

At the dairy farm, we provide at least one bed per cow and 0.6 m of feeding space. All animals have access to automatic massage brushes and ambient music is played to reduce stress. Production facilities have an automatic cooling system that activates fans and sprinklers to cool the animals. Moreover, animals have collars to monitor activity that enable early detection of pathologies through behavioural changes, thus contributing towards a reduction in the use of drugs.

At our dairy farm and Aberdeen Angus production units, we also ensure:

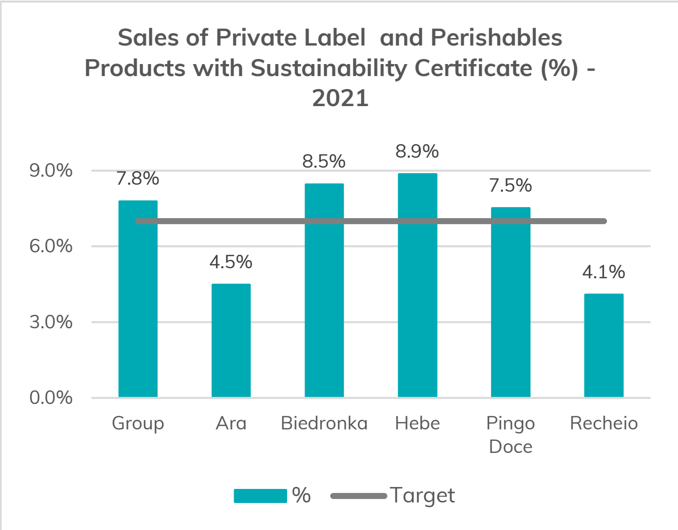
- the vaccination and de-worming of 100% of the animals;
- that no animals are subject to mutilation (e.g. tail docking and dehorning) and that they all have free movement (they are free from chains);
- automatic cooling systems that activate fans for ventilation and to reduce the amount of ammonia in the air;
- mandatory training in animal welfare for all employees in contact with the animals;
- that no electronic shocks, sticks or any system that may hurt the animals are used when moving or handling them.

JMA has maintained the certification of its meat production operations and dairy for the Responsible Use of Antibiotics, having obtained the overall rating of "100%", which guarantees that the use of antibiotics is only for therapeutic purposes. These units also saw their Welfair™ Animal Welfare certification renewed, in accordance with the European benchmarks Welfare Quality and AWIN®. The production of sheep is also certified in Welfair™ Animal Welfare, based on the AWIN® standard.

4.3.4. Certified Products

External sustainability certifications distinguish products in whose development good environmental and/or social practices are incorporated. Besides following a benchmark with specific requirements and standards, compliance is verified by an external entity, thus promoting impartiality. Moreover, these certifications facilitate communication and awareness of these features among customers.

In 2021, we maintained the trend of increasing the number of Private Brand products and perishables[117], focusing particularly on packaging and products with FSC®, PEFC or SFI schemes, certified animal welfare approved certification, and certified sustainable palm oil. As regards the proportion of Private Brand and perishable product sales, in 2021, these certification schemes accounted for 7.8% of total sales in this universe, meeting the target of selling at least 7% of products with these characteristics.



4.3.5. Promoting Sustainable Agricultural Practices

We encourage the adoption of good agricultural practices by our fruit and vegetable suppliers in Portugal. To this end, we developed the Sustainable Agriculture Handbook, which focuses on topics such as land use, biodiversity preservation, water and energy efficiency, and the proper use of fertilizers and plant protection products. This handbook helps suppliers to calculate their sustainability index, making it easier to identify opportunities for improvement. We also provide training appropriate to their intervention needs.

In 2021, the sustainability index was calculated at 21 new farms, 13 belonging to the 10 suppliers that entered the project during the year, bringing to 137the number of farms assessed since the launch of the

[117] Detailed information on articles with sustainability certification by type and company is available on our corporate website, under "Certified Products".

project. A total of 70 suppliers have been involved in this initiative (representing about 70% of the volume of fruit and vegetable purchases in Portugal).

The Group aims to integrate at least 70 new farms in the period 2021-2023 and to ensure an average sustainability index of at least 3.7 for farms with two or more assessments. In 2021, the average sustainability index for these farms was 3.7 (on a scale of 1 to 5, where 5 is the maximum score).

This methodology was also applied to the production of grasses and fodder crops at one of Best Farmer's units[118], opening the scope to include more than just fruit and vegetables. The sustainability indices obtained were 3.93 for irrigated crops and 4.38 for non-irrigated crops. These good scores were the result of implementing regenerative agriculture practices, which include sowing biodiverse pastures using reduced tillage techniques[119].
These practices promote carbon sequestration, increase soil organic matter, and improve soil water retention capacity.

Largest organic orange grove in Portugal

In 2021, Jerónimo Martins Agro-Alimentar established a new partnership for the production of organic oranges, thus complementing the investments that began in 2020 for the production of organic seedless grapes.

Around 2 thousand tonnes of organic seedless grapes are expected to be produced from 2025, and 4 thousand tonnes of organic oranges from 2030.

4.4. Selection and Monitoring of Suppliers

[GRI 308-1; GRI 308-2; GRI 407-1; GRI 408-1; GRI 409-1; GRI 412-3; GRI 414-1; GRI 414-2; GRI 416-1]

Establishing business partnerships with suppliers and service providers implies complying with the legal and ethical principles reflected in our Sustainable Sourcing Policy, Supplier Code of Conduct, Code of Conduct and Anti-Corruption Policy[120].

The Group actively supports the eradication of forced labour[121] from supply chains and the promotion of dignified working conditions, in line with the Priority Principles of the Consumer Goods Forum Resolution: "Every worker should have freedom of movement, no worker should pay for a job and/or be indebted or coerced to work".

Measures are taken when suppliers fail to comply with these principles and/or when they are unwilling to implement a corrective action plan, such as suspending the partnership until confirmation that the identified non-compliance has been remedied or terminating business relations between the parties.

4.4.1. Supplier Audits

We conduct regular audits of Private Brand and perishables suppliers to ensure compliance with Corporate Responsibility policies and to monitor the management of their processes, management systems, and product formulation. Environmental audits also include our service providers.

Quality and Food Safety Audits

Quality and food safety audits[122] are conducted to select new suppliers and to monitor the development and production of our products with existing suppliers. The frequency of audits is defined according to the weighting of criteria such as the result obtained in the previous audit and its performance over time (e.g., results of analytical controls, rejections and complaints). This assessment is carried out every 6 to 12 months and determines the frequency and type of follow-up, audit or visit, in the following period. Thus, for the classification level "Basic" the frequency is every six months, for "High" every 12 months, and for suppliers with the classification "Excellent" a lower frequency is permitted, complemented with an audit.

[118] 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.
[119] These practices are adopted in partnership with TerraPrima.
[120] Available under the "Responsibility" area on our corporate website.
[121] As defined by the International Labour Organization, available at www.ilo.org.
[122] These audits also cover labour issues (10%, of audits) that impact the quality and safety of products, assessing 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.

For new suppliers with food safety system certificates according to the schemes approved by the Global Food Safety Initiative, such as 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, a selection audit is not required, and they are followed up through the follow-up audits described above.

In 2021, 50 perishable farms and slaughterhouses in the meat category were audited, which included animal welfare criteria (29% of the assessment) defined based on the Global G.A.P. standard and the law in force. Density, facility conditions, and lighting were some of the criteria considered. Whenever necessary, corrective action plans are drawn up, the progress of which we monitor together with the suppliers.

In 2021, and as a result of the experience gained in these audits, a checklist was created and tested to assess animal welfare in primary production and slaughterhouses. This checklist, which has started being used as from January 2022, defines general criteria for perishable meat and specific criteria for the different meat categories[123]. It will be applied to the slaughterhouses with which the Group Companies and their suppliers work, and gradually extended to primary production in the three countries where the Group operates.

Audits of Perishables and Private Brand Suppliers*

Portugal	2021	2020	∆ 2021/2020
Perishables	1,011	915	+10.5%
Private Brand – Food and Non-food	258	119	+116,8%
Poland			
Perishables	299	147	+103.4%
Private Brand – Food and Non-food	516	467	+10.5%
Colombia			
Perishables	51	101	-49,5%
Private Brand – Food and Non-food	166	125	+32.8%

*The audits include the following topics: selection, control and follow-up.

There was a general increase in the number of audits conducted, due mainly to the lifting of Covid-related restrictions which facilitated visits to suppliers' premises, thus complementing the remote audits. There was also an increase in the selection audits of new suppliers. In Colombia, the decrease in the number of audits of perishable suppliers is associated with good scores obtained by some, which led to less follow-up audits.

Environmental Audits

We carry out two types of environmental performance assessments of Private Brand and perishables suppliers: selection audits of new suppliers and follow-up audits.

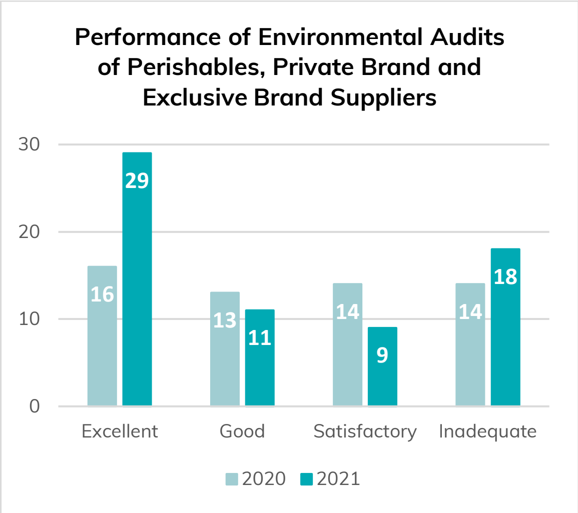
As regards the selection audits of new suppliers, in the last quarter of 2021 environmental criteria were given the same weighting as all other assessment components and became decisive for performance approval. We assess requirements related to environmental certification and environmental management aspects, such as water, packaging, effluents, waste, atmospheric emissions, and substances that cause harm to the environment and human health. This assessment encompassed 13% of suppliers approved in 2021. With regard to suppliers approved prior to the start of this process, we ensured assessment of the level of compliance with the same environmental requirements for 67 suppliers of the business areas concerned, that is, 52% of all suppliers approved in 2021.

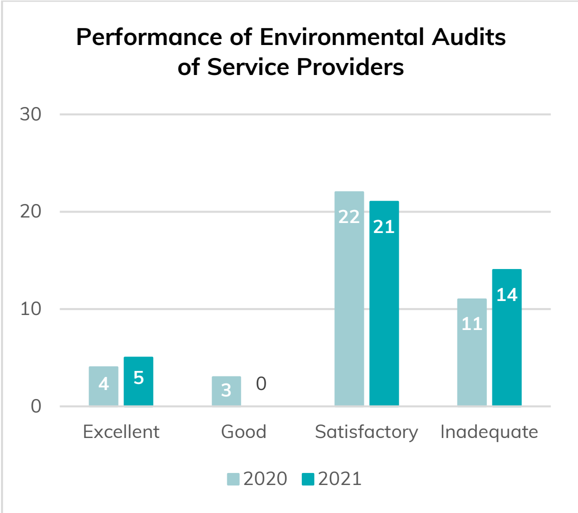
Follow-up audits are conducted by an external entity that assesses compliance with about 100 requirements, divided into nine areas: water, energy, waste, liquid effluents, atmospheric emissions, noise, hazardous substances, environmental risks, and environmental management systems. Depending on their

[123] General criteria assessment items, such as farm conditions, feed, transportation, and stunning. Specific criteria are also defined for beef, poultry meat, pork, rabbit, and sheep/goat meat.

performance[124], suppliers can fall under one of four compliance levels: "Excellent", "Good", "Satisfactory" and "Inadequate".

The suppliers and service providers to be audited are selected based on the Group's purchasing volume and on the relevance of the environmental impacts of their business. In 2021, 67 Private Brand and perishables suppliers[125] (10 more than in 2020) were audited, corresponding to 7.4% of Private Brand and perishables suppliers with a purchasing volume of more than 1.1 million euros. We also audited 40 service providers (20 in Portugal and 20 in Poland), whose activities have relevant environmental impacts (production and supply of equipment, transport, refrigeration and HVAC, waste management operators, installation and maintenance of treatment systems, and printers).





Improvement plans are presented to service providers and suppliers where non-conformities, or partial conformities, are identified. Service providers and suppliers with a score of "Inadequate" are given a corrective action plan to be implemented within a maximum of six months. The level of implementation is evaluated in a second audit carried out in the following year. The Group reserves the right to suspend cooperation in cases where the corrective action plan is not complied with.

Social Audits

These audits aim to monitor and ensure compliance with national and international legislation, as well as to promote the application of best practices shared by the Sustainable Supply Chain Initiative of The Consumer Goods Forum.
The audits are carried out by an external and independent entity that assesses 120 requirements from 12 dimensions: prevention of child labour; prevention of forced labour; prevention of discrimination; safeguarding the right of association; contractual terms; working hours; salaries and benefits; health and safety at work; emergency preparedness; monitoring compliance; business ethics; protection of human rights. There are five levels of compliance126 (one more intermediate level compared to 2020) as a result of the final average score for the 12 dimensions: "Excellent", "Very Good", "Good", "Satisfactory" and "Inadequate".

[124] 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.
[125] Ara, Biedronka, Pingo Doce and Recheio suppliers were audited.
[126] The results of each supplier are measured by total, partial or non-compliance with critical and general level requirements and, when applicable, good practice requirements. There are five levels of compliance: i) Excellent: 100% compliance with critical requirements plus at least 95% compliance with general requirements and best practices; ii) Very Good: 100% compliance with critical requirements plus 85% to 94% compliance with general requirements and best practices; iii) Good: 100% compliance with the critical requirements plus 75% to 84% compliance with the general requirements and best practices; iv) Satisfactory:100% compliance with the critical requirements plus 65% to 74% compliance with the general requirements and good practices; iv) Inadequate: failure, even partial, of at least one critical requirement or less than 65% compliance with the general requirements and good practices.

In 2021, it was possible to perform on-site and remote audits to 32 direct suppliers based on their turnover, namely to the production units of perishables and Private Brands (food and non-food), having audited local suppliers of the Food Retail Companies in Portugal, Poland, Colombia, and also suppliers located in Spain and in Vietnam. A supplier that had been classified as "Inadequate" in the previous cycle was also re-audited.

All suppliers, regardless of having a final assessment free from critical non-conformities, were provided with and discussed a plan of corrective actions with a mandatory response within a maximum period of twelve months, depending on the severity. During this period, new contacts are made with the supplier to assess the progress of its implementation and, when justified, to define the moment of a subsequent audit.

For the cases of suppliers with an evaluation of "Inadequate", regular contacts are made up to a period of six months to assess the implementation of corrective actions. An on-site or remote evaluation will take place the following year for further verification. In the absence of any evidence of progress, we reserve the right to suspend business collaboration.

4.4.2. Supplier Awareness and Training

We work with our suppliers to share best practices and identify opportunities for product and process improvement through awareness and training initiatives.

In 2021, more than 155 perishables suppliers in Portugal, Poland and Colombia attended training sessions on topics such as food safety, animal welfare and the European Commission's Farm to Fork Strategy.

As part of the Sustainable Agriculture Project, an online workshop was held to train the teams of the 10 Portuguese suppliers considered in the project in 2021. The workshop included a presentation of the methodology of the Sustainable Agriculture Handbook and the correlation between the criteria of this methodology and the objectives of the European "Farm to Fork" strategy, the outcome of the project in previous years, and how to apply and use the sustainability index described in the handbook.

The technical standards for environmental and social audits of Private Brand and perishables suppliers were presented in five online workshops, attended by around 220 representatives from 78 suppliers.

5. Supporting Surrounding Communities

5.1. Introduction

With operations in Poland, Portugal and Colombia, and with more than 4,800 proximity stores, the Group is committed to being an active agent in building fairer societies. As a member of our surrounding communities, we focus our actions on supporting society's more vulnerable groups: the elderly and underprivileged children and young people. We do so, in accordance with our Policy on Supporting Surrounding Communities[127], by supporting institutions and projects that help fight hunger and malnutrition while working towards breaking cycles of poverty and social exclusion.

We also support projects that promote healthy eating and lifestyles. Other relevant areas of our social intervention also include the promotion of reading habits, which enhance cognitive, social and cultural development, and the creation of projects for environmental preservation, entrepreneurship and citizenship.

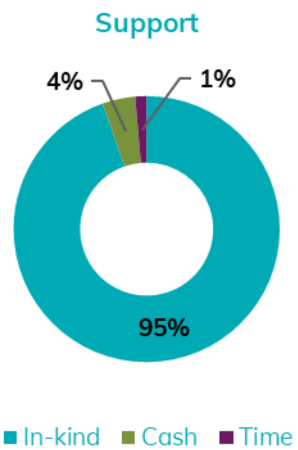
5.2. Managing the Policy on Supporting Surrounding Communities

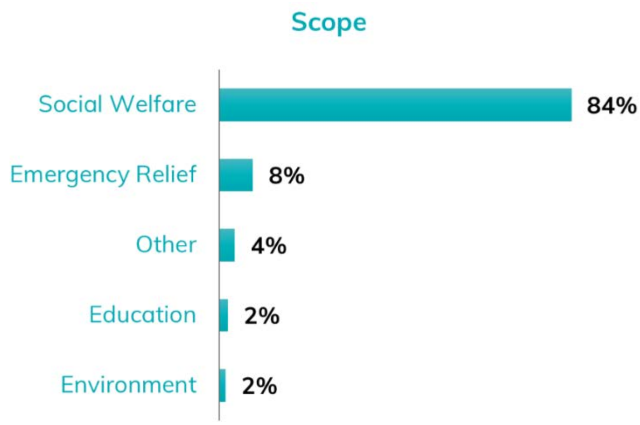
[GRI 413-1]

The initiatives we support and promote are monitored and assessed as to the impact they produce, with a view to an efficient allocation of resources to projects covering the largest possible number of people and/or that generate the highest and best outcomes.

Besides carrying out follow-up visits to the institutions with which we have entered into cooperation agreements, in order to verify *in loco* the quality of the infrastructures and service provided to the people supported, we also measure whether or not the desired social changes have occurred by applying the criteria of the Business for Societal Impact (B4SI) methodology[128]. Based on these criteria, we estimate that 45.9 million euros[129] allocated in 2021 to 371 organisations positively impacted more than 2.4 million people. Support was mostly in the form of food donations and focused on improving social well-being.

Measuring Social Impacts





* The total percentage may not correspond to 100% due to the rounding off of each item.

[127] The Policy on Supporting Surrounding Communities is available on our corporate website, under "Supporting Surrounding Communities".
[128] The global reporting of key community support indicators, according to the B4SI model, is available on our corporate website, under "Supporting Surrounding Communities" and is verified by external and independent entities.
[129] This value refers to the activities/projects measured with the institutions and beneficiaries thereof supported by the various Group Companies and which have a minimum level from which significant social impact data can be considered. It does not, therefore, correspond to the total amount of support offered by Jerónimo Martins.

As in previous years, the majority of beneficiaries (93%) surveyed by the institutions reported positive impacts on their quality of life. In turn, the institutions reported that the greatest benefit derived from the support provided by Jerónimo Martins was enabling them to improve their management systems and improve existing or provide new services/products to their beneficiaries.

In the year, 92 Pingo Doce employees provided training to people seeking employment opportunities at the Group's stores, kitchens and distribution centres in Portugal, through vocational on-the-job programmes promoted by the Jerónimo Martins Training School. A total of 45,913 training hours were provided, corresponding to an investment of about 365 thousand euros.

5.3. Direct support

[GRI 203-1]

In 2021, more than 51.3 million euros were allocated for direct support to around 1,800 organisations. The 8% increase in support, compared to the same period last year, follows the trend of increased support in recent years and is also justified by the need to respond to the economic and social difficulties that the pandemic has exacerbated.

Direct Support (in euros)	2021	2020	Δ 2021/2020
Poland	**35,020,052.9**	**30,909,893.5**	**+13%**
Biedronka	35,012,385.4	30,884,670.4	+13%
Hebe	7,667.5	25,223.1	-70%
Portugal	**15,983,899.5**	**16,258,703.1**	**-2%**
Holding (JMH)	1,866,061.5	2,671,619.4	-30%
Pingo Doce	12,617,662.9	12,282,137.4	+3%
Lidosol	691,046.6	643,851.8	+7%
Recheio Cash & Carry	483,773.2	463,912.8	+4%
Recheio Masterchef	169,253.5	61,528.0	+175%
João Gomes Camacho	7,919.5	52,887.2	-85%
Jeronymo & Hussel	123,699.5	14,293.4	+765%
Jerónimo Martins Agro-Alimentar	24,482.8	68,473.1	-64%
Colombia	**493,933.8**	**406,094.5**	**+22%**
Ara	493,933.8	406,094.5	+22%
Total	**51,497,886.2**	**47,574,691.1**	**+8%**

The food surplus that, meeting food safety standards, cannot be sold is donated to social welfare institutions in Poland, Portugal and Colombia, reaching people in a position of social and economic vulnerability. This practice – by all Group Companies – enables products to fulfil their primary mission: feeding people.

In 2021, a total of 21,448 tonnes[130] of food was donated, 14.8% more than in 2020.

[130] Values calculated internally in accordance with proxies resulting from implementing the Food Loss and Waste Protocol, a methodology devised by the World Resources Institute and various stakeholders to be able to consistently calculate and report food waste and loss in the supply chain.

Food donations (tonnes)	2021	2020	Δ 2021/2020
Biedronka	14,714	12,438	+18.3%
Pingo Doce	6,239	5,792	+7.7%
Recheio	272	242	+12.5%
Ara	223	215	+3.9%
Total	**21,448**	**18,687**	**+14.8%**

Corporate

The Group's holding (JMH) company supported 67 organisations (eight more than in 2020), most (59%) channelled towards social action, with a total of around 1.9 million euros. Education, environment[131], health, and cultural projects were also supported. We provide regular support to about a third of the institutions, most of which we have supported for more than a decade. The 30% decrease compared to the previous year is justified by the specific support provided in 2020 to healthcare institutions and to national and international research bodies in the fight against Covid-19, which was not replicated in 2021.

Of note among *ad hoc* support is the one provided to the Alliance against Hunger and malnutrition Portugal, an association of public and private organisations that aim to contribute to the eradication of hunger, food insecurity and malnutrition. Support for this project enabled the launch of the digital platform in October 2021.

Pingo Doce

The Company received around 1,300 requests for support during 2021 and responded to the call of more than 1,100 charities[132] that operate in the stores' surroundings areas (an increase of 29% compared to 2020). Food (accounted for at cost price) and cash donations amounted to over 13.3 million euros[133]. Financial support includes steady support, gift cards and the sponsorship of environmental conservation projects, and is estimated to have reached more than 22,400 people.

Bairro Feliz (Happy Neighbourhood)

The Bairro Feliz (Happy Neighbourhood) programme, which provides financial support to the causes put forward by the entities and residents of the neighbourhoods where Pingo Doce stores are located, was reactivated in May 2021. It is a nationwide programme that generated hundreds of news pieces, which attests the interest of the initiative among local communities. After an assessment and selection by a panel of judges, the most voted causes received a donation of up to one thousand euros. The causes put forward were related to areas as diverse as health, well-being and sport, citizenship and the environment.

Of the more than 2,400 entries received, 434 causes were selected, most noteworthy being renovation of a day-care centre, the acquisition of gymnastics materials for the elderly, and a defibrillator for a fire department. Investment in the 3rd edition of the Happy Neighbourhood programme, extended to all stores, amounted to over 415 thousand euros.

Pingo Doce also joined the #TodosJuntos (#InItTogether) initiative, from Rede de Emergência Alimentar (Food Emergency Network). Through the offer of 250 thousand euros in gift cards, the Group joined the charity campaign promoted by ten banks of the Portuguese financial system, which aims to support the most vulnerable with food and medicine in times of health, economic and social crisis. The more than 222 thousand beneficiaries identified by the Food Emergency Network and supported by 21 food banks are dependent on the meals provided by over 1,700 institutions (such as day-care centres, nurseries and day centres) that were closed during the successive states of emergency in Portugal.

Between January and May, Pingo Doce maintained the weekly delivery of food baskets (with water, milk, juice, biscuits and fruit) to healthcare professionals at around 36 hospitals and healthcare centres, representing a total investment of approximately 240 thousand euros.

[131] For more information, please refer to sub-chapter 3. "Respecting the Environment".
[132] Pingo Doce's Responsibility Policy is available at www.pingodoce.pt/responsabilidade.
[133] Includes Lidosol.

Recheio

Around 661 thousand euros[134] in food and monetary support was donated in 2021, 14% more than in 2020. Recheio supported 142 organisations dedicated to causes such as fighting hunger among people in extreme vulnerability, donating 272 tonnes of food[135], 13% more than in the previous year.

In a trailblazing project to support restaurants, a sector hard hit by the pandemic, Recheio and Pingo Doce joined forces in the campaign "Unidos pela Restauração" (United to save HoReCa). Around 400 thousand Recheio vouchers worth five euros each – that is, an estimated total of two million euros in investment – were distributed to Pingo Doce customers with a Poupa Mais (Save More) card. These customers then offered the voucher to a restaurant, coffee shop or other type of food and touristic establishment of their choice to be used at Recheio. From the launch of the campaign in April and until 30 September, the deadline for redeeming the vouchers, around 270 thousand euros were invested in purchases.

To celebrate Christmas, and for the second year running, the 1+1 Faz a Diferença (1+1 Makes a Difference) initiative was held, where customers were able to buy a food basket to donate to one of three local institutions selected by each store. Recheio matches the charitable gesture of its clients by offering a second basket to the preferred institution. More than 700 baskets were donated to 98 institutions, such as the Portuguese Red Cross and Centro de Apoio ao Sem Abrigo - CASA (Support Centre for the Homeless).

Jerónimo Martins Agro-Alimentar

The various agribusiness Companies allocated around 24,500 euros in support to five charities located in areas around the production units, most of which in food donations, 64% less than in the previous year as no donations were made to Serviço de Utilização Comum dos Hospitais - SUCH (Common Use Service for Hospitals) and due to a general reduction in donations to social organisations.

Biedronka

Biedronka channelled 35 million euros to support social campaigns and projects[136], 13% more than in 2020. The increase is mainly justified by the expansion of the food donation programme, which benefited around 460 institutions with in-kind and cash donations.

Food surplus donations exceeded 14,700 tonnes[137] (18% more than in 2020) and were implemented through 2,300 stores. This represents 71% of Biedronka's chain of stores and exceeds the goal of involving 70% of stores in food donations during the three-year period 2021-2023. One hundred and forty institutions were supported under the food donations scope, most notably the Federation of Polish Food Banks.

Several initiatives were supported in partnership with Caritas Polska, with which Biedronka has been cooperating since 2006. To celebrate World Children's Day, Biedronka offered 15 thousand Boxes of Happiness to children and families. These boxes include soft toys and books from Gang Słodziaków (The Sweeties Gang), toys and other educational games, corresponding to an investment of more than 99 thousand euros. Akademia dla Dzieci (Children's Academy) was another of the initiatives supported, enabling the donation of more than 76 thousand euros collected from the in-store candle sales and support to 3,500 children at the Caritas community and day centres, through several activities such as leisure and tutoring.

To celebrate Christmas, and as part of the 21st edition of the Szlachetna Paczka (Noble Gift) project, Biedronka once again supported the Wiosna Association, which helps more than 17 thousand financially-vulnerable families. Biedronka's support is twofold: a part of the proceeds from the sale of private brand Magnetic chocolates and sweets, which enabled the donation of more than 54 thousand euros (an

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[134] Includes Recheio Masterchef and João Gomes Camacho.
[135] Values calculated internally in accordance with proxies resulting from implementing the Food Loss and Waste Protocol, a methodology devised by the World Resources Institute and various stakeholders to be able to consistently calculate and report food waste and loss in the supply chain.
[136] Biedronka's Responsibility Policy is available at csr.biedronka.pl.
[10] Values calculated internally in accordance with proxies resulting from implementing the Food Loss and Waste Protocol, a methodology devised by the World Resources Institute and various stakeholders to be able to consistently calculate and report food waste and loss in the supply chain.

increase of 21% when compared to 2020), and the preparation of gift baskets with food and cosmetic products to be donated. 12,800 volunteers coordinated the initiative.

The Great Orchestra of Christmas Charity

In November 2021, an agreement was signed for Biedronka to become one of the official sponsors of the 30th final of Wielka Orkiestra Świątecznej Pomocy - WOŚP (The Great Orchestra of Christmas Charity), Poland's largest charity event.

During December 2021 and January 2022, more than 1.6 million euros were raised through the sale of official merchandise and the collection of customer donations at Biedronka checkouts. The total amount collected will be used to purchase equipment for the diagnosis and treatment of eye diseases in children, namely a biplane angiography device, used to treat retinoblastoma, the most common type of eye cancer in paediatric age.

Hebe

Hebe's corporate responsibility strategy focuses on three main areas: promoting women's entrepreneurship, supporting single mothers in shelters, and girls and young women living in orphanages. In 2021, the Company concentrated its efforts on establishing partnerships for indirect support.

Promoted by Fundacja Kobiety E-Biznesu (Foundation for Women in E-Business), Hebe directly supported the TOP Women in e-business programme, created to support enterprising women in the development of their own businesses.

Ara

Throughout the year the Company invested over 494 thousand euros in social support projects, 22% more than in the previous year, renewing its commitment to support people and families with lower income.

Ara donated 223 tonnes[138] of food, 3.9% more than in 2020, through Asociación de Bancos de Alimentos de Colombia - ABACO (Association of Food Banks of Colombia) and the Fundación Alimentar Colombia (Colombia Food Association) and other social support institutions. As part of the Children's Day celebrations (on 27 April), the 30 Ara stores located in the Cartagena region donated more than 11 tonnes of food to the Foundation.

ABACO, which Ara has supported since 2013, estimates that, on average, more than 4 thousand families were supported each month by food banks in seven cities (Pereira, Bogotá, Barranquilla, Cúcuta, Montería, Cali and Cartago).

In partnership with Instituto Colombiano de Bienestar Familiar - ICBF (Colombian Family Welfare Institute), Ara joined the "1,000 días para cambiar el mundo" (1,000 days to change the world) campaign, focused on the nutritional development of children under the age of two. Food baskets were received by 2,700 families, comprising around 13,500 people from 55 municipalities. More than 60 Ara shops were involved in this solidarity network, amounting to an investment of around 28 thousand euros.

We renewed the partnership between Jerónimo Martins Colombia, Caritas Polska and Caritas Colombia for another year, aimed at providing humanitarian aid to vulnerable populations in Villa del Rosario and Cúcuta, two villages in the northern region of Santander, bordering Venezuela. More than 6,500 baskets with essential food products[139] were delivered to 5,400 Venezuelan migrants and Colombian citizens in a situation of extreme economic vulnerability. In 2021, Jerónimo Martins invested around 100 thousand euros in the project.

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[138] Values calculated internally in accordance with proxies resulting from implementing the Food Loss and Waste Protocol, a methodology devised by the World Resources Institute and various stakeholders to be able to consistently calculate and report food waste and loss in the supply chain.
[139] As defined by the Sphere Humanitarian Standards.

5.4. Volunteering and Internal Campaigns

Two hundred and two employees participated in volunteer initiatives throughout the year, donating 262 hours of their time. These two initiatives saw a decrease of 17% and 32%, respectively, due to the suspension and conclusion of face-to-face initiatives in Portugal, the only country in which volunteer initiatives were carried out[140].

In 2021, the Group welcomed four trainees from the Girl Move Academy, an initiative aimed at training young Mozambican women to become agents for development in their communities and which was awarded the 2021 UNESCO Prize for Girls' and Women's Education. This time training took place in a mixed format, through digital platforms and in person, with visits to the Group's facilities in Portugal.

The Clientes 70+ (70+ Customer) Programme, created in 2020 due to pandemic constraints and through which office personnel help senior clients do their shopping, continued even during the lifting of the lockdown. Since the launch of the project, 219 volunteers have done shopping for about 360 customers, a total of around 2,900 deliveries.

Over the Christmas season, one thousand needy families identified by the Food Emergency Network received gift baskets with Amanhecer food and essential products, prepared by 12 Recheio office employees.

5.5. Other Direct Support

The Group has established partnerships with several institutions to identify and respond to social cohesion challenges in areas such as healthy eating, promoting reading habits, and social inclusion[141].

Promoting Healthy Eating and Lifestyles

Since 2016, the Group has sponsored the Eco-Schools Alimentação Saudável e Sustentável (Healthy and Sustainable Food) programme, promoted by ABAE – European Blue Flag Association. The programme aims at raising awareness among students on issues such as eating habits, nutrition, and the sustainability of agribusiness production. In 2021, 255 works were submitted for evaluation, 67% more than in 2019 (reference year for the analysis). Students from more than 360 schools of varying levels, from kindergartens and preschools, to basic, secondary, and vocational schools, participated in the project. The works submitted responded to challenges such as:

- the importance of more sustainable food choices, prioritising the consumption of seasonal, and where possible, organically grown local fruit and vegetables;
- involving families and guardians in the preparation of healthy, sustainable, nutritious and varied lunch boxes;
- reusing the discarded edible parts of food, sharing recipes that make use of leftover food;
- creating complete menus, using local and seasonal ingredients, that can be implemented in school canteens;
- promoting the Mediterranean diet through artistic expression.

At the Karpacz Economic Forum held in October, Biedronka, together with social research institute IPSOS, presented the results of the study "Zwyczaje żywieniowe w Polsce. Co Się Zmieniło Przez Ostatnie 25 Lat?" (Eating habits in Poland: what has changed in the past 25 years?). Among other findings, the study shows that almost 60% of Polish people like to try new recipes and that more than half like surfing websites dedicated to food and nutrition[142].

[140] For more information, please refer to the corporate website, under "Supporting Surrounding Communities".
[141] For more information, please refer to the corporate website, under "Supporting Surrounding Communities".
[142] For more information, please refer to sub-chapter 2. "Promoting Health Through Food".

Promoting nutrition in Colombia

Ara joined the campaign Misión Nutrición, the slogan of which, "A selection of food to feed your region", reveals its purpose: to fight the real public health problem in Colombia, malnutrition made worse by the lack of quality information on healthy eating habits. The project is supported by the Consumer Goods Forum and the "5 al Día" (5 a day) programme, with technical advice from the Ministry of Health, the High-Counselor for Children and Adolescents and the Colombian Family Welfare Institute. Misión Nutrición assesses the nutritional needs of the Central, Caribbean, Pacific and Orinoco regions of Colombia and identifies the food available for sale at Ara that can meet these needs. The project's principles and goals were shared in a social media campaign that reached 2.2 million people.

Adittionally, Ara joined the Gran Alianza por la Nutrición en Colombia (Colombia's Great Alliance for Nutrition), a partnership led by the First Lady Office, which aims to fight food insecurity and improve the nutritional status of the population to eradicate malnutrition, focusing mainly on children, young people and migrants, who are the most vulnerable in society.

Promoting Literature and Reading Habits

Children's literature is one of the areas in which the Group invests as a way to promote family reading habits from an early age, to develop child literacy, and to contribute to more informed societies.

Besides selling books at affordable prices, Pingo Doce and Biedronka also hold children's literature competitions that foster the emergence of new authors and illustrators. The winners of the two stages of the competition – writing and illustration – are guaranteed publication of their work and the book is sold exclusively in the banners' stores. Each winner, both in Portugal and in Poland, receives a monetary prize of 25,000 euros.

In 2021, the competition for the Pingo Doce Children's Literature Prize received the highest ever number of submissions in its eight editions: 2,954 for the writing stage and 541 for the illustration stage. *Assim Como Tu* (Just Like You) written by Raquel Salgueiro and illustrated by Jorge Margarido, won the most recent edition of the competition and sold over 5,700 copies in 2021.

The Polish Children's Ombudsman took the honorary patronage of Piórko (Biedronka Children's Literature Prize) since the first edition. The seventh edition saw the highest number of works submitted to the competition, with more than 3,660 stories received, twice as many as in 2020. *Fabryka Marzeń* (The Dream Factory), by Justyna Woźniak, was the story that inspired the 640 illustrators selected in the second stage of the competition, with the prize being awarded to Aleksandra Badura. Around 35,000 copies of the book were sold in 2021.

Another project in the area of children's literature is the donation of all or part of the proceeds from the sale of children's books to specific initiatives.

In 2021, Biedronka released the new Gang Swojaków book (Homies Gang), *Let's protect endangered species*, about the endangered native species of Poland. In 2021 more than 328 thousand euros were donated to Polskie Towarzystwo Ochrony Przyrody "Salamandra" (Polish Society for Nature Conservation "Salamandra"), which focuses its efforts on the conservation of species such as the European bison, the wolf, the lynx, the hedgehog, the pygmy-owl and the porpoise – the heroes of the new story. The 4th edition of the Szkolne Przygody Gang Swojaków (The Homies Gang's School Adventures) competition, inspired by the themed book, was held at pre-primary and primary schools from all over the country and saw the participation of over 7,100 students.

In December 2020, when the story *Zimowa Przygoda* (Winter Adventures) was released, Biedronka announced that all proceeds from the sale of the around 276 thousand copies would be invested in meals for underprivileged children supported by Polish Humanitarian Action. More than 501 thousand euros were donated within the two years of the project.

Pingo Doce donated more than 98 thousand euros to Liga para a Proteção da Natureza – LPN (Portuguese League for Nature Protection). The money was raised in 2020 with the sale of about 197 thousand copies of the book *Bando do Bosque – Há Festa na Clareira* (Forest Gang - There's a party in the glade), with LPN involving over 660 students from 18 schools in education and environmental awareness.

A similar initiative was launched by Pingo Doce in 2021, with the book O Bando do Mar – Missão Salvar o Oceano (Ocean Gang - Mission: Save the Ocean). The campaign, starring eight soft toy characters, raised more than 110 thousand euros. Half of this amount will be used for collecting marine litter and the other half will be donated to environmental education project "Em Busca dos Suspeitos do Costume" (In Search of the Usual Suspects) promoted by ABAE (European Blue Flag Association), which encompasses around 2,000 schools.

Promoting Social Inclusion and Entrepreneurship

Biedronka has been the main sponsor of the Nadzieja Na Mundial Association (Hope for Mundial) since 2018, in the scope of a partnership established in 2011. The association supports the development of children in institutions, helping them to socialise through sport and holding football tournaments with children and young people from Poland, other European countries and the rest of the world. In 2021, the 12th edition of the tournament was attended by 30 teams, comprising around 300 children (up to 18 years old), from Poland, Portugal and Slovenia. In addition to financial support in the amount of over 76,600 euros, Biedronka also offered drinks and snacks to the children, sports and electronic equipment, and promoted Biedronka's Hope prize for the best player in the tournament.

Started in 2020, this past year Biedronka continued to offer product baskets to children born in Poland, with the aim of contributing to promote higher birth rates in the country. After registering on the Dada Club website (Biedronka's Private Brand of hygiene and child care products and market leader in Poland in some categories, namely nappies), around 68,500 children received the Dada welcome kit (which includes nappies, wipes and cotton buds), corresponding to an investment of more than 87 thousand euros.

Biedronka was also the first retailer in Poland to launch a programme dedicated to fighting period poverty, "Together We'll Start a Period of Change". According to the Kulczyk Foundation, one out of five women in Poland have difficulty buying suitable hygiene products, and 40% of women with financial difficulties were forced to stop buying hygiene products[143]. As part of the Menstruation Coalition, an initiative promoted by the Kulczyk Foundation, Biedronka offered vouchers to take home private brand Femina tampons and pads for free. Around 4,300 people benefited from the programme, in an investment of more than 24,400 euros. Biedronka also joined the campaign "Menstruation Action in your School", donating over 27,100 packs of tampons and pads.

In Colombia, of note is the distribution of Bubu welcome kits, Ara's Private Brand baby care products, to low-income mothers, as a way of celebrating the arrival of their newborns. The pilot project, aimed at supporting 1,500 families, was launched at the Meissen Hospital in Bogotá, which has the highest delivery rate in the city.

5.6. Indirect Support

[GRI 203-2]

The Group is regularly involved in campaigns to collect food and other products, and in fundraising initiatives to support the work carried out by charities.

Portugal

Despite the lockdown in force in early 2021, Pingo Doce was able to allow 29 institutions to carry out 48 charity collection campaigns. Most noteworthy are the campaigns carried out by volunteers from Liga Portuguesa Contra o Cancro (Portuguese Cancer League) and Fundação Portuguesa de Cardiologia (Portuguese Cardiology Foundation), who managed to raise more than 1.6 million euros from Pingo Doce's customers.

Campaigns to sell vouchers that can be redeemed for food and other products were increased in 2021. Fourteen of these campaigns were held to support organisations such as Centro de Apoio ao Sem Abrigo - CASA (Centre to Support the Homeless), the Portuguese Red Cross, the Portuguese Food Bank, Animalife (an animal welfare organisation), and the Lisbon Project (dedicated to the protection and integration of

[143] According to the study conducted by the Kulczyk Foundation.

migrants and refugees in the city of Lisbon), among others. In all, Pingo Doce's customers donated more than 696 thousand euros in vouchers (37% more than in 2020). In addition, the Company collected over 204 tonnes[144] of food for food relief institutions.

Pingo Doce also promotes the sale of products developed by entities dedicated to fighting social exclusion in Portuguese society, with the goals of contributing towards the financial sustainability of third sector organisations and foster social entrepreneurship.

Since 2011, the Company has actively supported CEERDL – Centro de Educação Especial Rainha Dona Leonor, a cooperative that provides services to improve the quality of life of more than 500 people with a disability or mental illness. Pingo Doce bought more than 60 thousand mono-lily bouquets from CEERDL in 2021, which accounts for about 22% of CEERDL's flower farming revenue. The successful partnership has led to increased production which, in turn, helped enable rehabilitation activities in the social services areas and expand the staff with disabled people, providing them access to the job market. By the end of 2021, CEERDL employed 15 employees with disabilities.

Mercadão, an online platform selling Pingo Doce products, launched Mercadão Solidário (Mercadão Charity) in May, aimed at bringing essential goods to those who need them most. Six of the eight beneficiary charities received Pingo Doce food, while the others received around 4,500 euros worth of animal feed and personal hygiene products.

Poland

In partnership with the Polish Federation of Food Banks and Caritas Polska, Biedronka stores continued to serve as a platform for mobilising customers to collect food for more vulnerable people. During 2021, more than 185 tonnes of products were collected in various initiatives.

One such initiative was held over Easter, with volunteers from the Federation of Polish Food Banks collecting 7 tonnes[145] of food at 125 Biedronka stores. The Federation also received around 86 tonnes[145] of food collected in the 25th "Święta godne, a nie głodne" (A decent Christmas, without hunger) campaign, held at 729 stores. The amount of products donated increased five times compared to 2020, which can be explained by an increase in the number of volunteers following the easing of restrictions.

At Christmas time Caritas launched its 19th charity collection campaign for people in vulnerable conditions and was once again present at 641 stores (261 more than in 2020). The campaign "Tak. Pomagam!" (Yes, I help!) asked Biedronka's customers to donate food with an extended shelf life. Over 95 tonnes of food[145] was collected (86% more than in 2020).

Hebe provided support to 1,300 women from 53 institutions that assist single mothers, donating 33 thousand cosmetic products in a partnership with Torf Corporation (cosmetics producer) and the Veritas Foundation (which supports people in economic vulnerability).

Colombia

In 2021, Ara increased investment in the communication of Aldeas Infantiles SOS Colombia (SOS Children's Villages Colombia), an initiative that donates food offered by customers when they round up the value of their purchases. In total, support amounted to over 411 thousand euros, up 57% compared to 2020, distributed between the Acogimiento Familiar (Foster Family) programme focused on families at risk of separation and the Fortalecimiento de Familias de Origen (Strengthen Families of Origin) programme targeted at children and young people taken away from their families. Aldeas Infantiles SOS (SOS Children's Villages) also supported families in situations of violence and in emergency situations. The funds raised helped give more than 15,700 children and young people access to education programmes, healthcare, food and housing.

[144] Values calculated internally in accordance with proxies resulting from implementing the Food Loss and Waste Protocol, a methodology devised by the World Resources Institute and various stakeholders to be able to consistently calculate and report food waste and loss in the supply chain.
[145] Estimated by the organisation.

6. Being a Benchmark Employer

6.1. Approach in 2021

The year 2021 was marked by continued restrictions to control the Covid-19 pandemic, with consequences for business, supply chains, and people management. The Group's employees were once again asked to give their all and ensure access to food, regardless of constraints.

As a benchmark employer, the safety of the employees is a top priority at the Jerónimo Martins Group. The companies guaranteed the protection of the most vulnerable, ensured the necessary personal equipment and measures, and opted for remote work, in a hybrid model, for functions that allowed it, without the loss of any benefit or compensation.

This year, which was once again very challenging, the Group focused on creating value for its people, particularly in terms of health and well-being. Preparing leaders and reinforcing teams' competencies gained importance, as did the reflection on workforce management and new ways of working. To increase efficiency in the management of over 120 thousand people, new processes and tools have been established to improve alignment and organisation in Human Resources.

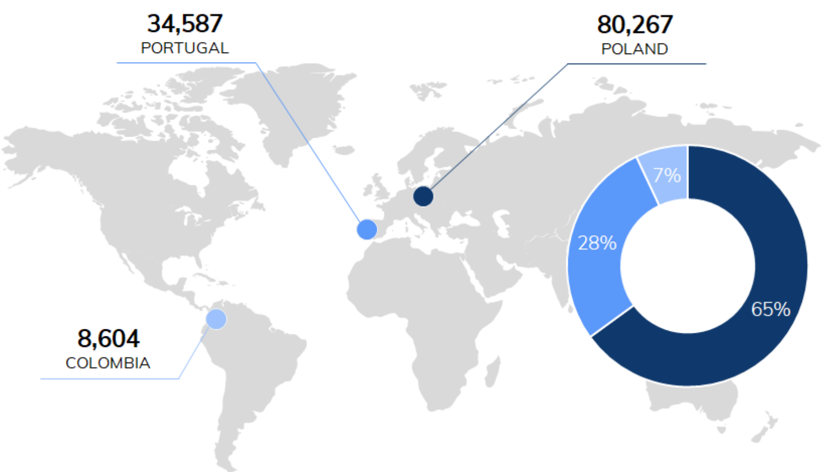
Aimed at having a positive medium and long-term impact on its employees, the Group has defined ten action areas that depict how Jerónimo Martins welcomes, prepares, empowers, recognises, innovates, protects, integrates, supports, includes, and acts in people management.

6.2. Our People

6.2.1. Employee Distribution

At the end of 2021 the Group employed 123,458 people, 4.4% more than in the previous year.

Total number of employees and by country[146]



[146] 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., Outro Chão – Agricultura Biológica, Lda., Ovinos da Tapada – Agropecuária, Lda., 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 – Jeronimo Martins Polska, S.A., Jeronimo Martins Drogerie I Farmacja Sp Z o.o.; Colômbia – Jerónimo Martins Colombia S.A.S.

Age groups, genders, employee categories and nationalities [GRI 405-1]

	Age					Gender		Total
	18-24	25-34	35-44	45-54	>55	Women	Men	
Group	**17,186**	**39,947**	**39,528**	**20,684**	**6,113**	**94,507**	**28,951**	**123,458**
Portugal	6,351	9,457	8,985	6,851	2,943	22,674	11,913	34,587
Poland	9,059	25,494	28,829	13,722	3,163	67,856	12,411	80,267
Colombia	1,776	4,996	1,714	111	7	3,977	4,627	8,604
Top-down distribution								
Members of Executive Committees	0	0	15	44	6	19	46	65
Top and middle managers	4	658	1,132	643	164	1,309	1,292	2,601
Store, distribution centre and office employees	17,182	39,289	38,381	19,997	5,943	93,179	27,613	120,792

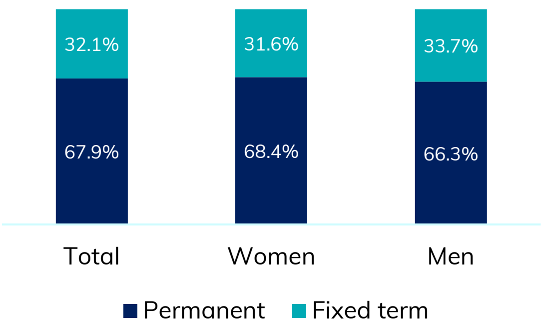
The Jerónimo Martins Group has employees of more than 75 different nationalities In 2021, the most representative foreign nationalities were in Portugal, the Brazilian, in Poland, the Ukrainian and in Colombia, the Venezuelan.

Type of Contact and Workload

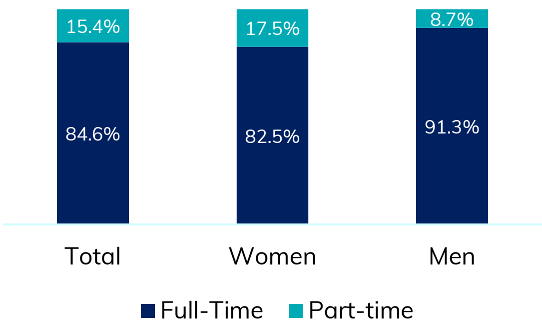
[GRI 102-8]

Compared to 2020, the number of permanent contracts increased their relative weight by 1.2 p.p. The number of full-time employees increased 0.2 p.p.

Type of Contract



Type of Workload



Note: The SENA (Servicio Nacional de Aprendizaje) internships in Colombia were included under the "fixed-term" contract type.

Turnover, Retention and Seniority [GRI 401-1]

27.7% Turnover rate*	81.6% 12-month retention rate**	6 years Average seniority

* Ratio between employee exits during 2021 and the total number of employees at the end of the period.
** Percentage of employees who were still with the Group in December 2021, based on December 2020.

The Jerónimo Martins Group continuously monitors changes in the turnover rate which, over the last years, has been in line with the retail sector. Like its counterparts, the highest turnover rate is concentrated in store and distribution centres associates. Turnover increased 4.6 p.p. due to the impact on the labour market of a gradual return to normality.

The Group's high retention rate in the first 12 months is of note. Although slightly below the previous year (83.1%), most employees continue with the Group after one year of employment, with average seniority standing at six years.

6.3. Our Intervention Areas

6.3.1. Key Indicators

The main indicators for each of the intervention areas are indicated below.

WELCOME	CAPACITATE
97.6% gender pay ratio	5.6 M training hours
EMPOWER	**RECOGNISE**
17,426 employees promoted	217 M€ awards
INNOVATE	**PROTECT**
2,552 employees in global live streaming with top management	6.5 M€ investment in protective equipment
INTEGRATE	**SUPPORT**
1 M€ investment in wellbeing structures*	25.6 M€ investment in internal social responsibility
INCLUDE	**ACT**
149 hires in the scope of the “Incluir” (Include) programme and project “Search”	6,733 employees trained in the Code of Conduct

* Includes the JM wellbeing centre (at headquarters) and the rehabilitation centre (Azambuja), in Portugal.

6.3.2. Welcome Diversity

Each of the more than 120 thousand people who make up the Jerónimo Martins workforce has different attributes, competencies and knowledge that add value to the business and helps making the Group a multicultural and multigenerational employer.

In 2021, there was a gradual return to normality in labour market movements, with a return to higher turnover rates, as mentioned above. The talent attraction and selection teams continued their work to meet operations and office needs.

The Group follows the principles of fairness, non-discrimination and equal opportunity in the recruitment and selection of candidates, as set out in the “Corporate Recruitment and Selection Policy”. The talent attraction and selection teams are trained to analyse profiles impartially in regard to gender, age, origin, and other relevant distinguishing characteristics or traits, approaching diversity as a competitive advantage. During 2021, approximately 40 thousand people were hired.

Generational Diversity

The Group has five generations working together, encouraging the formation of multidisciplinary teams consisting of people of different ages and backgrounds. Given the importance of continuing to attract young talent as a way of keeping up with business growth and meeting succession needs, the Group continues to invest in programmes that enable the timely identification of young people before they enter the job market.

One such programme is the “Student Internship Programme”, aimed at giving students or recent graduates the opportunity to work in a real business environment, build a network of professional contacts, and develop projects that improve their skills. In 2021, this programme received more than 2 thousand applications for 66 openings.

Specifically in Portugal, the first edition of the “Retail Dive In” continued, offering young graduates and master’s degree holders a long-term development plan. The programme typically includes allocation to two functional areas, a tutor in charge of their daily monitoring, and a mentor focused on guiding the next steps in the participants’ careers.

As a result of this work, in 2021 Jerónimo Martins was considered one of the most attractive employers in Portugal in the Business/Trade category, within the scope of Universum’s “Student Most Attractive Employers”, and in the distribution sector by Randstad Employer Brand Research.

Through its “Buddy Programme”, Biedronka welcomed 14,874 new store employees who, with the support of the training and induction manager, were closely monitored and given the opportunity to interact with more experienced employees.

In Colombia, the partnership with SENA - Servicio Nacional de Aprendizaje (National Learning Service), which promotes education and employment opportunities through training between the two entities, saw the participation of 301 trainees, thus feeding the operations talent pipeline. In order to reduce the youth unemployment rate, the government launched a programme to encourage hiring people between the ages of 18 and 28. In 2021, Ara hired 67 young people under this programme.

Gender Diversity

The Group is committed to gender equality, ensuring women’s representation at different levels of leadership and equal opportunity at the time of recruitment and throughout the professional path. The Group’s 2021-2022 Gender Equality Plan[147] provides more detailed information on the gender equality strategy, which includes:

- formalising gender equality in policies and procedures;
- monitoring and assessing internal practices;
- training and raising awareness of employees;
- facilitating a work, personal and family life integration.

In 2021, Jerónimo Martins maintained its partnership with Target Gender Equality[148], a programme designed for the members of the United Nations Global Compact aimed at accelerating gender equality in companies and promoting women’s empowerment. Under this programme, and in 2020, the Group conducted the first internal assessment using the Women’s Empowerment Principles Gender Gap Analysis methodology, to measure strengths and needs for action. This assessment was repeated in 2021, with the Group maintaining the position of “Achiever” and obtaining a score of 68% (38 p.p. and 34 p.p. above global and European averages, respectively[149]). This result represents an improvement of 3 p.p. compared to the previous year.

Jerónimo Martins is listed on the Bloomberg Gender-Equality Index – which includes a restricted list of companies from various sectors of activity – with a 2020[150] final rating of 71.6%, corresponding to an improvement of 6.8 p.p. compared to 2019 (64.8%).

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[147] More information is available on the corporate website, in the "Principles and Values" area.
[148] More information at: www.unglobalcompact.org/take-action/target-gender-equality.
[149] Compared to 2020 results. At the closing date of this report, 2021 results had not yet been disclosed.
[150] 2020 results were reported at the end of 2021.

The Group also applies methodologies to measure indicators that monitor commitments on gender equality, benefiting from participation in the aforementioned forums and indices.

Key gender indicators [GRI 405-2]

Representation and retention of women and gender pay ratio		
Representation and retention	**2021**	**2020**
Women in management positions (i)	68.1%	67.9%
Women in entry level positions (ii)	77.0%	76.9%
Women in revenue-producing roles (iii)	73.8%	73.5%
Women promoted (iv)	75.6%	70.4%
Gender pay ratio	**2021**	**2020**
Gender pay ratio (v)	Overall: 97.6% Portugal: 99.5% Poland: 96.7% Colombia: 99.9%	Overall: 96.5%

Notes: (i) Takes into account women who are part of the employee categories "Members of Executive Committees" and "Top and middle managers", as well as women who manage teams of "Store, distribution centre and office employees" (n= 6,326); (ii) Bloomberg methodology: Percentage of full-time female employees in roles that do not require prior experience in the field or profession; (iii) Bloomberg methodology: Percentage of full-time female employees in roles that are responsible for core business objectives, profits and losses; Bloomberg methodology: Percentage of full-time women promoted or who advanced in their career (includes role change or a significant compensation increase); (v) Salary difference between women and men among Jerónimo Martins employees, based on comparable realities. It is expressed considering women's average salary as a percentage of men's average salary, where 100% is the pay ratio that represents full equality among genders. The calculation of this ratio is the result of alignment with local teams and includes two methodological changes in relation to the previous year to ensure better comparability between different realities. On the one hand, the inclusion of the company and, on the other, the organisational division to which the employee is allocated - only applicable to employees in the category "Store, distribution centre and offices employees". Measurement of this indicator is in line with the GRI methodology and, for the first time, includes partial ratios by country, considering the heterogeneity between them. The Group's functional and salary structure is currently being reviewed and, once implemented, will be considered as a calculation variable. Based on this assumption and since 97.8% of employees are allocated to the category "Store, distribution centre and office employees", which means that the results are mostly illustrative of this segment, the Group does not consider partial reporting based on this variable relevant.

The representativeness of women in the Jerónimo Martins workforce is significant and has remained constant over the years. Regarding the pay indicators, progress has been made on equality.

6.3.3. Capacitate for the future

After a period in which most training programmes were limited by restrictions on in-person initiatives, 2021 was marked by an increase in training volume, with a transition to a hybrid model to achieve a balance between in-person and online training.

In 2021, more than 5.6 million hours of training were lectured, 44.5% more than in 2020 and 24.1% more than in 2019. This training volume implied an investment of 12.4 million euros. The amount invested decreased compared to 2020 as a result of the suspension of some planned programmes due to the pandemic and also the investment in online content, which does not imply the same costs as in-person training.

Training hours per year and per employee [GRI 404-1]

	Training volume*			Training hours per employee**			Total no. of training initiatives		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Group	**4,508,901**	**3,874,271**	**5,596,592**	**39**	**33**	**45**	**79,646**	**87,215**	**165,840**
Portugal	1,611,904	1,048,521	1,213,357	48	31	35	44,294	29,741	39,468
Poland	2,269,550	2,277,230	3,474,071	31	30	43	31,863	54,326	124,126
Colombia	627,447	548,519	909,164	85	67	106	3,536	3,148	2,246

* Training volume corresponds to the number of training hours provided multiplied by the number of participants.
** Training hours per employee corresponds to the quotient of the training volume and the total number of employees.

[GRI 404-2]

In 2021, the Group took a step towards democratising access to training content by implementing the EducAction platform. This digital tool is available to all employees and allows access to content at any time and from any device. At the end of 2021, the platform offered over 750 training courses, some of which mandatory and others based on functional interest, representing an investment of more than 400 thousand euros. Worthy of note is the fact that 57,762 employees had begun at least one course on the platform.

Employees also have access to Knowledge Share, a platform for encouraging self-development and life-long learning through access to personalised and continuously updated content on the most diverse areas of knowledge. In 2021, around 500 new content materials were published.

Leadership

The Jerónimo Martins Group is focused on creating a common leadership culture. The Group has been implementing a set of global initiatives for skills development among managers. These innovative programmes have been developed in partnership with the Center for Creative Leadership (CCL) since 2018. Under this programme employees have access to 360° assessments, which gives them insight into the views of superiors, subordinates, peers, and others as a self-awareness mechanism. Coaching sessions are also included, in which employees are challenged to create strategies to achieve their development goals. In 2021, the sessions were held online and encompassed 469 employees from all three countries.

Considering the very positive results, the Group decided to extend and adapt the programme to operations, starting in Colombia. In 2021, 73 Ara area managers attended this training.

The companies also promoted leadership skills development in critical roles through initiatives such as the Pingo Doce District Managers and Perishables Trainers Academy, "Biedronkowa Akademia Zarządzania 2.0" (Biedronka 2.0 Management Academy), and "Hebe Business School". In total, these programmes were attended by approximately 2 thousand participants.

Business

A substantial part of the training provided by the Group's food distribution companies focuses on perishables. In 2021, more than 11,700 Pingo Doce and Recheio employees attended the Perishables School (meat, fish, and fresh meals), and over 21,400 Biedronka employees attended the "Zostań Świeżoznawcą" (Become a Perishables Expert) programme.

In terms of business training, the "Biedronkowa Akademia Handlowa" (Biedronka Business Academy) can be highlighted. It was developed in partnership with the Warsaw School of Economics and trained 910 people. Biedronka also developed an operational efficiency project in partnership with Kaizen Institute, resulting in a set of practical on-the-job training sessions involving 38,866 employees.

6.3.4. Empower the Individual Path and Expression

The professional development of employees is a critical factor in achieving the Group's strategic goals. As such, each career is considered unique and an employee's development journey should be an increasingly personalised experience, based on self-awareness and individual accountability in defining their path, in line with the Group's principles, business needs and challenges.

Performance Appraisal and Potential

[GRI 404-3]

The annual performance appraisal process, grounded in the principles of equality and non-discrimination, is based on setting goals and regular feedback for individual growth, to ensure alignment between the organisation's expectations and those of the employee. In 2021, 97.5% of employees underwent performance appraisal[151].

The companies invest in various initiatives to raise awareness of the importance of feedback, such as Biedronka's "Let's Talk" project, which involved 4,264 employees through dissemination campaigns, teaching materials and training sessions.

To prepare for succession within the organisation, assessments are carried out to validate potential in critical business areas and roles aimed at designing specific development plans. Approximately 4,100 employees were identified, of which 16.9% were identified as having growth potential for leadership positions.

Internal Mobility

The performance and potential appraisals are a starting point for employee growth within the organisation. Based on the information gathered during these processes, employees can be challenged to develop their skills and embrace new opportunities.

Internal mobility is one of the key tools for employee development and career advancement, and can lead them to different areas, companies, or countries. The disclosure of internal job vacancies allows each employee to keep abreast of opportunities for their professional and personal growth and puts decisions about their journey in their hands.

Thus, in 2021:

- 53,952 employees changed roles, workplace or company;
- 17,426 employees were promoted to roles with greater responsibility;
- 50 employees were in international mobility.

Active Participation

Employees are invited to actively participate in the life of the organisation, notably through participation in organisational climate surveys focused on improving initiatives and processes.

In Portugal, between January and October, Pingo Doce and Recheio conducted Pulse Surveys[152], the response rate of which exceeded 75%. At Biedronka, the results of the Engagement Survey[153] were shared with 3,604 managers.

Biedronka, Hebe and Ara implemented ambassador programmes, through which 146 employees were invited to promote their companies and products, in particular through social media.

Biedronka and Ara employees were also encouraged to reference candidates for recruitment for store, distribution centre and office functions. These initiatives help identify profiles that are more suited to the needs and culture of the companies, and also to strengthen ties with employees. These referral programmes led to 204 people being hired by Biedronka and 882 by Ara.

6.3.5. Recognise with Fairness and Competitiveness

Promoting a balanced standard of living, fairness in the Group's compensation practices and a culture of recognition are some of the principles that guide the Group's reward policies.
The Group endeavours to understand the context in which it is inserted and to maintain a competitive compensation strategy. To this end, in 2021 a study was conducted on the external competitiveness of the Group's pay ranges and internal equity in the three countries.

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[151] Considers only employees eligible for performance appraisal, in accordance with the performance management policies in force at corporate level and at each of the Companies.
[152] Feedback mechanism aimed at understanding the views of employees on a specific topic, using an approach based on regular but short interactions.
[153] Mechanism aimed at measuring the commitment of employees to the organisation considering different dimensions of analysis.

The base salary is considered the foundation of the total compensation strategy and, in 2021, the Group increased the gap between internal and national minimum wages as a way of ensuring pay that is in line with the needs of employees in the different countries.

Differentiation between internal minimum wages and national minimum wages

In Portugal, the internal minimum wage is set between 2% and 20% above the national minimum wage, according to the company concerned.
In Poland, the internal minimum wage is set by region (rural, big cities and Warsaw), taking into account varying living costs and competitiveness of the job market. Thus, the minimum wage paid can be up to 9% above the national minimum wage and, when taking the non-absence award into account (a guaranteed monthly payment to employees who do not miss work) it can vary between 16% and 29% above the national minimum wage, depending on the region.
In Colombia, in addition to the internal minimum wage (29% above the national), regular allowances are paid that can increase the base salary by between 9% and 20%.

It is also important to note that, in most of the companies, compensation policies include wage increases after one year of seniority, as a means to promote retention and recognise greater autonomy of employees in the performance of their duties.

Another pillar in which the Group continues to invest is variable pay or recognition mechanisms, which are essential to fostering a culture of meritocracy. In 2021, a total of 217 million euros were paid to employees in bonuses and awards, 15% more than in 2020:

- 73 million euros related to performance bonuses paid to managers and extraordinary awards paid to operational teams (around 82 thousand employees);
- 5 million euros correspondent to seniority awards (global scheme with several levels of seniority);
- 139 million euros allocated to awards and bonuses related to sales performance, non-absence, and Christmas bonuses.

[GRI 401-2]

Employees also have a benefits package based on their role, irrespective of their work schedule, which includes, for example, life insurance, health insurance and travel insurance. In this regard, some Group companies offer a flexible social benefits plan, through which an amount is made available to employees for selecting benefit options based on their personal needs.

Hebe also has a plan that allows employees to allocate a sum from the Social Fund (legally required mechanism in Poland) to different benefit options, with over 4 thousand benefits available.

6.3.6. Innovate in the Way of Working

During 2021, the Group continued its efforts to make workplaces increasingly innovative and digital, bringing employees closer regardless of their geographical location. Given the constraints restricting face-to-face contact caused by the pandemic and the need to keep people connected, the Group developed and implemented new ways of communicating and interacting with employees and candidates.

Communication Channels

Since face-to-face meetings could not be held, the annual managers' meeting took place online, with live transmission to the three countries. The broadcast included the executive directors of the Group and was viewed by 2,552 employees.

To express its appreciation for the extraordinary efforts made by employees in 2020, Biedronka kicked off 2021 with a live streaming event that included performances by artists, competitions, and live interactions. This event was attended by 23 thousand people.

Biedronka chatbot distinguished

Biedronka's Dlanaswjm.pl website, the company's primary internal communication channel, features a chatbot (an AI-powered conversation software application) to maintain direct and personalised contact with employees. In 2021, this tool was distinguished for its innovative nature in the category "Modern HR technologies" of the competition held by newspaper *Puls Biznesu*. In the year, the website received more than 33 million visits (65% more than in the previous year) and over 167 thousand conversations were held, some of which in Ukrainian, a language that is now also supported by the chatbot.

In communicating with candidates, and to improve their experience and recruitment efficiency, Biedronka created a recruitment chatbot that answers candidates' questions in real time. In 2021, this chatbot held 14,456 conversations, with 12.5% of website visitors using this tool.

In Portugal and given the success of the radio talk show celebrating Pingo Doce's 40th anniversary broadcasted in 2020, the company held three radio talk shows in 2021 for all employees.

Pingo Doce and Recheio launched the mobile apps "O Meu Pingo Doce" (My Pingo Doce) and "O Meu Recheio" (My Recheio), through which they share current business information, Internal Social Responsibility area's initiatives, and topics of interest to employees.

In Colombia, the Hablando Naranja radio talk show is the main communication channel for operations and connected all Ara employees through the 25 talk shows broadcasted in 2021. The associated Hablandonaranja.com website is also available as a communication tool for direct feedback from employees. This channel received 168,221 visits in 2021.

People Management Technologies

In October 2020 the Group began implementing the "Global People Solution" (GPS) project, an initiative to globally transform human resources processes and systems. Based on a prior diagnosis of the organisation's needs and available technology scenarios, a solution was designed to ensure integrated employee management. The project is expected to be concluded by 2024.

6.3.7. Protect through the Best Work Conditions

In a year when, due to the Covid-19 pandemic, many restrictions had to remain in place, the Group reinvested in personal protective equipment, corresponding to an amount of more than 6.5 million euros. The Group was also focused on ensuring compliance with safety standards, conducting audits and holding communication and awareness campaigns. Free Covid-19 testing was also made available to employees, representing an investment of 962 thousand euros.

Preventing workplace accidents and occupational diseases in operations is a constant concern and the Group follows local laws and good industry practices in risk assessment and management, accident and occupational disease management, monitoring, information and training, and worker consultation.

Risk Identification and Analysis

[GRI 403-2]

In Food Distribution, the most relevant area in the Group, there are activities that could pose risks to employees who, in warehouses, industrial kitchens and stores, unload and store products and process them (e.g., fish and meat cutting, bread making, and meal preparation). Jerónimo Martins Agribusiness employees work in the primary and secondary sectors and are also exposed to risk factors[154].

All these hazards are identified and assessed by the health and safety in the workplace (HSW) teams by measuring chemical, physical and biological agents, establishing measures to prevent workplace accidents

[154] The occupational hazards at these workplaces and of the tasks performed there include, among others, exposure to extreme temperatures, with possible vascular injuries, physical exertion, with possible musculoskeletal injuries, and contact with machinery, with possible traumas, wounds, and electrocution.

and occupational diseases. Moreover, specific assessments are carried out for critical processes that pose more ergonomic risks for employees.

As regards incidents/accidents, analysis and investigations are conducted to determine the facts, circumstances, and possible causes of an incident/accident and to identify the respective corrective measures to help prevent them from happening again. In accordance with the law, the HSW technicians, safety delegates, doctors and nurses are responsible for identifying and eliminating hazards and minimising risks.

Risk Prevention, Minimisation and Mitigation

To prevent, minimise and mitigate risks, the Group conducts audits, carries out drills and regular medical examinations, and promotes awareness of hazards and safe practices through employee training and engagement.

[GRI 403-2]

Audits and drills are carried out from a control perspective, and regular visits to workspaces are conducted to verify the implementation of risk mitigation measures. Audits include identification of non-conformities and recommendations for preventive/corrective measures. Drills aim at ensuring the continuous improvement of the practices implemented.

[GRI 403-3]

Regular medical examinations are carried out as a preventive measure throughout the professional life of employees. These examinations are ensured at the time of onboarding, periodically, and whenever necessary to assess individual physical and mental health.

[GRI 403-4 and 403-5]

To raise awareness of hazards and safe practices, the Group invests in mechanisms to inform, train, and encourage employees to participate in the development, implementation and evaluation of health and safety in the workplace.

In Portugal, and in addition to general sessions, employees receive training in specific processes and equipment, such as the handling of transport equipment, load lifting, emergency response, and operating lift platforms. Some of these courses have been enriched with e-learning and a practical component in a real-life context as a way to reach more employees. In all, 22,400 people were trained in Portugal. Employees were also invited to share their opinion in the annual HSW questionnaire on equipment, workplace conditions, and implemented measures.

In Poland, educational programmes and training sessions focused on the most common causes of workplace accidents, such as the improper handling of equipment and the adoption of risky behaviour. 33,277 people were trained. Biedronka has 18 regional health and safety teams comprising workers' representatives, who are responsible for implementing and maintaining the HSW system. Hebe has a Health and Safety Committee comprising representatives of corporate management and employees, which meets four times a year.

In Colombia, 526 leaders were trained in store HSW programmes focusing on promoting behavioural changes in operations. At the distribution centres, 148 leaders participated in the “Prepare Su Cuerpo” (Prepare Your Body) programme, which includes warm-up exercises before the workday begins and active breaks. This initiative led to a 43% decrease in the absenteeism rate related to workplace accidents and a 9% decrease in occurrence. Also of note is “Copasst”, a Health and Safety in the Workplace Committee that promotes proximity and awareness of the main issues that may affect the health and safety of employees.

The table below summarises the Group's efforts to prevent workplace accidents and occupational diseases. It should be noted that there was a 27.6% increase in medical examinations and an 81.6%

increase in HSW training hours. Moreover, a 33.8% decrease in audits was recorded, due mostly to the decrease in Covid-19 related control measures in Poland.

Risk Prevention, Minimisation and Mitigation Initiatives

	Audits			Drills		
	2019	2020	2021	2019	2020	2021
Group	**1,672**	**14,534**	**9,625**	**1,932**	**3,257**	**3,330**
Portugal	594	561	567	211	298	265
Poland	981	13,301	8,297	1,564	2,203	2,231
Colombia	97	672	761	157	756	834

	Medical examinations			Training Volume*		
	2019	2020	2021	2019	2020	2021
Group	**122,126**	**98,580**	**125,769**	**69,849**	**185,581**	**337,079**
Portugal	29,899	21,871	30,878	14,514	36,624	62,034
Poland	85,264	70,533	86,302	37,435	118,852	240,266
Colombia	6,963	6,176	8,589	17,900	30,105	34,779

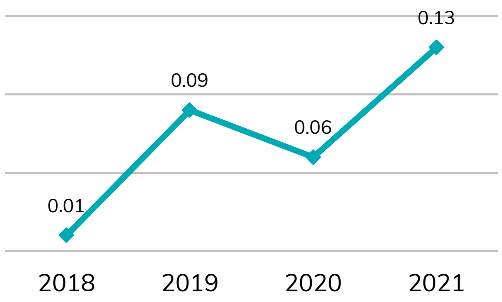
* Training volume corresponds to the number of training hours provided multiplied by the number of participants.

Occupational Health and Safety Management System [GRI 403-1]

The implementation of certified health and safety systems enables the continuous improvement of procedures. At Biedronka, HSW efforts are underpinned by an ISO 45001:2018 certified health and safety system. This certification is valid for all workplaces, including stores, distribution centres, the soup factory, and offices. The system is made up of several procedures, instructions and processes that are constantly being updated. Around 1,500 new procedures and instructions were introduced in 2021. In Portugal, Pingo Doce and Recheio initiated the process for certification to the standard in 2021.

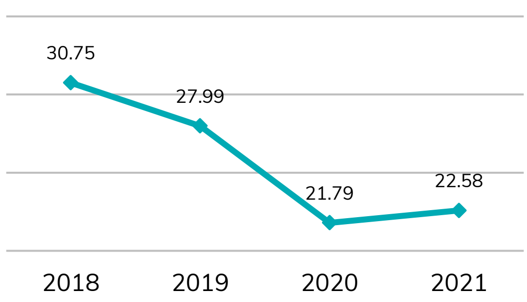
Incident Indicators

Rate of accidents with severe consequences



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 serious consequences are those that result in an employee being absent for more than 180 days. Does not include workers who are not employees of the Group.

Rate of accidents of mandatory reporting



Rate of workplace accidents of mandatory reporting = (Number of workplace accidents of mandatory reporting/Total hours worked) x 10^6
Does not include workers who are not employees of the Group.

The most significant increase in the rate of accidents with serious consequence was recorded in Poland, where, in 2021, accidents resulted mostly in joint injuries, which have longer treatment and recovery times. Due to the pandemic, many of these procedures, such as surgical interventions, had to be postponed, resulting in the increased absence of the injured employee.

6.3.8. Integrate Work and Personal Context

The employer-employee relationship, location, and work models have a significant impact on people's lives. Besides compliance with legal requirements, Jerónimo Martins seeks to ensure harmony in the life of its employees by promoting their wellbeing, new ways of working, and healthy working environments.

The pandemic has brought wellbeing to the fore in organisations and the Group already has several initiatives to promote it. To establish an integrated strategy for all companies, the Engagement & Wellbeing area was created in 2021, a new functional area in Corporate Human Resources dedicated to wellbeing.

[GRI 403-6]

The Group seeks to activate the physical, mental, and social wellbeing of employees by offering spaces dedicated to prevention and physical rehabilitation and promoting initiatives focusing on health and physical exercise.

In 2021, at the Azambuja distribution centre (in Portugal), a Rehabilitation and Prevention Centre that serves 400 employees was created, in an investment of around 150 thousand euros. This centre ensures the prevention and treatment of musculoskeletal diseases through physiotherapy, gym, and nutrition services.

In Portugal, office employees have the Wellbeing Centre at their disposal, which provides various wellbeing services and can be used at their convenience at different times of the day. In 2021, the Group also opened the Jerónimo Martins Clinic, offering health services such as general medicine, alternative therapies, and nutrition.

In Poland, the Biedronka Health Academy has 47 physiotherapists who assisted around 8,400 distribution centre and office employees.

As a response to the current demanding environment, the Group and its companies also ensured internal responses to the mental health needs of employees, in particular:

- the psychological support provided by experts, reaching a thousand people in Portugal;
- the Biedronka's “Spokojna Głowa” (Calm your Mind) project, which was enhanced in 2021 with videos and podcasts on topics such as motivation, stress management, mindfulness, relaxation, and healthy lifestyles (with over 15,600 views);
- the Wellbeing Week at Hebe, with webinars on nutrition, sleep, mental health, and financial literacy;
- a helpline dedicated to psychological issues for Ara employees.

Sports communities and competitions have become increasingly important to promote a healthy lifestyle and build team spirit. In Portugal, the “Loucos por Corrida” (Crazy About Running) community was created and, in Poland, 1,415 employees took part in sports challenges.

The Group’s Executive Committee approved the flexible work policy in 2021 to facilitate integration of employees’ work and personal life. This policy aims at accommodating flexible work solutions within the organisation to meet the needs of office employees and is aligned with future work challenges. Under this policy, practices such as flexible entrance and exit schedule and remote work are considered.

Pingo Doce has implemented an hour bank system which allows operations personnel to have additional rest periods as compensation for overtime worked. Around 27 thousand employees use this measure.

In Portugal, there are also three day-care centres where employees can leave their children while working. Childcare is offered in Braga, Azambuja and Alfena, and was attended by 278 children. These children are also provided free paediatric appointments and speech therapy.

6.3.9. Support Employees and their Families

The Group remains committed to supporting and promoting the quality of life of employees and their families, especially when they are most vulnerable. This commitment is implemented through continuous investment in Internal Social Responsibility (ISR) to promote structured responses in three areas: health, education, and family wellbeing. In 2021, investment in ISR in Portugal and Poland amounted to around 25.6 million euros[155] (29.1% more than in the previous year).

Investment in Internal Social Responsibility

	Investment (in euros)	
ISR pillars of action	**2021**	**2020**
Total	**25,639,879**	**19,857,216**
Health	1,705,220	1,203,695
Education	3,838,639	1,000,738
Family Wellbeing	20,096,020	17,652,783

Health

In Portugal, the Group invested 131 thousand euros in the "Famílias Especiais" (Special Families) programme for the children of employees with special needs and/or neurological disorders up to the age of 25. The programme provides access to complementary therapies and covered 113 children and young people.

To help employees suffering from cancer, 83,5 thousand euros were invested in the "Mais Vida" (More Life) programme, giving 48 employees access to second-opinion consultations, help at home, transportation, and psychological support for their families. Support for oral health was provided through the "SOS Dentist" programme, representing an investment of 374 thousand euros.

In Poland, the "Mali Bohaterowie" (Little Heroes) initiative helps the children of employees who have special needs by providing rehabilitation equipment, psychomotor rehabilitation programmes, and support for medical services. A total of approximately 259 thousand euros was invested to support 298 children.

The "Wracaj do Zdrowia" (Get Well Soon) programme provided financial support to 113 employees for treatment of or recovery from serious, chronic illnesses, corresponding to an investment of more than 61 thousand euros.

Education

Holiday camps were reactivated after being suspended in 2020. This programme was created out of the need to respond to the concerns of employees who, in these periods, found it difficult to ensure care and occupational activities for their children. In Portugal 1,497 children participated in the camps, with investment amounting to around 886 thousand euros. In Poland, the "Wakacje z Biedronką" (Holidays with Biedronka) and "Hello Biedronka" programmes brought together 1,459 children, corresponding to an investment of approximately 592 thousand euros.

In Portugal and Poland, the Group supported the purchase of computers and tablets for the children of employees. In total, 4,506 devices were purchased, representing an investment of more than 1.9 million euros.

Parents were given vouchers to purchase school supplies or offered school kits. In Portugal, 20,458 vouchers were distributed, totalling 130 thousand euros. In Poland, 82 thousand euros were invested in offering 3,851 school kits.

[155] 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.

Specifically in Portugal, the “Online Study Space” was made available to 426 children and scholarships were provided to 28 employees and 67 children of employees, corresponding to a total investment of 175 thousand euros.

Family Wellbeing

The “Social Emergency Fund” (SEF) supported 1,586 employees. With no benefits for the Group, the fund ensures a response to situations of food shortages, domestic and family violence, eviction, unemployment of a family member, divorce, and other situations. Based on a case-by-case analysis, SEF social workers design specific plans to encourage the autonomy and restructuring of each family unit. In 2021, the Group invested over 1.3 million euros in the SEF.

At Biedronka, the “Możesz Liczyć” (You Can Count on Biedronka) programme provided financial support to current and former employees. In an investment of 1.4 million euros, 4,767 loans were granted under this programme. Social support was also provided to 67,717 employees through prepaid cards to be used in Biedronka or Hebe stores, representing an investment of approximately 2.8 million euros.

Biedronka also supported its retired employees through the "Biedronka dla Seniora” (Biedronka Retirement) programme. This initiative was created to provide financial support to retirees who, because they are no longer working, have had a significant reduction in their income, offering them a prepaid card to shop at Biedronka and Hebe stores. Forty-five retirees were supported, with more than 13 thousand euros invested.

Biedronka also offered a lump-sum payment to improve the comfort and safety of families with children up to 18 years old whose parents (employees) have died. Seventeen children received aid in 2021, corresponding to an investment of 75 thousand euros.

The remaining amount was allocated to other initiatives, in particular to celebrating holidays such as Christmas.

Social Support in Colombia

In Colombia, and under the “Fiado” programme, employees have access to credit to buy essential goods in stores that is then deducted from their monthly salary. During 2021, 4,903 employees made use of this programme. The company also has the “Fundo del Empleado” (Employee Fund) – an independent entity with 340 affiliates which allows, among other purposes, to support employees in their needs and those of their families.

6.3.10. Include Disadvantaged People

The Jerónimo Martins Group has been consistent in its efforts to include people who are at a disadvantage regarding access to the job market, creating opportunities for training and employment that are crucial to build a fairer society. To this end, the Group has implemented a set of programmes, methodologies, and infrastructures to increase the recruitment of minorities and improve their integration and retention.

Two of the companies in Portugal, JMH and Recheio, were distinguished as an Inclusive Employer by the Portuguese Instituto de Emprego e Formação Profissional (IEFP)[156] (Employment and Professional Training Institute). Labour market inclusion programmes, and the adaptation of both infrastructures and internal communication tools to ensure they are accessible to all are among the initiatives that the IEFP valued.

In 2021, the Group also internalised competencies in recruiting and developing people with disabilities by hiring three social reintegration technicians specialised in the preparation and integration of people with disabilities into the labour market. These employees are dedicated exclusively to managing these processes for all companies in Portugal.

[156] Criteria: (i) recruitment, professional development and advancement; (ii) job retention and return to work; (iii) accessibility; (iv) services and relations with the outside world.

Centro Incluir (Include Centre)

A training centre in Lisbon dedicated to the development of social, relational and technical skills of people in a vulnerable position in accessing the labour market. It is dedicated to social innovation to enhance the employability of people with disabilities and includes, for example, a simulated store where they can practice performing the main operational tasks.
This centre, which embodies an investment of 422 thousand euros, operates on the basis of innovative development and training methodologies, tailored to each learner and adapted to the functions that can be performed in the Group's business. The methodology was developed internally by the inclusion team and is based on best market practices.

Through the Include Centre, the Jerónimo Martins Group is leading by example and helping to strengthen a culture of inclusion in society.

Launched in 2015 in Portugal, the "Incluir" (Include) programme aims at creating job opportunities for: (i) people with disabilities; (ii) migrants and refugees; and (iii) people at social risk. It comprises a model of on-the-job training, tutoring, and assistance during training and recruitment. Tutors and store teams have specific training in inclusion and the Group has an established network of 52 institutions and partners with whom it works to support inclusion. In 2021, 145 people were hired and 70 people received training.

The collaboration with the "Search" project continued in 2021, benefiting ten people. This project, a partnership with Cooperativa Focus, is in its 4th edition and promotes the employability of young people with intellectual disabilities through a school-work transition model. Since being implemented, this initiative has already included 42 young people, 22 of whom were hired.

The Group also implemented the "Individual Multidisciplinary Studies Programme", a partnership with the University of Aveiro that promotes access to higher education and further professional integration of people with intellectual and developmental disabilities. This two-year initiative includes two internships at the Group and payment of the tutor-coordinator's salary and the students' fees. In 2021, six students were covered, in a total investment of more than 10 thousand euros.

To integrate migrants from Eastern Europe, mostly from Ukraine, Biedronka has a team within the recruitment department exclusively dedicated to the hiring and onboarding of foreign employees, aiding, namely, in their legalisation processes. In 2021, 808 people of Ukrainian nationality were hired. To assist in their integration, recruitment channels, induction programmes, and in-store checkout systems are translated into Ukrainian.

6.3.11. Act Ethically

[GRI 406-1, 409-1]

The Group's actions are guided by respect for the law and principles such as honesty, integrity, transparency, independence, and cooperation in its relationship with stakeholders. Regarding employees, the Group follow the guidelines of the United Nations and the International Labour Organization, valuing diversity and the right to non-discrimination in all its forms, equal opportunities, fair pay, a safe and healthy working environment, rest, privacy, and personal and family life.

[GRI 102-41, 407-1]

The Group also upholds other inalienable rights, such as freedom of association, trade union activity and the right to collective bargaining. In Portugal, collective bargaining covers 99% of employees[157]. In Poland, Biedronka negotiated with four trade unions and also has a "Trade Union Policy" to promote effective and efficient social dialogue in line with local laws.

[GRI 408-1, 409-1, 411-1]
The Group upholds the rights of indigenous peoples and prevents the risks of forced and child labour through mechanisms that ensure that companies do not hire people under the permissible age, ensuring compliance with local and supranational laws.

[157] Only in Portugal, since there are no collective labour regulation instruments in Poland and Colombia applicable to the Group's companies, thus corresponding to 28% of the Group's total employees.

The Group has 71 corporate and local people management policies that reinforce the alignment between the three countries for compliance with laws and regulations and that promote the principles of fairness, meritocracy, ethics, and sustainability in creating value for employees. Of note are the "Labour Fundamentals" guidelines, aimed at ensuring respect for and promotion of employees' human and labour rights to build a healthier, safer, and more balanced work environment. These guidelines clarify the fundamental international principles to be followed, define what is expected in terms of human resources policies and procedures, and promote the existence of monitoring and reporting mechanisms.

[GRI 406-1]

Also of note, in Portugal, are the guidelines "Prevention and Combat Harassment and Discrimination", focused on managing and tackling these types of situations, and the Domestic Violence Intervention Policy, which defines the methodology and channels to support employees in this situation. This methodology includes the design of an integrated action plan and the link to existing support mechanisms in the community.

The Ethics Committee[158] is an independent body tasked with monitoring disclosure of and compliance with the standards and principles of the "Code of Conduct"[159] and "Anti-Corruption Policy"[160]. These two documents outline the principles of ethics and good conduct that Group employees must follow, irrespective of their position, role, or the country in which they work.

Communication and Training

[GRI 205-2, 412-2]

The Group shares the Code of Conduct during the onboarding of all employees to ensure they are aware of the set of principles they should follow. During 2021 the Anti-Corruption Policy was included in the employee onboarding package and was requested the formalisation of acknowledgement. In addition to Code of Conduct training, the Group implemented a mandatory training programme on the Anti-Corruption Policy, in two formats: e-learning and advanced training for critical functions.

In 2021, the Group also held specific training sessions on labour law to improve awareness and understanding of employee regulations and rights, as set out in the table below.

	Advanced Training in the Anti-Corruption Policy for Critical Functions			Training in the Code of Conduct	Training in Labour Law
	Employees identified	Employees trained (N)	Employees trained (%)		
Group	**993**	**840**	**84,6%**	**6,733**	**1,232**
Portugal	415	267	64,3%	3,401	257
Poland	386	386	100%	-	975
Colombia	192	187	97,4%	3,332	-

Regarding advanced training in Anti-corruption Policy for critical functions, Portugal registers the most significant difference between employees identified and trained. This training did not reach all employees identified due to constraints that impacted the availability of internal enablers, resulting in fewer sessions than initially planned. In 2022 training will be guaranteed to the remaining employees.

Although no Code of Conduct training has been provided in Poland, all new employees receive an explanatory booklet and the companies periodically provide information on the content. It should also be noted that the Group is committed to, by 2023, implement a Code of Conduct training module available to all employees and a global human and labour rights training programme for employees in management positions.

[158] Webpage of the Group's "Ethics Committee" detailing the composition, regulation and responsibilities.
[159] Additional information on the Group's corporate website, under "Our Code of Conduct".
[160] The "Anti-Corruption Policy" is available on our corporate website.

In Colombia, employees were trained in policies related to the anti-money laundering, counter-terrorism financing, and data processing self-monitoring and risk management system. In all, 6,699 employees received training.

Resolution Mechanisms

The Group makes different mechanisms available to employees to report issues related to assault, moral and sexual harassment, conflicts of interest, corruption, discrimination, fraud, abusive negotiating practices, and the misuse of information. All situations reported are analysed and investigated, and subsequent action plans are drawn up. Confidentiality is guaranteed in all communication, whether by phone or email. One such mechanism is the Ethics Committee website[161].

In Poland and Colombia there are also other bodies that receive and investigate complaints about specific issues. The Anti-Mobbing, Anti-Discrimination and Sexual Harassment Committee in Poland investigated 68 complaints in 2021, of which 63 were resolved. In Colombia, the Committee for Labour Coexistence, which investigates complaints relating to working conditions or other work-related problems, received and resolved eight complaints.

In each of the three countries the Employee Assistance Service is available to employees for reporting, clarifying and resolving labour issues, and for receiving and forwarding social requests. This channel ensures confidentiality, independence and impartiality, thereby safeguarding employees against any retaliation, discrimination or loss of rights.

	Contacts/procedures initiated			% of contacts/procedures completed		
	2019	2020	2021	2019	2020	2021
Group	**39,320**	**60,724**	**64,385**	**97%**	**96%**	**98%**
Portugal	20,963	34,575	39,845	99%	97%	99%
Poland	8,975	11,804	8,995	96%	97%	92%
Colombia	9,382	14,345	15,545	89%	93%	98%

*Does not include contacts related to payroll/administrative issues and requests for Social Fund support.

[161] The Ethics Committee website is available at ethicscommittee.jeronimomartins.com.

7. 2021-2023 Commitments

Action Pillar	2021-2023 Commitment	2021 Progress
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.	**Accomplished.** In 2021, the Group Companies had for sale 1,134 gluten-free products (10 of which were new), 62 lactose-free (12 of which were new), and 201 for vegans/vegetarians (including perishables, 50 of which were new).
	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 progress.** At the time of product launch, many may have a nutritional profile considered by the Companies to be better than the benchmark (or best in class) and, for reasons of competitive dynamics, progressively (in the same year or in subsequent years) adjusted by competitors. In 2021, and in: • Private Brand Poland, 51% of products* with an established benchmark have a profile that is superior to the market, 49% with the same profile, while other products have no market benchmark for comparison (60 products); • Private Brand Portugal, 83% of the Pingo Doce and Amanhecer items on sale most consumed by children* had similar profiles to the benchmark and 17% had a better profile; • Private Brand Colombia, setting benchmarks for the progress report in 2022. * from 3 years of age, with appropriate formats and pictograms on the packaging for these ages.
	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 progress.** • Private Brand Poland: 84% of the 32 eligible products (44 p.p. more than in 2020); • Private Brand Portugal: 10% of the 205 eligible products;
	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.	**Achieved:** In both countries, the adoption of the Nutri-Score symbol was a decision that aimed to provide consumers with more intuitive information about the nutritional profiles of pre-packaged Private Brand products. In Portugal and Poland, more than 160 articles already had this symbol on the front of the package. In Portugal, Pingo Doce has produced 400,000 copies of the *Quatro Estações à Mesa with Pingo Doce* (Four Stations at the Table with Pingo Doce) book, with 150 recipes respecting the principles of the Mediterranean diet. Highlight for the "Juliana da Semana" (Juliana of the Week) campaign, based on the weekly diet of a soup framed in the principles of this diet and the partnership with CUF to promote health through food with the programme "A Saúde Alimenta-se" (Feeding Health), which provides information on the properties of some fruit and vegetables, in a diversified and balanced diet. Biedronka maintained its quarterly magazine *Czas Na...*, each with 120 recipes, with print runs of 200,000 copies, dedicated to nutrition and more healthy lifestyles. One of them was

Action Pillar	2021-2023 Commitment	2021 Progress
		dedicated to the principles of the Mediterranean diet.
	In Portugal and in Poland, ensure that 90% of Private Brand products do not contain, in their direct ingredients, artificial colorants until 2023.	**In progress.** Private Brand Portugal: 99.2%. Poland Private Brand: 93%. Perishables Portugal: • raw materials used in the central kitchens 99.1%; • raw materials used in restaurants, takeaway and sushi: 100%; • bakery sold with Pingo Doce label: 100%; • manufacturing raw materials (store and factory): 94.5%; • pastry sold with Pingo Doce label: 95.6%. Perishables Poland: in bakery, 99%.
	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 progress.** Private Brand Portugal: 98.3%. Poland Private Brand: 89%. Perishables Portugal: • raw materials used in the central kitchens: 99.6%; • raw materials used in restaurants, takeaway and sushi: 98.8%; • bakery sold with the Pingo Doce label: 100%; • manufacturing raw materials (store and factory): 100%; • pastry sold with the Pingo Doce label: 97%. Perishables Poland: • raw materials bakery: 100%; • meat: 100%; • fruit and vegetables: 100%; • fish: 100%.
	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 +50 age groups.	**In progress.** Private Brand Portugal: launched the skimmed, lactose- free Pingo Doce milk enriched with omega 3, fibre, selenium and magnesium, for people over 50 years of age, an exclusive formula developed by Pingo Doce and supported by the Portuguese Heart Foundation.
	In Hebe, in the scope of promoting health through cosmetic products' formulation, develop Private Brand alternatives without ingredients of animal origin, aimed at consumers with specific needs/preferences.	**Accomplished.** In 2021, 21 launches were made without animal ingredients' origin, being vegan-friendly. The total of this range amounted to 27 references in compliance with European Regulation (EU) for Cosmetics No. 1223/2009 (product safety and labelling) as well as European Regulation (EU) No. 655/2013 for the common criteria for claims on cosmetic products.
	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).	**Accomplished.** In a total of six references on sale from the Hebe Naturals range, 100% had ≥90% of their composition with natural ingredients (according to ISO 16128). Additionally, the production of these articles follows the ISO 22716 standard on Good Manufacturing Practices for Cosmetics.

<table>
<tr><th>Action Pillar</th><th>2021-2023 Commitment</th><th>2021 Progress</th></tr>
<tr><td>Respecting the Environment</td><td>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 dairy factory.</td><td>In progress. In 2021, 61% of all distribution centres and production units had environmental certification:
<table>
<tr><th rowspan="2">Units</th><th colspan="2">2021</th><th colspan="2">2020</th></tr>
<tr><th>ISO 14001</th><th>Total</th><th>ISO 14001</th><th>Total</th></tr>
<tr><td>Distribution centres (#)</td><td>20</td><td>30</td><td>20</td><td>30</td></tr>
<tr><td>• Ara</td><td>0</td><td>5</td><td>0</td><td>5</td></tr>
<tr><td>• Biedronka</td><td>16</td><td>16</td><td>16</td><td>16</td></tr>
<tr><td>• Hebe</td><td>0</td><td>1</td><td>0</td><td>1</td></tr>
<tr><td>• Pingo Doce and Recheio</td><td>4</td><td>8</td><td>4</td><td>8</td></tr>
<tr><td>• JMA</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Production units (#)</td><td>2</td><td>6</td><td>1</td><td>6</td></tr>
<tr><td>• Ara</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>• Biedronka</td><td>0</td><td>1</td><td>0</td><td>1</td></tr>
<tr><td>• Hebe</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>• Pingo Doce and Recheio</td><td>1</td><td>4</td><td>1</td><td>4</td></tr>
<tr><td>• JMA</td><td>1</td><td>1</td><td>0</td><td>1</td></tr>
<tr><td>Total Certified (%)</td><td colspan="2">61%</td><td colspan="2">58%</td></tr>
</table>
To ensure that environmental management procedures are followed and opportunities for improvement are identified, we conduct audits to stores, distribution centres and other operational units. In 2021, 6,498 environmental audits were carried out (5,621 at Biedronka, 635 at Ara, 231 at Pingo Doce, 11 at Recheio and 5 at JMA), 7% more than in 2020. The average score was 93%, an increase of 2 p.p. compared to 2020. Corrective actions are defined for all cases in which the score does not reach 100%.</td></tr>
<tr><td></td><td>Reduce the carbon footprint (scopes 1 and 2) by at least 40% by 2023 (per 1,000 euros of sales), compared to 2017.</td><td>In progress. In 2021, a 48% reduction in the Group's carbon footprint per 1,000 euros of sales was achieved in relation to 2017.</td></tr>
<tr><td></td><td>Reduce energy consumption by 10% (per 1,000 euros of sales) by 2023, compared to 2017.</td><td>In progress. In 2021, the reduction in energy consumption per 1,000 euros of sales stood at 11%, compared with 2017.</td></tr>
<tr><td></td><td>Reduce water withdrawal measured in megalitres in distribution activities by 10% by 2023 (per million euros of sales), compared to 2017.</td><td>In progress. In 2021, the volume of water withdrawn in Distribution activities per million euros of sales was 21% less compared to 2017.</td></tr>
<tr><td></td><td>Limit food waste to 16.1 kg for each tonne of food sold by 2023.</td><td>In progress. In 2021, food waste in the Group grew to 17.6 kg for every tonne of food sold, 9% above the defined limit.</td></tr>
<tr><td></td><td>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.</td><td>In progress. In 2021, 209 packaging ecodesign projects for Private Brand products were completed. Since 2011, 743 packages were developed according to ecodesign strategies, which corresponds to 11.8% of the assortment in 2020.</td></tr>
<tr><td></td><td>Ensure an annual waste recovery rate of at least 85% of the volume of waste generated by 2023.</td><td>In progress. In 2021, waste recovery rate was 85.8%, that is, 0.8 p.p. above the defined target for the three-year period 2021-2023.</td></tr>
<tr><td></td><td>Support at least one nature conservation project in each of the countries where we have operations and disclose its results annually.</td><td>Achieved. In total, the Group supported 14 nature conservation projects in 2021 (7 in Portugal, 3 in Colombia and 4 in Poland).</td></tr>
</table>

Action Pillar	2021-2023 Commitment	2021 Progress
	Reduce by 5% by 2023, the specific consumption of plastic (measured in tonnes of plastic packaging per million euros of turnover), compared to 2018.	**In progress.** In 2021, there was a 15% reduction in the specific consumption of plastic (t/million euros in sales) 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.	**In progress.** In 2021 the amount of recycled plastic in our directly managed packaging was 7%, an increase of 1.5 p.p. against 2020.
	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.	**In progress.** In 2021, a total of 5.63 tonnes of carbon emissions per thousand pallets were recorded in the transport of goods between distribution centres and stores, a reduction of 3.7% 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.	**Achieved.** In 2021, 89% of the food products sold by the Group were purchased 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.	**In progress**. In 2021, sales of Private Brand and/or perishable products and packaging with sustainability certification accounted for 7.8% of total sales.
	Carry out environmental audits to at least 20% of Private Brand and perishable suppliers, with a purchase volume greater than 1.1 million euros in the 2021-2023 period.	**In progress.** In 2021, 67 suppliers were audited, corresponding to 7.4% of total Private Brand and perishable suppliers.
	Contribute to The Consumer Goods Forum's (CGF) 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 the adoption of 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.	**In progress.** In 2021 the Group had the following performance in its Private Brands and perishables: • **Palm oil**: the Companies in Portugal and Poland maintained RSPO certification for 100% of the palm oil used. In Colombia, Ara became a member of the "Acuerdo de Voluntades para la Deforestación Cero en la Cadena de Palma en Colombia" and will initiate work on tracing the origin of this ingredient to the farm where it was produced. • **Soy**: it was possible to reduce the unknown origin of soy to 15% of the total soy used (direct and indirect). 52% of the total soy comes from countries with risk of deforestation and of which 17% have sustainability certification (e.g., RTRS). A project was also started in partnership with Nestlé and IPAM to develop a governance model for low-carbon agricultural production and the conservation of natural ecosystems among smallholder farmers and indigenous populations in the State of Mato Grosso (Brazil). • **Beef**: it was possible to map all the beef used to at least the country of origin. Based on this work, it was possible to confirm that 0.5% of the total originated from Brazil. Despite the reduced exposure for this ingredient, we maintain our participation in the beef working group under the CGF's Forest Positive Coalition of Action. • **Paper and wood**: overall, the virgin fibres used in our products and packaging held sustainability certification levels (FSC® or PEFC) of 81% and 70%, respectively.
	Ensure the annual application of the Sustainable Agriculture Handbook in at least 70 new farms in Portugal and Poland, ensuring a minimum	**In progress.** In 2021, the Sustainable Agriculture Handbook methodology was applied in 21 new farms in Portugal. Regarding farms with two or

Action Pillar	2021-2023 Commitment	2021 Progress
	average sustainability index of 3.7 points (on a scale from 1 to 5, in which 5 is the maximum score) for farms with at least two assessments in the 2021-2023 period.	more assessments, the average sustainability index was 3.7 (on a scale of 1 to 5, where 5 is the maximum score).
Supporting Surrounding Communities	Monitor and disclose at least 70% (in value) of the social impacts resulting from the annual support offered, according to the Business for Societal Impact (B4SI) model.	**Achieved.** In 2021, 89% of the support offered by the Group was monitored. 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 5. "Supporting Surrounding Communities", section 5.2. "Managing the Policy on Supporting Surrounding Communities" – and in the corporate website.
	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 progress.** In 2021, the Group Companies supported more than 240,000 people from vulnerable contexts about their health and healthy eating. Based on the B4SI methodology, it is estimated that the Group's support (essentially focused on responding to social emergencies and social well-being) have impacted around 2.4 million people.
	In Poland, expand the food donations programme for local non-governmental organizations to 70% of stores.	**Achieved.** The number of stores with a protocol established with local institutions to deliver food totalled 3,000 at the end of 2021. This value represents 71% of the Company's stores and an 18% growth compared to 2020.
Being a Benchmark Employer	Ensure the implementation of initiatives that improve our employees' well-being and quality of life through solutions that enable a work-life-family balance and support employees and their families.	**In progress**. In 2021, to establish an integrated wellbeing strategy for all the Companies, the Group created a new corporate human resources area: Engagement & Wellbeing. In line with this strategy, the Group launched initiatives such as the Rehabilitation and Prevention Centre at the Azambuja distribution centre (Portugal), serving 400 people, in a total investment of 150 thousand euros. At the headquarters in Lisbon, to complement the services of the Wellbeing Centre, the Group opened the Jerónimo Martins Clinic offering health services such as general medicine, alternative therapies and nutrition. In 2021, psychological support was also reinforced for the employee and family through appointments, helplines, and teaching materials. To promote personal and professional life integration, the Group approved a Flexible Work Policy for offices, including practices such as flexible entrance and exit schedule, and remote work. **Reviewed commitment for 2023:** Promote the integration of personal and professional life and a flexible and healthy work environment across the Group, by implementing the flexibility policy and providing mental health services to more than 90% of employees. Additionally, the Group aims to achieve a wellbeing index and a global engagement index* equal to or greater than 75%. * Wellbeing index and global engagement index: measured through the Global Engagement Survey, considering the result of the "Wellbeing" section and the global value of all sections, respectively.
	Support employees who are in a vulnerable situation due to a social and/or family emergency, through the	**In progress.** In 2021, the Group continued to support employees and their families through the

Action Pillar	2021-2023 Commitment	2021 Progress
	existing funds available in each country and through other local support solutions.	Internal Social Responsibility area. In total, 25.6 million euros were invested in the different pillars of action: health, education and family wellbeing. Noteworthy is the investment of 1.3 million euros in the Social Emergency Fund in Portugal, which supported 1,586 employees, ensuring a response to situations of vulnerability. In Poland, the "Możesz Liczyć" (You Can Count on Biedronka) programme supported 4,767 employees and former employees in an investment of 1.4 million euros. **Reviewed commitment for 2023:** Reinforce the support given to employees in situations of vulnerability due to social and/or family emergencies across the Group, ensuring that more than 90% of emergency requests have a response and, depending on their nature, an action plan.
	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.	**In progress.** As of 2021, the Anti-Corruption Policy started to be communicated at the employee's onboarding, and employees are requested to acknowledge it. The Group has provided the necessary training in two formats: e-learning and advanced training for critical functions. Regarding the latter, 84.6% of the people identified were trained in 2021, out of a total of 993 employees. Recurrent training in the Code of Conduct covered 6,733 employees. **Reviewed commitment for 2023:** Promote the respect for human and labour rights across the Group, through regular awareness-raising and communication actions, ensuring: i. a training module on Code of Conduct for all employees; ii. a global training programme on human and labour rights for employees in management positions; iii. that 100% of new employees receive the Code of Conduct and the Anti-Corruption Policy, and that they sign their acknowledegment.
	Continuously invest in training employees, stepping up the development of leaders across the organisational structure and helping build new skills aligned with the strategic needs of the Organisation.	**Progress and reviewed commitment for 2023 included in the next commitment.**
	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.	**In progress**. In 2021, 5.6 million hours of training were lectured, 44.5% more than in 2020. The training sessions were based on the needs of the employees and the business. In this context, leadership training stands out, namely the "Be a Leader" programme developed in partnership with the Center for Creative Leadership, which trained 469 employees from the three countries. The Companies promoted other local leadership programmes that had approximately 2 thousand participants. Training in perishables impacted more than 33 thousand employees, and training in the workplace on operational efficiency stands out, which impacted 38,866 people. Also, in 2021, the EducAction platform was implemented, a digital tool available to all employees, that

Action Pillar	2021-2023 Commitment	2021 Progress
		allows access to content anytime and anywhere. By the end of the year, 57,762 employees had already started at least one course on the platform. Employees also have access to the Knowledge Share platform, which in 2021 reinforced its content by publishing over 500 new materials, promoting self-development and lifelong learning. **Reviewed commitment for 2023:** Prepare the Group for the future of work in the age of digitalization, ensuring the development of employees and leaders, through: i. a minimum number of hours of global training of 50 hours/employee, which include training in leadership programmes and also training courses carried out through the Group's self-development platform; ii. the construction of development plans for 80% of the managers.
	Create opportunities for people facing labour market disadvantage, particularly migrants or refugees, people exposed to social risk, and people with disabilities.	**In progress.** In 2021, the Group internalised competencies in recruiting and developing people with disabilities by hiring three social reintegration technicians who are specialists in preparing and integrating these people. Additionally, it created the Centro Incluir (Include Centre), a training centre in Lisbon, which aims to enhance the employability of people with disabilities, and which comprises, among other things, a learning-store. The Group also implemented the "Individual Multidisciplinary Studies Programme" that promotes access to higher education and subsequent professional integration of people with intellectual and developmental disabilities. In 2021, the Group hired 149 people under the "Incluir" programme and the "Search" project. To improve the integration of Ukrainian employees, Biedronka added the Ukrainian language to the chatbot of its main internal communication channel – the website Dlanaswjm.pl. **Reviewed commitment for 2023:** Create opportunities for people at a disadvantage in accessing the labour market, namely people with disabilities, ensuring that more than 2% of people hired in Portugal have a disability or an incapacity.
	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 gap using percentiles.	**In progress**. The Group once again integrated the Bloomberg Gender-Equality Index with a rating of 71.6%, representing an improvement of 6.8 p.p. compared to the previous year. The Group repeated the internal assessment according to the Women's Empowerment Principles Gender Gap Analysis methodology, achieving a rating of 68% (improvement of 3 p.p.). The Group has also been improving the methodology for calculating gender indicators. Among them, the gender pay ratio stands out, which in 2021 started to consider the Company and the organisational division as variables to ensure better comparability between the different realities. In

Action Pillar	2021-2023 Commitment	2021 Progress
		2021, the global indicator improved by 1.1 p.p., standing at 97.6%, and the Group also started to report differences between geographies. **Reviewed commitment for 2023:** Strengthen the promotion of gender equality across the Group through: i. improving methodologies for determining and monitoring disparities between men and women; i. the reduction in wage inequality between men and women, measured by the gender pay ratio* and based on the year 2021 (97.6%), reporting this indicator also by the most representative Companies of the Group in terms of the number of employees (Biedronka, Pingo Doce and Ara); ii. training at least 50% of managers in relevant content such as unconscious bias. * The salary difference between women and men in the universe of employees of the Jerónimo Martins Group, based on comparable realities. It is expressed by considering the average salary of women as a percentage of the average salary of men, with 100% being the salary ratio that represents total gender equity.
	New commitment for 2023: Strengthen workplace safety across the Group to prevent fatalities and accidents at work, reaching, by 2023 and globally, a reduction in the frequency index* to 12.50 and the severity index** to 0.30, based respectively on 13.26 and 0.31 in 2021. * Number of accidents with loss of working days/total hours worked ** Number of days lost/total hours worked	
	New commitment for 2023: Foster a culture of recognition across the Group, ensuring: i. salaries' competitiveness through annual internal and external diagnostics every two years; ii. at minimum, 85% of the Group's employees benefit from at least one recognition programme.	

8. EU Taxonomy

Global carbon emissions grew around 5% in 2021, as demand for coal, oil, and gas accompanied economic recovery. This trend goes against the goals of the COP 26[162] UN Climate Change Conference held in Glasgow in 2021, where the mitigation commitments set out in the 2015 Paris Agreement were strengthened with a set of measures to limit the average temperature rise to 1.5°C above pre-industrial levels.

In the EU, 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 line with the policies of the EU Green Deal[163].

To achieve these targets, more than one trillion euros will need to be channelled towards sustainable public and private investment over the next decade. The European Commission created the European Union Taxonomy[164] to clarify and standardise the meaning of the term "sustainable investment", thus enabling financial markets to identify and direct resources to credible sustainable investment opportunities. Under the EU Taxonomy, economic activities that qualify as environmentally sustainable for the purposes of investment are those that:

- contribute substantially to any one of the six environmental objectives set out: (i) climate change mitigation; (ii) climate change adaptation; (iii) the sustainable use and protection of water and marine resources; (iv) the transition to a circular economy; (v) pollution prevention and control; and (vi) the protection and restoration of biodiversity and ecosystems;
- cause no significant harm to any other environmental objectives;
- ensure compliance with minimum social safeguards.

The list of economic activities considered as contributing to each of the six environmental objectives – eligible activities – are defined through delegated acts that also establish the technical criteria that each activity must meet to ensure that it makes "a substantial contribution" to the objectives concerned, meaning that it "does no significant harm". Activities that meet these criteria are considered to be Taxonomy-aligned.

The Climate Delegated Act[165], published in December 2021, establishes the first set of activities and technical screening criteria for determining a substantial contribution to climate change mitigation or climate change adaptation. A separate regulation (the Environmental Delegated Act) on the other four environmental objectives will be published during 2022. These Acts are expected to be subject to regular review, with the inclusion of more activities and regular updates to the technical screening criteria.

To enhance transparency and guide financial market participants in their investment decisions, undertakings should disclose the percentage of their turnover, investments (CapEx) and operating expenses (OpEx) associated with eligible activities, as defined under the Taxonomy and detailed in the Article 8 Delegated Act[166]. In 2021, this report was limited to the proportion of these three indicators that are associated with the eligible activities listed in the Climate Delegated Act. From the 2022 reference year, companies will have to measure and disclose the Taxonomy alignment of these activities using the technical screening criteria.

The Jerónimo Martins Group main activity – food distribution – is not yet included in the activities listed in the Taxonomy. For this reason, our report – in line with the recommendations of the Taxonomy – will only reflect activities that support our operations and not necessarily those that enable Jerónimo Martins to make a greater contribution towards the EU's carbon neutrality targets. It is also why the Group has no turnover recorded under section 10.3. "Key Performance Indicators (KPIs)".

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[162] The commitments made at COP26 in 2021 are available at ukcop26.org.

[163] Launched in December 2019, information on the European Green Deal is available at ec.europa.eu/info/strategy/priorities-2019-2024.

[164] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088.

[165] Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing technical screening criteria for determining the conditions under which economic activity qualifies as contributing substantially to climate mitigation and climate adaptation.

[166] Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU and the methodology to comply with that disclosure obligation.

8.1. The Jerónimo Martins Contribution

Fighting climate change is one of the three priorities defined in the Jerónimo Martins Group's Environmental Policy[167]. The commitments we have made and the actions we have implemented in this regard are detailed in sub-chapters 5. "Respecting the Environment" and 6. "Sourcing Responsibly", some of which are described below.

In December 2021, Jerónimo Martins pledged to increase the ambition of its carbon reduction efforts, committing to adopt science-based objectives in accordance with the methodology of the Science Based Targets Initiative by the end of 2023. This new target will ensure that the Group is aligned with the EU 2030 emission reduction targets and with the carbon reduction pathways that climate science deems necessary to comply with the Paris Agreement. Until then, we stand by our commitment to the already established carbon reduction targets:

- reducing (scope 1 and 2) GHG emissions by 40% for every 1,000 euros in sales by 2023, compared to 2017;
- reducing carbon emissions resulting from transporting goods to stores by 5% (in tonnes of CO_2e per thousand pallets transported) by 2023, compared to 2020.

In 2021, we reduced (scope 1 and 2) GHG emissions by 48% for every 1,000 euros in sales, compared to 2017, and reduced transport emissions by 1% per thousand pallets transported, compared to 2020. The Group also recorded a 33% reduction in total scope 1 and 2 carbon emissions, compared to 2017.

Implementation of our commitments is supported by continuous investment, in execution cycles aligned with the timetable outlined in the business plan, through which the Group invests in carbon reduction technologies that will enable the transition of its activities to a low-carbon economy. Most of this expenditure is for the purchase of goods and services (output) from economic activities related to energy efficiency and renewable energy technologies.

Energy efficiency is an integral part of the construction and refurbishment of our facilities, in particular stores and distribution centres. Measures implemented include installation of high energy efficiency equipment, heat recovery and cold storage systems for cooling devices, fan speed controllers for cooling equipment, and LED lighting. These measures are implemented in our operations in Portugal, Poland and Colombia.

We also invest in the installation of solar photovoltaic panels for generating renewable electricity to power our stores and distribution centres. By the end of 2021, these technologies were installed at 25 sites in Portugal and Poland, and, in general, supply between 25% and 30% of the consumption of these locations. At the same time, and since June 2018, we have acquired 100% renewable energy certificates to power our banners' operations in Portugal.

Although the Taxonomy still does not identify them as eligible nor defines technical screening criteria for these technologies, reducing the leakage of refrigerant gases from our heating, ventilation, air conditioning, and industrial cooling equipment is also a relevant activity in reducing the Group's carbon footprint. In 2021, these emissions accounted for about 14% of scope 1 and 2 emissions.

Since 2015 we have had a global plan in place for the replacement of high global warming potential (GWP) refrigerant gases with natural refrigerants (e.g., carbon dioxide, ammonia or propane) or lower GWP (e.g. R407f). At the end of 2021, 2,124 stores in Poland, 321 stores and platforms in Portugal, and 407 stores in Colombia had freezers running solely on propane. Moreover, 1,914 stores and 21 distribution centres use natural refrigerant gases in their cooling systems.

In addition to the management of refrigerant gases in this equipment, we have also implemented other energy efficiency measures that are not yet considered in the Climate Delegated Act and which could also make an important contribution to the European Commission's targets, namely:

- the installation of equipment with better energy performance (e.g., refrigerated displays and freezers fitted with doors and covers that prevent the waste of energy);

[167] Available for consultation under "Responsibility" at www.jeronimomartins.com.

- the marketing of products and packaging with sustainability certification, which ensures the implementation of good agricultural practices, production practices and/or practices that are not linked to deforestation or conversion of high conservation value ecosystems;
- the work we have done with our suppliers to promote sustainable agricultural practices and to eliminate deforestation in our supply chains.

It should be recalled that deforestation accounts for about 15% of global carbon emissions and that around half of those emissions are linked to agricultural production. Furthermore, over the past two years Jerónimo Martins has also performed an in-depth analysis of climate-related scenarios, in line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), testing the resilience of its business strategy against different climate change scenarios. An increase in the overall average temperature below 2°C was included in the scenarios considered. The analysis included the identification and financial assessment of climate transition and physical risks, both in our operations and in our food supply chain. The findings will enable us to adjust the mitigation and adaptation strategy of our businesses and will be taken into account when designing plans for transition to a low-carbon economy.

8.2. Eligible Activities

We have analysed all taxonomy-eligible economic activities identified in the Climate Delegated Act and concluded that the Jerónimo Martins Group's main economic activity is not yet included in the Taxonomy, which, according to the European Commission, covers the economic activities of sectors responsible for nearly 80% of direct GHG emissions in Europe. This means that the proportion of taxonomy-eligible economic activities in turnover is 0% and, as a result, capital expenditure (CapEx) and operating expenses (OpEx) related to these activities are also 0%.

That said, activities related to the purchase of output from taxonomy-eligible economic activities that support our core activity were identified. It was determined that these activities should be allocated to the climate change mitigation objective, as the contribution to climate change adaptation objective is of lesser importance and the Taxonomy does not allow for double counting. The performance indicators that reflect the analysis performed are disclosed in the following section.

8.3. KPIs (Key Performance Indicators)

In 2021 we recorded the following turnover, CapEx and OpEx performance indicators associated with taxonomy-eligible and taxonomy non-eligible economic activities, as referred to in the Article 8 Delegated Act:

Indicator	Total (€M)	Total eligible (€M)	Eligible economic activities (%)	Non-eligible economic activities (%)
Turnover	20,889	0	0%	100%
Capital expenditure (CapEx)	955	488	51%	49%
Operating expenses (OpEx)	100	0	0%	100%

The methods used to measure each of these indicators are described in the following sections.

8.3.1. Turnover

The denominator of this KPI is based on consolidated turnover (sales and services), as indicated in the consolidated financial statements in Subchapter 3.1 "Consolidated Financial Statements". With regard to the numerator, we have not identified any taxonomy-eligible activities, as explained above.

8.3.2. CapEx

According to the Article 8 Delegated Act, the CapEx KPIis defined as taxonomy-eligible CapEx (numerator) divided by total CapEx (denominator). Total CapEx was calculated in accordance with the rules and principles applicable to the preparation of the financial statements, taking into account the increases in the gross value of tangible assets, intangible assets, investment property, and right-of-use assets, as presented in notes 8, 9 and 10 to the Consolidated Financial Statements (Subchapter 3.1 "Consolidated Financial Statement").

The calculation of taxonomy-eligible CapEx (numerator):

a) does not include CapEx related to assets or processes associated with taxonomy-eligible activities, since our core activity is not included in the current Taxonomy;
b) does not include CapEx related to CapEx plans, as currently defined in the Taxonomy, to expand taxonomy-aligned activities or to allow taxonomy-eligible activities to become Taxonomy-aligned;
c) includes CapEx related to the purchase of output from taxonomy-eligible economic activities that support our main activity.

As a result of this approach, the following activities were classified as taxonomy-eligible:

Activity	Description
7.3. Installation, maintenance and repair of energy efficiency equipment	This activity includes the investment component related with the refurbishment of stores, distribution centres and other facilities that contributed to improve their energy efficiency through the installation of more energy efficient equipment. There is other equipment that contributes to improve the energy efficiency of our stores and operations which is not included in the Taxonomy, but which helps reduce the Group's carbon footprint and is essential to our energy efficiency goals, in particular, cooling plants and autonomous cooling systems[168].
7.6. Installation, maintenance and repair of renewable energy technologies	This activity includes the installation of solar photovoltaic panels at stores and other facilities for self-consumption of electricity generated on site, in line with the Group's objectives to reduce its carbon footprint and increase energy efficiency.
7.7. Acquisition and ownership of buildings	This activity includes the acquisition of buildings, new leases/rentals of buildings (right-of-use assets) and the revampings and other renovations of existing buildings that are not included in other activities. Revampings are outsourced to third parties in the construction sector that perform construction/renovation works. Jerónimo Martins only acquires the outcome of these services and does not perform any actual construction works. Therefore, and bearing in mind (i) the similarity with the situations in which we acquire an already constructed building from a third party and (ii) the absence, at this stage, of another activity in the Taxonomy that allows for a more appropriate qualification, we considered it appropriate to qualify these situations as the exercise of the right of ownership over revamped buildings.

Other additional activities were identified as potentially covered by taxonomy-eligible CapEx; however, we eventually deemed them to be non-material given total CapEx amount in 2021. These activities include:

- 5.1. Construction, extension and operation of water collection, treatment and supply systems;
- 5.2. Renewal of water collection, treatment and supply systems;
- 5.3. Construction, extension and operation of wastewater collection, treatment and supply systems;
- 5.4. Renewal of wastewater collection and treatment;
- 5.5. Collection and transport of non-hazardous waste in source segregated fractions;
- 6.5. Transport on motorbikes, passenger cars and light commercial vehicles;
- 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings;
- 8.1. Data processing, hosting and related activities.

As regards activity 6.6. Freight transport services by road, this activity is outsourced to third party service providers that do not represent Group assets and, therefore, are excluded from the calculation of KPIs. However, given its importance to our operations, the Group plays an active role in reducing and monitoring its carbon footprint associated with this activity[169].

[168] To learn more about these initiatives, see sub-chapter 5. "Respecting the Environment", section 5.3. "Fighting Climate Change".
[169] To learn more about these initiatives, see sub-chapter 5. "Respecting the Environment", section 5.3. "Fighting Climate Change".

8.3.3. OpEx

Pursuant to the Article 8 Delegated Act, the OpEx KPI is defined as taxonomy-eligible OpEx (numerator) divided by total OpEx (denominator). Total OpEx for this purpose includes direct non-capitalised costs related to research and development, building renovation measures, short-term leases, maintenance and repair, and any other direct expenditures related to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third parties to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

With regard to the numerator, we have identified the purchase of output from activities potentially taxonomy-eligible. However, the amount of each of these activities is not material, since the operating expenses related to these activities are mostly from services outsourced to third parties, that are not included in the denominator and that are therefore not within the scope of this OpEx KPI.

8.4. Conclusions and Outlook for 2022

In order to ensure compliance with the Taxonomy, we will continue, throughout 2022, to monitor the publication of new delegated acts for the remaining four objectives and the possible inclusion of new economic activities. Furthermore, and in addition, we will devote much of 2022 to gathering the information necessary to assess the level of compliance of the economic activities identified as material to our business with environmental technical criteria, and thus assess alignment of such activities with Taxonomy objectives. This necessarily implies a review of the way in which information is classified and organised in the IT systems used by the Group Companies. During this process we will also endeavour to identify opportunities for improvement in obtaining and managing information.

9. Table of Indicators

This report was prepared in accordance with the Global Reporting Initiative (GRI) Standards "Core" Option. This section includes five tables that aim to cross-reference the reported information with the main methodologies and information requests made by our stakeholders: GRI Standards (Table 1), Jerónimo Martins' performance indicators (Table 2), Task Force on Climate-related Financial Disclosures (Table 3), Sustainability Accounting Standards Board (Table 4) and the Regulatory Technical Standards indicators for disclosure of sustainability indicators in the financial services sector[170] (Table 5). Whenever possible a cross-reference is also made between these points, and the Sustainable Development Goals and the Principles of the United Nations Global Compact.

Table 1 – Indicator reporting according to the Global Reporting Initiative Standards

<table>
<tr><th>GRI Standard</th><th>Description</th><th>Evidence</th><th>Other standards</th></tr>
<tr><td>102-1</td><td>Name of the organization.</td><td>Jerónimo Martins, SGPS, S.A.</td><td>---</td></tr>
<tr><td>102-2</td><td>Activities, brands, products, and services.</td><td>Refer to Chapter 1. "The Jerónimo Martins Group".</td><td>---</td></tr>
<tr><td>102-3</td><td>Location of headquarters.</td><td>Rua Actor António Silva n. º 7, 1649-033 Lisboa, Portugal.</td><td>---</td></tr>
<tr><td>102-4</td><td>Location of operations.</td><td rowspan="4">Refer to Chapter 1. "The Jerónimo Martins Group".</td><td rowspan="4">---</td></tr>
<tr><td>102-5</td><td>Ownership and legal form.</td></tr>
<tr><td>102-6</td><td>Markets served.</td></tr>
<tr><td>102-7</td><td>Scale of the organization.</td></tr>
<tr><td>102-8</td><td>Information on employees and other workers. ✓</td><td>Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 6. “Being a Benchmark Employer”, section 6.2. “Our People”.
<table>
<tr><th></th><th colspan="6">Type of Contract</th></tr>
<tr><th></th><th colspan="3">2021</th><th colspan="3">2020</th></tr>
<tr><th></th><th>Women</th><th>Men</th><th>Total</th><th>Women</th><th>Men</th><th>Total</th></tr>
<tr><td>Permanent</td><td>64,604</td><td>19,196</td><td>83,800</td><td>60,836</td><td>18,041</td><td>78,877</td></tr>
<tr><td>Fixed-term</td><td>29,903</td><td>9,755</td><td>39,658</td><td>29,315</td><td>10,018</td><td>39,333</td></tr>
</table>
<table>
<tr><th></th><th colspan="6">Type of Workload</th></tr>
<tr><th></th><th colspan="3">2021</th><th colspan="3">2020</th></tr>
<tr><th></th><th>Women</th><th>Men</th><th>Total</th><th>Women</th><th>Men</th><th>Total</th></tr>
<tr><td>Full-time</td><td>77,952</td><td>26,440</td><td>104,392</td><td>73,998</td><td>25,731</td><td>99,729</td></tr>
<tr><td>Part-time</td><td>16,555</td><td>2,511</td><td>19,066</td><td>16,153</td><td>2,328</td><td>18,481</td></tr>
</table>
The SENA Internships in Colombia were considered in the "fixed-term" contract typology, corresponding to 301 and 339 internships in 2021 and 2020 respectively.</td><td>UNGC 6
SDG 8 & 10</td></tr>
<tr><td>102-9</td><td>Supply chain.</td><td>Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapters 4. “Sourcing Responsibly”, and to Chapter 3. "Financial Statements" and to channel "Responsibility", page "Our Responsibility Strategy", on the website www.jeronimomartins.com.</td><td>---</td></tr>
<tr><td>102-10</td><td>Significant changes to the organisation and its supply chain.</td><td>Non-applicable.</td><td>---</td></tr>
<tr><td>102-11</td><td>Precautionary Principle or approach.</td><td>Refer to Chapter 4. "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 5. "Corporate Responsibility in Value Creation".</td><td>---</td></tr>
<tr><td>102-12</td><td>External initiatives.</td><td rowspan="2">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.</td><td rowspan="2">---</td></tr>
<tr><td>102-13</td><td>Membership of associations.</td></tr>
<tr><td>102-14</td><td>Statement from senior decision-maker.</td><td>Refer to "Message from the Chairman".</td><td>---</td></tr>
<tr><td>102-15</td><td>Key impacts, risks, and opportunities.</td><td>Refer to Chapter 4. "Corporate Governance", Part I – “Information on Shareholder Structure, Organisation and Corporate Governance”, section C. “Internal Organisation", subsection III – “Internal Control and Risk Management”.</td><td>---</td></tr>
<tr><td>102-16</td><td>Values, principles, standards, and norms of behaviour.</td><td rowspan="2">See channel "Responsibility", page "Corporate Responsibility Publications" to consult the Jerónimo Martins 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.</td><td rowspan="2">UNGC 10
SDG 16</td></tr>
<tr><td>102-17</td><td>Mechanisms for advice and concerns about ethics.</td></tr>
<tr><td>102-18</td><td>Governance structure.</td><td>Refer to Chapter 4. "Corporate Governance", Part I – “Information on Shareholder Structure, Organisation and Corporate Governance”.</td><td>---</td></tr>
</table>

[170] The disclosure of these indicators is done in accordance with the draft version developed by the European Supervisory Authorities (ESAs) made available in February 2021 for the disclosure of sustainability information provided in Regulation (EU) 2019/2088.

GRI Standard	Description	Evidence	Other standards
102-19	Delegating authority.	Refer to Chapter 4. "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 5. "Corporate Responsibility in Value Creation", subchapter 1. "Approach to Corporate Responsibility", subsection 1.2. "Stakeholder engagement and the channel "Responsibility", page "Our Responsibility Strategy", subpage "Defining our Priorities", on the website www.jeronimomartins.com.	SDG 16
102-22	Composition of the highest governance body and its committees.	Refer to Chapter 4. "Corporate Governance", Part I – "Information on Shareholder Structure, Organisation and Corporate Governance", sections A and B.	SDG 5 & 16
102-23	Chair of the highest governance body.		SDG 16
102-24	Nominating and selecting the highest governance body.		SDG 5 & 16
102-25	Conflicts of interest.	See channel "Responsibility", page "Corporate Responsibility Publications" to consult the Jerónimo Martins 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 and 2021, among managers and employees of operations with critical functions and is available on the website www.jeronimomartins.com.	SDG 16
102-26	Role of highest governance body in setting purpose, values, and strategy.	Refer to Chapter 4. "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 Sustainability Comitees were created for all our Food Retail, Specialized Retail and Agribusiness Companies, with 20 meetings taking place in 2021. Refer to Chapter 5. "Corporate Responsibility in Value Creation" and Chapter 4. "Corporate Governance", Part I – "Information on Shareholder Structure, Organisation and Corporate Governance", section B. "Corporate Bodies and Committees", subsection II. "Management and Supervision (Board of Directors)".	---
102-28	Evaluating the highest governance body's performance.	Refer to Chapter 4. "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 4. "Corporate Governance", Part I – "Information on Shareholder Structure, Organisation and Corporate Governance", section C "Internal Organisation".	SDG 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 4. "Corporate Governance", Part I – "Information on Shareholder Structure, Organisation and Corporate Governance".	---
102-35	Remuneration policies.	Refer to Chapter 4. "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.		SDG 16
102-38	Annual total compensation ratio.	Refer to Chapter 4. "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 5. "Corporate Responsibility in Value Creation", subchapter 1. "Approach to Corporate Responsibility", subsection 1.2. "Stakeholder Engagement". See channel "Responsibility", page "Our Responsibility Strategy", subpage "Stakeholder Engagement" on the website www.jeronimomartins.com.	---
102-41	Collective bargaining agreements.	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 6. "Being a Benchmark Employer", section 6.3. "Our Intervention Areas", subsection 6.3.11. "Act Ethically".	UNGC 3 SDG 8 & 10
102-42	Identifying and selecting stakeholders.	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 1. "Approach to Corporate Responsibility", subsection 1.2. "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 1. "The Jerónimo Martins Group", Chapter 3. "Financial Statements" and Chapter 4. "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. "Financial Statements" and V. "Corporate Responsibility in Value Creation".	---

GRI Standard	Description		Evidence	Other standards
102-47	List of material topics.	✅	Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 1. “Approach to Corporate Responsibility”, subsection 1.2. “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 2021.	---
102-51	Date of most recent report.		The previous Jerónimo Martins Group's Annual Report referred to 2020.	---
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 5. “Corporate Responsibility in Value Creation”, subchapter 9. “Table of Indicators”.	---
102-56	External assurance.	✅	The information contained and marked in this table with “✅” has been verified by an external third party: Ernst&Young Audit & 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 5. “Corporate Responsibility in Value Creation”, subchapter 1. “Approach to Corporate Responsibility”, subsection 1.2. “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 5. “Corporate Responsibility in Value Creation”, subchapters 2. to 6. See channel "Responsibility", page "Our Responsibility Strategy" on the website www.jeronimomartins.com.	UNGC 1 & 8
103-3	Evaluation of the management approach.		Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapters 7. “Our Commitments for 2021-2023”. See channel "Responsibility", page "Our Commitments and Progress" on the website www.jeronimomartins.com.	---
ECONOMIC PERFORMANCE				
201-1	Direct economic value generated and distributed.		Refer to Chapter 3. "Financial Statements" and indicator 203-1.	SDG 8 & 9
201-2	Financial implications and other risks and opportunities due to climate change.		Refer to Chapter 4. "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 5. “Corporate Responsibility in Value Creation”, subchapter 3. “Respecting the Environment”, section 3.3. “Fighting Climate Change”.	UNGC 7 SDG 13
201-3	Defined benefit plan obligations and other retirement plans.		Refer to Chapter 4. "Corporate Governance", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, section D. “Remuneration”. Refer to Chapter 3. "Financial Statements".	---
201-4	Financial assistance received from government.		In Poland, a total of 879,997.08 euros was received, under the form of financial assistance regarding employees’ remuneration (478,215.93 euros), of financing the Employee Benefits Guarantee Fund (390,368.51) and refunding of costs associated with repatriated employees (11,412.64). 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 Innovation and Development (I&D) and expenses with the acquisition of fixed assets to support the I&D activity, which are certified by an external and independent entity. The aforementioned expenses, incurred in 2020, resulted in a tax credit in the amount of 398,359.00 euros, which was determined during the year 2021 and is still waiting for approval of the National Innovation Agency for the remaining amount of potential tax credit requested of 1,953,498.00 euros. The Group Companies' investment in I&D, based on the amounts reported in the Survey on National Scientific and Technological Potential (IPCTN20), amounted to 4,730,977.00 euros. There were no financial incentives (in the form of tax benefits/credits) granted by official entities to our operations in Colombia. However, within the scope of the support granted by the Government to entities that have hired young employees aged between 18 and 28 during 2021, a total of 46,288.59 euros was received.	---
MARKET PRESENCE				
202-1	Ratios of standard entry level wage by	✅		UNGC 6 SDG 1, 5 & 8

<table>
<tr><th>GRI Standard</th><th>Description</th><th></th><th>Evidence</th><th>Other standards</th></tr>
<tr><td></td><td>gender compared to local minimum wage.</td><td></td><td>
<table>
<tr><th></th><th colspan="2">Ratios of standard entry level wage compared to local minimum wage*</th></tr>
<tr><th></th><th>Women</th><th>Men</th></tr>
<tr><td>Portugal</td><td>101.5%</td><td>101.5%</td></tr>
<tr><td>Poland</td><td>100.0%</td><td>100.0%</td></tr>
<tr><td>Colombia</td><td>129.2%</td><td>129.2%</td></tr>
</table>
*The lowest salaries of the Companies with the highest representation in each country are considered, that is, Pingo Doce (Portugal), Biedronka (Poland) and Ara (Colombia).

Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 6. “Being a Benchmark Employer”, section 6.3. “Our Intervation Areas”, subsection 6.3.5. “Recognising with Fairness and Competitiveness”.</td><td></td></tr>
<tr><td>202-2</td><td>Proportion of senior management hired from the local community.</td><td>✓</td><td>
<table>
<tr><th></th><th colspan="2">Proportion of senior management hired from the local community*</th></tr>
<tr><th></th><th>2021</th><th>2020</th></tr>
<tr><td>Group</td><td>87.2%</td><td>86.0%</td></tr>
<tr><td>Portugal</td><td>92.9%</td><td>92.6%</td></tr>
<tr><td>Polónia</td><td>81.7%</td><td>79.5%</td></tr>
<tr><td>Colômbia</td><td>71.4%</td><td>72.4%</td></tr>
</table>
*The employees in senior positions come from the categories: "Executive Board Members" and "Senior and Middle Management".

To calculate this percentage, employees at the three highest functional levels in the organisation are considered. The hiring of people whose nationality is the same as the geography where the employee works is considered local.</td><td>UNGC 6
SDG 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 rowspan="2">Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 4. “Sourcing Responsible” and subchapter 5. “Supporting Surrounding Communities”, section 5.3. “Direct Support”. See channel "Responsibility", page “Sourcing Responsibly” and "Supporting Surrounding Communities" on the website www.jeronimomartins.com.</td><td>SDG 5, 9 & 11</td></tr>
<tr><td>203-2</td><td>Significant indirect economic impacts.</td><td>✓</td><td>SDG 1, 3 & 8</td></tr>
<tr><td colspan="5">PROCUREMENT PRACTICES</td></tr>
<tr><td>204-1</td><td>Proportion of spending on local suppliers.</td><td>✓</td><td>Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 4. “Sourcing Responsibly”, section 4.2. “Local Supplier Engagement”.</td><td>SDG 8</td></tr>
<tr><td colspan="5">ANTI-CORRUPTION</td></tr>
<tr><td>205-1</td><td>Operations assessed for risks related to corruption.</td><td></td><td>Refer to Chapter 4. "Corporate Governance", Part I – “Information on Shareholder Structure, Organisation and Corporate Governance", section C. "Internal Organisation" and section E. “Related Party Transactions”.</td><td>UNGC 10
SDG 16</td></tr>
<tr><td>205-2</td><td>Communication and training about anti-corruption policies and procedures.</td><td>✓</td><td>Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 6. “Being a Benchmark Employer”, section 6.3. “Our Intervention Areas”, subsection 6.3.11. “Act Ethically”.</td><td>UNGC 10
SDG 16</td></tr>
<tr><td colspan="5">MATERIALS</td></tr>
<tr><td>301-1</td><td>Materials used by weight or volume.</td><td>✓</td><td rowspan="2">Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 3. “Respecting the Environment”, section 3.4. “Main Consumption of Materials and Waste Management".</td><td>UNGC 7 & 8
SDG 8 & 12</td></tr>
<tr><td>301-2</td><td>Recycled input materials used.</td><td>✓</td><td>UNGC 7 & 8
SDG 8 & 12</td></tr>
<tr><td>301-3</td><td>Reclaimed products and their packaging materials.</td><td></td><td>This aspect is not material. Nevertheless, the Group promotes the collection of customer waste in its stores for recovery. Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 3. “Respecting the Environment”, section 3.4. “Main Materials Consumption and Waste Management".</td><td>UNGC 8
SDG 8 & 12</td></tr>
<tr><td colspan="5">ENERGY</td></tr>
<tr><td>302-1</td><td>Energy consumption within the organization.</td><td>✓</td><td>Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 3. “Respecting the Environment”, section 3.3. “Fighting Climate Change", subsection 3.3.3. “Water and Energy Consumption Management”.</td><td>UNGC 7 & 8
SDG 7, 8, 12 & 13</td></tr>
<tr><td>302-2</td><td>Energy consumption outside of the organization.</td><td></td><td>This indicator is disclosed as CO_2e, concerning the calculation of the Group's Carbon Footprint - scope 3 emissions. Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 3. “Respecting the Environment”, section 3.3. “Fighting Climate Change", subsection 3.3.2. “Carbon Footprint”. It includes the following categories: C1. Purchased products and services; C5. Waste produced in</td><td>UNGC 7 & 8
SDG 7, 8, 12 & 13</td></tr>
</table>

GRI Standard	Description		Evidence	Other standards
			operations; C6. Work travel; C9. Downstream transport and distribution; and C14. Franchise[171].	
302-3	Energy intensity.	✓	Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 3. “Respecting the Environment”, section 3.3. “Fighting Climate Change", subsection 3.3.3. “Water and Energy Consumption Management”.	UNGC 8 SDG 7, 8, 12 & 13
302-4	Reduction of energy consumption.	✓		UNGC 8 & 9 SDG 7, 8, 12 & 13
302-5	Reductions in energy requirements of products and services.		Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 3. “Respecting the Environment”, section 3.3. “Fighting Climate Change" and section 3.4. “Main Materials Consumption and Waste Management", subsection 3.4.3. “Waste Management”.	UNGC 8 & 9 SDG 7, 8, 12 & 13
WATER				
303-1 (2018)	Interactions with water as a shared resource.	✓	Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 3. “Respecting the Environment”, section 3.3. “Fighting Climate Change" subsection 3.3.3. “Water and Energy Consumption Management”.	UNGC 7 & 8 SDG 6, 12
303-2 (2018)	Management of water discharge-related impacts.	✓		UNGC 8 SDG 6
303-3 (2018)	Water withdrawal.	✓		UNGC 8 SDG 6 & 12
303-4 (2018)	Water discharge.	✓		UNGC 8 SDG 6
303-5 (2018)	Water consumption.	✓		UNGC 7 & 8 SDG 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.	UNGC 8 SDG 6, 14 & 15
304-2	Significant impacts of activities, products, and services on biodiversity.	✓	Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 3. “Respecting the Environment”, section 3.2. “Preserving Biodiversity" and subchapter 4. “Sourcing Responsibly”, section 4.3. “Promotion of More Sustainable Production Practices”.	UNGC 8 SDG 6, 14 & 15
304-3	Habitats protected or restored.		Non-applicable to the Group's activities in 2021. 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 5. “Corporate Responsibility in Value Creation”, subchapter 3. “Respecting the Environment”, section 3.2. “Preserving Biodiversity” and subchapter 4. “Sourcing Responsibly”; section 4.3. “Promotion of More Sustainable Production Practices”.	UNGC 8 SDG 6, 14 & 15
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations.	✓	Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 4. “Sourcing Responsibly”, section 4.3. “Promotion of More Sustainable Production Practices”, subsection 4.3.2. “Sustainable Fishing”.	UNGC 8 SDG 6, 14 & 15
EMISSÕES				
305-1	Direct (Scope 1) GHG emissions.	✓	Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 3. “Respecting the Environment”, section 3.3. “Fighting Climate Change", subsection 3.3.2. “Carbon Footprint”.	UNGC 7 & 8 SDG 3, 12, 13, 14 & 15
305-2	Energy indirect (Scope 2) GHG emissions.	✓		UNGC 7 & 8 SDG 3, 12, 13, 14 & 15
305-3	Other indirect (Scope 3) GHG emissions.	✓		UNGC 7 & 8

[171] This parameter includes franchising and similar models.

GRI Standard	Description		Evidence	Other standards
				SDG 3, 12, 13, 14 & 15
305-4	GHG emissions intensity.	✓		UNGC 8 SDG 13, 14 & 15
305-5	Reduction of GHG emissions.	✓		UNGC 8 & 9 SDG 13, 14 & 15
305-6	Emissions of ozone-depleting substances (ODS).	✓	This aspect is not material. However, in 2021, an emission of 4.65 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.	UNGC 7 & 8 SDG 3 & 12
305-7	Nitrogen oxides (NO_X), sulphur oxides (SO_X), and other significant air emissions.	✓	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 = 159.2 tonnes (+1.4% compared to 2020); • SO_X = 37.2 tonnes (-7.2% compared to 2020).	UNGC 7 & 8 SDG 3, 12, 14 & 15
EFFLUENTS AND WASTE				
306-2	Waste by type and disposal method.	✓	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 3. "Respecting the Environment", sections 3.3. "Fighting Climate Change" and 3.4. "Main Consumption of Materials and Waste Management", subsection 3.4.3. "Waste Management".	UNGC 8 SDG 3, 6, 11 & 12
306-3	Significant spills.		In 2021, there were no spills with significant environmental impacts.	UNGC 8 SDG 3, 11, 12, 14 & 15
SUPPLIER ENVIRONMENTAL ASSESSMENT				
308-1	New suppliers that were screened using environmental criteria.	✓	In 2021, the Group audited 129 new suppliers and 13% of these were screened using environmental criteria, a lower value than in previous years justified by the change in the approval methodology (autonomisation of the environmental criteria) with the aim of reaching 100% in 2022 and beyond.Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 4. "Sourcing Responsibly", section 4.4. "Selection and Monitoring of Suppliers", subsection 4.4.1. "Supplier Audits".	UNGC 8
308-2	Negative environmental impacts in the supply chain and actions taken.		Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 3. "Respecting the Environment", section 3.2. "Preserving Biodiversity" and subchapter 4. "Sourcing Responsibly", section 4.4. "Selection and Monitoring of Suppliers".	UNGC 8
EMPLOYMENT				
401-1	New employee hires and employee turnover.	✓	**New employee hires** (see below)	UNGC 6 SDG 5, 8 & 10

New employee hires

Rate of New Employee Hires*	Age					Total
	18-24	25-34	35-44	45-54	>55	
Group	90.6%	32.5%	19.4%	14.1%	8.2%	**32.1%**
Portugal	107.8%	30.5%	16.4%	10.9%	5.4%	**35.0%**
Polanda	78.0%	29.6%	19.9%	15.6%	10.9%	**28.5%**
Colombia	93.1%	51.2%	26.8%	15.3%	0.0%	**54.5%**

Rate of New Employee Hires*	Gender		Total
	Women	Men	
Group	29.4%	41.0%	**32.1%**
Portugal	29.5%	45.6%	**35.0%**
Poland	28.2%	30.2%	**28.5%**
Colombia	50.2%	58.1%	**54.5%**

*rate of new hirings (per segment) = total number of new hirings during the year/total number of employees at the end of the period

In total 39,652 people were hired, of which 12,114 in Portugal, 22,853 in Poland and 4,685 in Colombia, corresponding to an overall growth of 31.2% compared to 2020.

GRI Standard	Description		Evidence	Other standards

Employee turnover

Rate of Employee Turnover*	Age					Total
	18-24	25-34	35-44	45-54	>55	
Group	67.9%	28.9%	18.5%	13.3%	15.2%	**27.7%**
Portugal	82.9%	31.4%	16.8%	10.9%	12.9%	**31.4%**
Poland	56.9%	24.8%	18.2%	14.5%	17.3%	**24.0%**
Colombia	70.3%	44.7%	33.1%	24.3%	14.3%	**47.4%**

Rate of Employee Turnover*	Gender		Total
	Women	Men	
Group	24.7%	37.6%	**27.7%**
Portugal	26.7%	40.3%	**31.4%**
Poland	22.7%	31.1%	**24.0%**
Colombia	46.1%	48.4%	**47.4%**

*rate of employee turnover (per segment) = total number of employees leaving during the year/total number of employees at the end of the period.

The Group's analysis focuses on two types of employee turnover: non-voluntary and voluntary (from the employee's point of view). The first essentially results from the seasonality to which the business is subject to, forcing the Companies to adjust their workforce at times such as Christmas, Easter or Summer, as well as a desirable adjustment related to underperformance.

On the other hand, there are several reasons that can lead employees to leave the Group voluntarily, which may be related to the attraction of a new position or the need to change for professional or personal reasons.

Voluntary turnover is the main cause of the indicator's fluctuations over the years. The gradual return to normality, with an impact on the labour market, justifies in 2021 the 4.6 p.p. increase in the employee turnover rate compared to 2020 (23.1%).

The most significant increase was in Colombia (16.6 p.p. more than in 2020). For reasons of productivity and sizing, the Company adjusted its workforce, not renewing some of the fixed-term contracts. On the other hand, at local level, there was a reduction in the unemployment rate, with employees from some industries such as entertainment and tourism returning to their sectors of origin. The pandemic also increased opportunities for remote work, intensifying the internal competition for talent, namely store employees.

The Group conducts exit interviews to understand the reasons for employee turnover and to act preventively by mitigating them. In addition, this indicator is monitored by the Risk Committee.

GRI Standard	Description		Evidence	Other standards
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees.	✓	Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 6. “Being a Benchmark Employer”, section 6.3. “Our Intervention Areas”, subsection 6.3.5. “Recognising with Fairness and Competitiveness”.	SDG 3, 5 & 8
401-3	Parental leave.	✓		UNGC 6 SDG 5 & 8

Parental Leave	Gender		Total
	Women	Men	
Employees entitled to parental leave*	94,507	28,951	123,458
Employees who took parental leave	6,402	1,327	7,729
Employees who returned from parental leave and remained in the Group 12 months after their return**	2,621	1,102	3,723
Retention rate***	90%	82%	87%

*Compared to 2020, the Group changed the way it reports the indicator "Employees entitled to parental leave", considering all its employees. The Jerónimo Martins Group has always valued the right to personal life and family fulfilment of its employees, ensuring the same rights to all.
** New indicator compared to 2020.
***The retention rate corresponding to the percentage of employees who returned from parental leave in 2020 and continued working for the Group 12 months later.

<table>
<tr><th>GRI Standard</th><th>Description</th><th></th><th>Evidence</th><th>Other standards</th></tr>
<tr><td></td><td></td><td></td><td>The Group is improving its systems to calculate the return rate to work.</td><td></td></tr>
<tr><td colspan="5">ABOUR/MANAGEMENT RELATIONS</td></tr>
<tr><td>402-1</td><td>Minimum notice periods regarding operational changes.</td><td></td><td>The Jerónimo Martins Group follows the notice periods established by the law in what regards operational changes.</td><td>UNGC 3
SDG 8 & 10</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 5. “Corporate Responsibility in Value Creation”, subchapter 6. “Being a Benchmark Employer”, section 6.3. “Our Intervention Areas", subsection 6.3.7. “Protect through the Best Work Conditions” and subsection 6.3.8. “Integrate Work and Personal Context”.</td><td>SDG 8</td></tr>
<tr><td>403-2 (2018)</td><td>Hazard identification, risk assessment, and incident investigation.</td><td></td><td>UNGC 1
SDG 3 & 8</td></tr>
<tr><td>403-3 (2018)</td><td>Occupational health services.</td><td></td><td>SDG 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>SDG 8</td></tr>
<tr><td>403-6 (2018)</td><td>Promotion of worker health.</td><td></td><td>SDG 3</td></tr>
<tr><td>403-8 (2018)</td><td>Workers covered by an occupational health and safety management system.</td><td></td><td>
<table>
<tr><th></th><th colspan="2">Coverage Occupacional Health and Safety Management System</th></tr>
<tr><th></th><th colspan="2">Poland</th></tr>
<tr><th></th><th>Total</th><th>Percentage</th></tr>
<tr><td>Employees and non-employee workers covered by the system</td><td>99,239</td><td>100.0%</td></tr>
<tr><td>Employees and non-employee workers covered by the system that was audited internally</td><td>99,239</td><td>100.0%</td></tr>
<tr><td>Employees and non-employee workers covered by the system that has been audited or certified by an external entity</td><td>21,044</td><td>21.2%</td></tr>
</table>
The information presented refers to the occupational health and safety management system implemented in Biedronka. In this scope, 77,088 employees and 22,151 non-employee workers are considered.
As a rule, all employees are covered by the system. The external audit only includes a sample of total employees and non-employees.
In Portugal and Colombia, non-employee workers are also covered by the occupational health and safety systems of the respective countries, in accordance with local legislation.
</td><td>SDG 8</td></tr>
<tr><td>03-9 (2018)</td><td>Work-related injuries.</td><td></td><td>
<table>
<tr><th></th><th colspan="3">Work-related injuries*</th></tr>
<tr><th></th><th>Women</th><th>Men</th><th>Total</th></tr>
<tr><td>Deaths</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Accidents with serious consequences*</td><td>17</td><td>8</td><td>25</td></tr>
<tr><td>Mandatory reporting accidents</td><td>2,874</td><td>1,368</td><td>4,242</td></tr>
<tr><td>Total hours worked</td><td>138,774,094</td><td>49,126,674</td><td>187,900,768</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.
** Accidents with a serious consequence are those that result in a period of absence of the employee greater than 180 days.
In 2021, there were about 4 thousand accidents at work across the Group, of which 25 resulted in a serious consequence, corresponding to an increase of 6.6% and 127.3% compared to the previous year.
The vast majority of accidents are due to physical effort, falling, cutting, pinching, hitting infrastructure due to inappropriate handling of the equipment or risky behaviour.
</td><td>SDG 3, 8 & 16</td></tr>
</table>

<table>
<tr><th>GRI Standard</th><th>Description</th><th></th><th>Evidence</th><th>Other standards</th></tr>
<tr><td></td><td></td><td></td><td>Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 6. “Being a Benchmark Employer”, section 6.3. “Our Intervention Areas", subsection 6.3.7. “Protect through the Best Work Conditions”.</td><td></td></tr>
<tr><td>403-10 (2018)</td><td>Work-related ill health.</td><td>✓</td><td>
<table>
<tr><th></th><th colspan="3">Work-related ill health</th></tr>
<tr><th></th><th>Women</th><th>Men</th><th>Total</th></tr>
<tr><td>Deaths</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Occupational diseases with mandatory reporting</td><td>107</td><td>14</td><td>121</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.

In 2021, 121 occupational diseases were registered across the Group, corresponding to a decrease of 9.7% compared to the previous year.
The main occupational diseases are tendonitis (inflammation of the tendons), epicondylitis (inflammation of the elbow) and periarthritis (shoulder inflammation).

Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 6. “Being a Benchmark Employer”, section 6.3. “Our areas of action", subsection 6.3.7. “Protect through the Best Work Conditions”.</td><td>SDG 3, 8 & 16</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>The Group is improving its systems to calculate average training hours by gender and professional category. Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 6. “Being a Benchmark Employer”, section 6.3. “Our Intervention Areas", subsection 6.3.3. “Capacitate for the future”.</td><td>UNGC 6
SDG 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 5. “Corporate Responsibility in Value Creation”, subchapter 6. “Being a Benchmark Employer”, section 6.3. “Our Intervention Areas", subsection 6.3.3. “Capacitate for the future”.</td><td>SDG 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 colspan="3">Employees receiving regular performance*</th></tr>
<tr><th></th><th colspan="2">Gender</th><th rowspan="2">Total</th></tr>
<tr><th></th><th>Women</th><th>Men</th></tr>
<tr><td>Group</td><td>96.9%</td><td>99.4%</td><td>97.5%</td></tr>
<tr><td>Executive Board Members</td><td>100.0%</td><td>100.0%</td><td>100.0%</td></tr>
<tr><td>Top and Middle Management</td><td>97.1%</td><td>98.6%</td><td>97.8%</td></tr>
<tr><td>Store, DC and Office Employees</td><td>96.9%</td><td>99.5%</td><td>97.5%</td></tr>
</table>
* In 2021 only employees eligible for performance evaluation were considered, in accordance with the Performance Evaluation Policies in force at the Corporate level and in each of the Companies.

Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 6. “Being a Benchmark Employer”, section 6.3. “Our Intervention Areas", subsection 6.3.4. “Empower the Individual Path and Expression”.</td><td>UNGC 6
SDG 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 6. “Being a Benchmark Employer”, section 6.2. “Our People”, subsection 6.2.1 “Employee Distribution”.</td><td>UNGC 6
SDG 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 5. “Corporate Responsibility in Value Creation”, subchapter 6. “Being a Benchmark Employer”, section 6.3. “Our Intervention Areas", subsection 6.3.2. “Welcome Diversity”.</td><td>UNGC 6
SDG 5, 8 & 10</td></tr>
<tr><td colspan="5">FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</td></tr>
<tr><td>407-1</td><td colspan="2">Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk.</td><td>Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 6. “Being a Benchmark Employer”, section 6.3. “Our Intervention Areas", subsection 6.3.11. “Act Ethically” and subchapter 4. “Sourcing Responsibly”, section 4.4. “Selection and Monitoring of Suppliers”.</td><td>UNGC 3
SDG 8</td></tr>
<tr><td colspan="5">CHILD LABOUR</td></tr>
<tr><td>408-1</td><td colspan="2">Operations and suppliers at significant risk for incidents of child labour.</td><td>Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 6. “Being a Benchmark Employer”, section 6.3. “Our Intervention Areas", subsection 6.3.11. “Act Ethically” and subchapter 4. “Sourcing Responsibly”, section 4.4. “Selection and Monitoring of Suppliers”.</td><td>UNGC 5
SDG 8 & 16</td></tr>
</table>

GRI Standard	Description		Evidence	Other standards
FORCED OR COMPULSORY LABOUR				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour.		Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 6. “Being a Benchmark Employer”, section 6.3. “Our Intervention Areas”, subsection 6.3.11. “Act Ethically” and subchapter 4. “Sourcing Responsibly”, section 4.4. “Selection and Monitoring of Suppliers”.	UNGC 4 SDG 8
SECURITY PRACTICES				
410-1	Security personnel trained in human rights policies or procedures.		Currently, the information systems do not allow the collection and processing of information on non-employee workers, such as the security teams, so the Group continues to work on improving them.	UNGC 1 SDG 16
HUMAN RIGHTS ASSESSMENT				
412-1	Operations that have been subject to human rights reviews or impact assessments.		Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 6. “Being a Benchmark Employer”, section 6.3. “Our Intervention Areas”, subsection 6.3.11. “Act Ethically”.	UNGC 1
412-2	Employee training on human rights policies and 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. Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 6. “Being a Benchmark Employer”, section 6.3. “Our Intervention Areas”, subsection 6.3.11. “Act Ethically”.	412-2
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 adherence to the Jerónimo Martins Group's Code of Conduct for Suppliers. Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 4. “Sourcing Responsibly”, section 4.4. “Selection and Monitoring of Suppliers".	UNGC 2
LOCAL COMMUNITIES				
413-1	Operations with local community engagement, impact assessments, and development programs.	✓	Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 5. “Supporting Surrounding Communities”, section 5.2. "Managing the Policy on Supporting Communities".	UNGC 1
SUPPLIER SOCIAL ASSESSMENT				
414-1	New suppliers that were screened using social criteria.	✓	In 2021, the Group audited 323 new Private Brand and perishable suppliers being 99% 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 5. “Corporate Responsibility in Value Creation”, subchapter 4. “Sourcing Responsibly”, section 4.4. “Selection and Monitoring of Suppliers".	UNGC 2 & 8 SDG 5, 8 & 16
414-2	Negative social impacts in the supply chain and actions taken.	✓	In 2021, of the 1,935 Private Brand and perishables suppliers***, around 90% were subject to social impact assessment. Of these, 11 (less than 1%) were identified as having labour practices with negative impacts (e.g., inexistence and/or inappropriate use of clothing, hand washing equipment, non-compliance with rules of conduct and personal hygiene, among others), of which 2 (18% of the non-compliant) have committed to implementing corrective measures. For the remaining 9 (82% of non-compliant), the Group terminated the commercial relationship due to non-compliance with several aspects, including labour aspects. Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 4. “Sourcing Responsibly”, section 4.4. “Selection and Monitoring of Suppliers". ***The same supplier may have more than one location. In these cases, each location is treated independently and accounted for as such. Thus, even if a production unit is disapproved, and it is suspended/rejected to supply the Group until corrective actions are implemented, the supplier can maintain supply in case of a positive evaluation in the remaining production units.	UNGC 2 SDG 5, 8 & 16
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.	UNGC 10 SDG 16
CUSTOMER HEALTH AND SAFETY				
416-1	Assessment of the health and safety impacts of product and service categories.	✓	Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 2. “Promoting Good Health through Food” and subchapter 4. “Sourcing Responsibly”, section 4.4. “Selection and Monitoring of Suppliers".	---
MARKETING AND LABELING				
417-1	Requirements for product and service information and labelling.		Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 2. “Promoting Good Health through Food”, section 2.2. “Quality and Diversity" and subchapter 4. “Sourcing Responsibly”, section 4.3. “Promotion of More Sustainable Production Practices”.	SDG 12

The table of indicators above follows the methodology of the Global Reporting Initiative (GRI) Standards. Unless otherwise stated, indicators are reported in accordance with the 2016 version of the GRI Standards.

Table 2 – Reporting of Jerónimo Martins' performance indicators.

Jerónimo Martins Indicator	Description		Evidence	Other standards
JM 1	Number of Nutri-Score labelled references in Portugal and in Poland.	✓	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 2. "Promoting Good Health through Food", section 2.2. "Quality and Diversity".	SDG 3 & 12
JM 2	Number of vegan, lactose-free and gluten-free Private Brand products/references in Portugal, Poland and Colombia.	✓	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 7. "Commitments 2021-2023".	SDG 3, 10 & 12
JM 3	Number of Portuguese and Polish Private Brand products containing, in their direct ingredients, artificial dyes, versus total number of food products.	✓	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 7. "Commitments 2021-2023".	SDG 3 & 12
JM 4	Number of Portuguese and Polish Private Brand products containing, in their direct ingredients, artificial flavour enhancers, versus total number of products.	✓	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 7. "Commitments 2021-2023".	SDG 3 & 12
JM 5	Guarantee the absence of glucose and fructose syrup in Private Brand products in Poland until the end of 2021.	✓	66% of all Private Brand references in Poland without glucose-fructose. Bakery and Pastry products in Biedronka Private Brand labels: 98.6%.	SDG 3 & 12
JM 6	Ensuring the absence of annatto coloring in all Private Brand cheese products in Biedronka until the end of 2021.	✓	100% of the considered references were free of the annatto dye.	SDG 3 & 12
JM 7	Responsible consumption advertising for Private Brand alcohol beverages.	✓	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 2. "Promoting Good Health through Food", section 2.2. "Quality and Diversity".	SDG 3 & 12
JM 8	Increase the number of locations with environmental certification to at least 60% of the total distribution centres and industrial units (Fresh dough factory, Central kitchens, soup factories and Terra Alegre dairy factory) by 2023.	✓	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 7. "Commitments 2021-2023".	UNGC 8 SDG 7, 12 & 13
JM 9	Reduce energy consumption by 10% (per 1,000 euros of sales) by 2023, compared to 2017.	✓	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 3. "Respecting the Environment", section 3.3. "Figthing Climate Change".	UNGC 7 SDG 7, 12 & 13
JM 10	Reduce water withdrawal measured in megalitres in Distribution activities by 10% by 2023 (per million euros of sales), compared to 2017	✓	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 3. "Respecting the Environment", section 3.3. "Figthing Climate Change" and subchapter 7. "Commitments for 2021-2023".	UNGC 7 SDG 7, 12, 13 & 14
JM11	Calculation of energy and water savings for the Let's Go Green Project.	✓	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 3. "Respecting the Environment", section 3.3. "Figthing Climate Change", subsection 3.3.3. "Water and Energy Consumption Management".	UNGC 7 SDG 7, 12 & 13
JM12	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.	✓	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 3. "Respecting the Environment", section 3.3. "Figthing Climate Change" and subchapter 7. "Commitments for 2021-2023".	UNGC 7 SDG 7, 12 & 13
JM 13	Amount calculation of plastic in the Private Brand packaging and in other single-use plastics.	✓	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 3. "Respecting the Environment", section 3.4. "Main Consumption of Materials and Waste Management" and subchapter 7. "Commitments for 2021-2023".	SDG 12 & 13

Jerónimo Martins Indicator	Description		Evidence	Other standards
JM 14	Calculation of ecodesign projects savings in material and environmental benefits.	✓	Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 3. “Respecting the Environment”, section 3.4. “Main Consumption of Materials Consumption and Waste Management”3.4. “Main Consumption of Materials Consumption and Waste Management”and subchapter 7. “Commitments for 2021-2023”.	SDG 12 & 13
JM 15	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.	✓		SDG 12 & 13
JM 16	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 pallet wrapping film) by 2023.	✓	Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 3. “Respecting the Environment”, section 3.4. “Main Consumption of Materials Consumption and Waste Management”3.4. “Main Consumption of Materials Consumption and Waste Management”and subchapter 7. “Commitments for 2021-2023	SDG 12 & 13
JM 17	Reduce by 5% by 2023, the specific consumption of plastic (measured in tonnes of plastic packaging per million euros of turnover), compared to 2018.	✓	Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 3. “Respecting the Environment”, section 3.4. “Main Consumption of Materials Consumption and Waste Management”and subchapter 7. “Commitments for 2021-2023”.	SDG 12 & 13
JM 18	Reduce total virgin plastic in Private Brand packaging, service packaging, pallet wrapping film and carrier bags by 15%, compared to 2018.	✓	Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 3. “Respecting the Environment”, section 3.4. “Main Consumption of Materials Consumption and Waste Management”and subchapter 7. “Commitments for 2021-2023”.	SDG 12 & 13
JM 19	Ensure an annual waste recovery rate of at least 85% of the volume of waste generated by 2023.	✓	Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 3. “Respecting the Environment”, section 3.4. “Main Consumption of Materials Consumption and Waste Management”and subchapter 7. “Commitments for 2021-2023”.	SDG 12 & 13
JM 20	Food waste generated in Group operations (kg/ton of product sold).	✓	Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 3. “Respecting the Environment”, section 3.4. “Main Consumption of Materials Consumption and Waste Management”and subchapter 7. “Commitments for 2021-2023”.	UNGC 7 SDG 2, 12 & 13
JM 21	Limit food waste generated to 16.1 kg/tonnes of product sold by 2023.	✓		UNGC 7 SDG 2, 12 & 13
JM 22	Guarantee that at least 80% of the Jerónimo Martins Group’s purchases of food products are sourced from local suppliers.	✓	Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 4. “Sourcing Responsibly”, section 4.3. “Promotion of More Sustainable Production Practices” and subchapter 7. “Commitments for 2021-2023”.	UNGC 8 SDG 12 & 13
JM 23	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.	✓	Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 4. “Sourcing Responsibly”, section 4.3. “Promotion of More Sustainable Production Practices”, subsection 4.3.4. “Certified Products” and subchapter 7. “Commitments for 2021-2023”.	UNGC 8 SDG 12 & 13
JM 24	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.	✓	Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 4. “Sourcing Responsibly”, section 4.4. “Selection and Monitoring of Suppliers" and subchapter 7. “Commitments for 2021-2023”.	UNGC 8 SDG 12, 13 & 15
JM 25	Carry out at least 40 environmental audits every year on service providers.	✓		UNGC 8 SDG 12, 13 & 15
JM 26	Calculation of the consumption of deforestation commodities (palm oil, soy, beef and paper and wood) in Private Brand products and perishables.	✓	Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 4. “Sourcing Responsibly”, section 4.3. “Promotion of More Sustainable Production Practices”, subsection 4.3.1. “Fighting Deforestation” and subchapter 7. “Commitments for 2021-2023”.	UNGC 7 SDG 12, 13 & 15
JM 27	Percentage of cage-free Private Brand fresh eggs.	✓	Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 4. “Sourcing Responsibly”, section 4.3. “Promotion of More Sustainable Production Practices”, subsection 4.3.3. “Practices to Promote Animal Welfare”.	SDG 12

Jerónimo Martins Indicator	Description		Evidence	Other standards
JM 28	Compliance to the Group's Sustainable Fishing Strategy.	✓	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 4. "Sourcing Responsibly", section 4.3. "Promotion of More Sustainable Production Practices", subsection 4.3.2. "Sustainble Fishing".	SDG 12 & 14
JM 29	Monitoring and disclosure of at least 70% (in value) of the social impacts resulting from the annual support offered, according to the Business For Societal Impact (B4SI) model.	✓	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 5. "Supporting Surrounding Communities", section 5.2. "Managing the Policy on Supporting Surrounding Communities" and subchapter 7. "Commitments for 2021-2023". See channel "Responsibility", page "Supporting Surrounding Communities" on the website www.jeronimomartins.com.	SDG 2, 3, 4, 10 & 17
JM 30	In Poland, expand the food donations programme for local non-governmental organizations to 70% of stores.	✓	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 5. "Supporting Surrounding Communities", section 5.3. "Direct Support" and subchapter 7. "Commitments for 2021-2023".	SDG 1, 2, 10 & 17
JM 31	Employee training on Hygiene and Food Safety.	✓	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 2. "Promoting Good Health through Food", section 2.3. "Quality and Food Safety".	SDG 3 & 12
JM 32	On-the-job internships.	✓	In 2021, we had 722 internships in a real work context across the Group.	SDG 8, 10 & 17
JM 33	Young Talent programes.	✓	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 6. "Being a Benchmark Employer", section 6.3. "Our Intervention Areas", subsection 6.3.2. "Welcome Diversity".	SDG 8 & 10
JM 34	Promoted employees.	✓	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 6. "Being a Benchmark Employer", section 6.3. "Our areas of action", subsection 6.3.4. "Empower the Individual Path and Expression".	SDG 8 & 10
JM 35	Employees in international mobility.	✓		---
JM 36	Internal mobility.	✓		---
JM 37	Internal Social Responsibility measures.	✓	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 6. "Being a Benchmark Employer", section 6.3. "Our Intervention Areas", subsection 6.3.9. "Support Employees and their Families".	SDG 8 & 10
JM 38	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 2021, there were a total of more than 71 global internal policies aimed at employees: recruitment and selection, on-boarding, knowledge management, performance management, base salary, among others. In terms of local policies, we highlight the following: 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 - welcome policy, performance management and recruitment and selection, among others. Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 6. "Being a Benchmark Employer", section 6.3. "Our Intervention Areas", subsection 6.3.11. "Act Ethically".	UNGC 6 SDG 5, 8 & 10

Table 3 – Indicator reporting of the Task Force on Climate-related Financial Disclosures (TCFD).

TCFD	Description	Evidence
GOVERNANCE		
a)	Describe the board's oversight of climate-related risks and opportunities.	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 3. "Respecting the Environment", section 3.3. "Fighting Climate Change", subsection 3.3.1. "Task Force on Climate-related Financial Disclosures (TCFD)". 2021 CDP Climate: Question C1.1b.
b)	Describe management's role in assessing and managing climate-related risks and opportunities.	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 3. "Respecting the Environment", section 3.3. "Fighting Climate Change", subsection 3.3.1. "Task Force on Climate-related Financial Disclosures (TCFD)". 2021 CDP Climate: Question C1.2, 1.2a.
STRATEGY		
a)	Describe the climate-related risks and opportunities the organization has identified over the short, medium and long-term.	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 3. "Respecting the Environment", section 3.3. "Fighting Climate Change", subsection 3.3.1. "Task Force on Climate-related Financial Disclosures (TCFD)". 2021 CDP Climate: Question C2.1, 2.1a, 2.3, 2.3a, 2.4, 2.4a.
b)	Describe the impact of climate-related risks and opportunities on the organization's businesses strategy and financial planning.	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 3. "Respecting the Environment", section 3.3. "Fighting Climate Change", subsection 3.3.1. "Task Force on Climate-related Financial Disclosures (TCFD)". 2021 CDP Climate: Question C2.2, 2.3, 2.3a, 2.4, 2.4a, 3.1, 3.1a, 3.1b, 3.2a, 3.3, 3.4, 3.4a.

c)	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 3. "Respecting the Environment", section 3.3. "Fighting Climate Change", subsection 3.3.1. "Task Force on Climate-related Financial Disclosures (TCFD)". 2021 CDP Climate: Question C3.2, 3.2a.
RISK MANAGEMENT		
a)	Describe the organization's processes for identifying and assessing climate-related risks.	Refer to Chapter 4. "Corporate Governance", Part I - "Information on Shareholder Structure, Organization 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 5. "Corporate Responsibility in Value Creation", subchapter 3. "Respecting the Environment", section 3.3. "Fighting Climate Change". 2021 CDP Climate: Question C2.1, 2.1a, 2.2, 2.2a.
b)	Describe the organization's processes for managing climate-related risks.	
c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	
METRICS AND TARGETS		
a)	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 3. "Respecting the Environment", section 3.3. "Fighting Climate Change", subsection 3.3.1. "Task Force on Climate-related Financial Disclosures (TCFD)". 2021 CDP Climate: Question C4.2, 4.2a, 4.2b.
b)	Disclose Scope 1, Scope 2, and, if appropriate Scope 3 GHG emissions, and the related risks.	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 3. "Respecting the Environment", section 3.3. "Fighting Climate Change", subsection 3.3.1. "Task Force on Climate-related Financial Disclosures (TCFD)" and subsection 3.3.2. "Carbon Footprint". 2021 CDP Climate: Sections C4, C5, C6 and C7.
c)	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 3. "Respecting the Environment", section 3.3. "Fighting Climate Change" and subchapter 7. "Commitments for 2021-2023". 2021 CDP Climate: Section C4.

Table 4 – Reporting indicators according to the Sustainability Accounting Standards Board (SASB).

SASB	Description	Evidence	Other Standards
FB-FR-110a.1	Fleet fuel consumed, percentage renewable.	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 3. "Respecting the Environment", section 3.3. "Fighting Climate Change".	UNGC 7 & 8 GRI 302-1 GRI 302-2 SDG 7, 8, 12 & 13
FB-FR-110b.1	Gross global Scope 1 emissions from refrigerants.	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 3. "Respecting the Environment", section 3.3. "Fighting Climate Change".	UNGC 7 & 8 GRI 305-1 SDG 3, 12, 13, 14 & 15
FB-FR-110b.2	Percentage of refrigerants consumed with zero ozone depleting potential.	More than 99.9% of the refrigerant gas emissions have no ozone depletion potential. In 2021 it was verified the emission of 4.65 kg of CFC-11 eq., associated with the use of hydrochlorofluorocarbons in air conditioning equipment in Colombia that are part of the fixed assets of acquired stores. These represent <0.1% of the total of this type of equipment used in the Group's Companies.	UNGC 7 & 8 GRI 305-6 SDG 3 & 12
FB-FR-130a.1	(1) Energy consumed, (2) percentage grid electricity, (3) percentage renewable.	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 3. "Respecting the Environment", section 3.3. "Fighting Climate Change".	UNGC 7, 8 & 9 GRI 302-1 GRI 302-2 SDG 7, 8, 12 & 13
FB-FR-150a.1	Amount of food waste generated, percentage diverted from the waste stream.	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 3. "Respecting the Environment", section 3.4. "Main Consumption of Materials and Waste Management" and subchapter 7. "Commitments for 2021-2023".	JM 20; JM 21 SDG 2, 12 & 13
FB-FR-230a.2	Description of approach to identifying and addressing data security risks.	Refer to Chapter 4. "Corporate Governance", Part I – "Information on Shareholder Structure, Organisation and Corporate Governance", section B. "Corporate Bodies and Committees", subsection II. "Management and Supervision (Board of Directors)", 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".	---
FB-FR-250a.2	(1) Number of recalls, (2) number of units recalled, (3) percentage of units recalled that are private-brand products.	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 2. "Promoting Good Health through Food", section 2.3. "Quality and Food Safety", subsection 2.3.4. "Food Recalls and Withdrawals".	SDG 12
FB-FR-260a.2	Description of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers.	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 2. "Promoting Good Health through Food", section 2.2. "Quality and Diversity".	SDG 3 & 12 GRI 416-1

SASB	Description	Evidence	Other Standards
FB-FR-310a.2	Percentage of active workforce covered under collective bargaining agreements.	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 6. "Being a Benchmark Employer", section 6.3. "Our Intervention Areas", subsection 6.3.11. "Act Ethically".	UNGC 3 GRI 102-41 SDG 8 & 10
FB-FR-430a.1	Revenue from products third-party certified to environmental or social sustainability sourcing standards.	Increase sales of Private Brand and Perishable products and/or packaging with sustainability certification to 7% of the total sales of these product categories by 2023.	JM 23 SDG 12
FB-FR-430a.2	Percentage of revenue from (1) eggs originated from a cage-free environment and (2) pork produced without the use of gestation crates.	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 4. "Sourcing Responsibly", section 4.3. "Promotion of More Sustainable Production Practices".	JM 27 SDG 12 & 15
FB-FR-430a.3	Description of strategy to manage environmental and social risks within the supply chain, including animal welfare.	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 4. "Sourcing Responsibly", section 4.3. "Promotion of More Sustainable Production Practices" and 4.4. "Selection and Monitoring of Suppliers", and subchapter 7. "Commitments for 2021-2023".	UNGC 7 GRI 103-2 GRI 103-3 SDG 12 & 15
FB-FR-430a.4	Discussion of strategies to reduce the environmental impact of packaging.	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 3. "Respecting the Environment", section 3.4. "Main Consumption of Materials and Waste Management" and subchapter 7. "Commitments for 2021-2023".	UNGC 7 & 8 GRI 103-2 GRI 103-3 GRI 301-1 SDG 8 & 12
FB-FR-000.A	Number of (1) retail locations and (2) distribution centers.	Regarding point (1), this information is regularly disclosed in the Group's result releases in the corporate website, under the "Investors" area, page "Market Releases". Regarding point (2), refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 7. "Commitments for 2021-2023".	---
FB-FR-000.B	Total area of (1) retail space and (2) distribution centers.	Regarding point (1), this information is regularly disclosed in the Group's result releases in the corporate website, under the "Investors" area, page "Market Releases".	---
FB-FR-000.C	Number of vehicles in commercial fleet.	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 3. "Respecting the Environment", section 3.3. "Fighting Climate Change", subsection 3.3.4. "Reduction of Environmental Impacts from Logistics Processes".	---

Table 5 – Regulatory Technical Standards for the disclosure of sustainability information (SFDR-RTS).

SFDR-RTS	Description	Evidence	Other Standards
Principal	Scope 1 GHG emissions.	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 3. "Respecting the Environment", section 3.3. "Fighting Climate Change".	UNGC 7 & 8 GRI 305-1 SDG 3, 12, 13, 14 & 15
Principal	Scope 2 GHG emissions.		UNGC 7 & 8 GRI 305-2 SDG 3, 12, 13, 14 & 15
Principal	Scope 3 GHG emissions.		UNGC 7 & 8 GRI 305-3 SDG 3, 12, 13, 14 & 15
Principal	Total GHG emissions.		UNGC 8 & 9 GRI 305-4 GRI 305-5 SDG 13, 14 & 15
Principal	Share of non-renewable energy consumption and production.	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 3. "Respecting the Environment", section 3.3. "Fighting Climate Change".	UNGC 7, 8 & 9 GRI 302-1 SDG 7, 8, 12 & 13
Principal	Energy consumption intensity.		
Principal	Activities negatively affecting biodiversity sensitive areas.	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 3. "Respecting the Environment", section 3.2. "Preserving Biodiversity" and subchapter 4. "Sourcing Responsibly", section 4.3. "Promotion of More Sustainable Production Practices".	UNGC 8 GRI 304-1 GRI 304-2 GRI 304-3 GRI 304-4 SDG 6, 14 & 15
Principal	Hazardous waste ratio.	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 3. "Respecting the Environment", section 3.3. "Fighting Climate Change" and section 3.4. "Main Materials Consumption and Waste Management", subsection 3.4.3 "Waste Management".	UNGC 8 GRI 306-2 SDG 3, 6, 11 & 12
Principal	Board gender diversity.	Refer to Chapter 4. "Corporate Governance", Part I – "Information on Shareholder Structure, Organisation and Corporate Governance", section C. "Internal Organisation".	---
Additional	Emissions of ozone depletion substances.	This aspect is not material. However, in 2021, an emission of 4.65 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.	UNGC 7 & 8 GRI 305-6 SDG 3, 12, 14 e 15
Additional	Carbon emission reduction initiatives.	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 3. "Respecting the Environment", section 3.3. "Fighting Climate Change".	UNGC 7, & 9 GRI 305-5 SDG 13, 14 & 15

SFDR-RTS	Description	Evidence	Other Standards
Additional	Water usage and recycling.	Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 3. “Respecting the Environment”, section 3.3. “Fighting Climate Change".	UNGC 7, 8 & 9 GRI 303-3 GRI 303-4 GRI 303-5 SDG 6 & 12
Additional	Water management policies.	Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 3. “Respecting the Environment”, section 3.3. “Fighting Climate Change".	UNGC 7 e&8 GRI 303-1 GRI 303-2 SDG 6 & 12
Additional	Sustainable oceans/seas practices.	Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 3. “Respecting the Environment”, section 3.4. “Main Consumption of Materials and Waste Management". and subchapter 4. “Sourcing Responsibly”, section 4.3. “Promotion of More Sustainable Production Practices”, subsection 4.3.2. “Sustainable Fishing”.	UNGC 7 & 9
Additional	Non-recycled waste ratio.	Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 3. “Respecting the Environment”, section 3.3. “Fighting Climate Change" and section 3.4. “Main Materials Consumption and Waste Management", subsection 3.4.3 “Waste Management”.	UNGC 8 GRI 306-2 SDG 3, 6, 11 & 12
Additional	Policy to address deforestation.	Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 4. “Sourcing Responsibly”, section 4.3. “Promotion of More Sustainable Production Practices”, subsection 4.3.1. “Fighting Deforestationand” and subchapter 7. “Commitments for 2021-2023”.	UNGC 7 JM 26
Additional	Workplace accident prevention policy.	Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 6. “Being a Benchmark Employer”, section 6.3. “Our Intervention Areas”, subsection 6.3.11. “Act Ethically”.	UNGC 2
Additional	Rate of accidents.	In 2021, there were about four thousand accidents at work across the Group (+6.6% compared to 2020), of which 25 resulted in a serious consequence (+127.3% compared to 2020). The vast majority of accidents are due to physical effort, falling, cutting, pinching, hitting or structure shock, due to inappropriate handling of the equipment or risky behaviour. Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 6. “Being a Benchmark Employer”, section 6.3. “Our Intervention Areas", subsection 6.3.7. “Protect through the Best Work Conditions”.	GRI 403-8 GRI 403-9 GRI 410-1 SDG 3, 8 & 16
Additional	Number of days lost to injuries, accidents, fatalities or illness.	Although we do not report on these indicators, information on occupational health and safety practices can be consulted in Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 6. “Being a Benchmark Employer”, section 6.3. “Our Intervention Areas ", subsection 6.3.7. “Protect through the Best Work Conditions”.	GRI 403-8 GRI 403-9 GRI 410-1 SDG 3, 8 & 16
Additional	Supplier Code of Conduct.	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.	UNGC 10
Additional	Grievance/complaints handling mechanism related to employee matters.	Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 6. “Being a Benchmark Employer”, section 6.3. “Our Intervention Areas”, subsection 6.3.11. “Act Ethically”.	UNGC 10
Additional	Policies on the protection of whistleblowers.	Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 6. “Being a Benchmark Employer”, section 6.3. “Our Intervention Areas”, subsection 6.3.11. “Act Ethically”. Ethics Committee website (ethicscommittee.jeronimomartins.com in four languages) and the Code of Conduct Jerónimo Martins in the channel "Responsibility", page Corporate Responsibility Publications”.	UNGC 10
Additional	Human rights policy.	See channel "Responsibility", page "Corporate Responsibility Publications" to consult the Code of Conduct Jerónimo Martins and Code of Conduct for Suppliers on the website www.jeronimomartins.com.	UNGC 1 & 2
Additional	Due diligence process to identify, prevent, mitigate and address adverse human rights impacts.	Refer to Chapter 5. “Corporate Responsibility in Value Creation”, subchapter 4. “Sourcing Responsibly”, section 4.4. “Selection and Monitoring of Suppliers” and subchapter 6. “Being a Benchmark Employer”, section 6.3. “Our Intervention Areas”, subsection 6.3.11. “Act Ethically”.	UNGC 1 & 2 GRI 407-1 GRI 408-1 GRI 409-1 GRI 412-1 GRI 412-2 GRI 412-3 GRI 414-1 GRI 414-2 SDG 5, 8 & 16
Additional	Policies against trafficking in human beings.	See channel "Responsibility", page "Corporate Responsibility Publications" to consult Jerónimo Martins’ Code of Conduct and Code of Conduct for Suppliers on the website www.jeronimomartins.com.	UNGC 1 & 2

SFDR-RTS	Description	Evidence	Other Standards
Additional	Operations and suppliers at significant risk of incidents of child labour.	Refer to Chapter 5. "Corporate Responsibility in Value Creation", subchapter 4. "Sourcing Responsibly", section 4.4. "Selection and Monitoring of Suppliers" and subchapter 6. "Being a Benchmark Employer", section 6.3. "Our Intervention Areas", subsection 6.3.11. "Act Ethically".	UNGC 1 & 2 GRI 407-1 GRI 408-1 GRI 409-1 GRI 412-1 GRI 412-2 GRI 412-3 GRI 414-1 GRI 414-2 SDG 5, 8 & 16
Additional	anti-corruption and anti-bribery policies.	See channel "Responsibility", page "Corporate Responsibility Publications" to consult Jerónimo Martins' Code of Conduct and Code of Conduct for Suppliers, as well as the Anti-Corruption Policy (in channel "About us") both available on our corporate website: www.jeronimomartins.com.	UNGC 10

Table caption:

Indicator verified by an independent external third party.

The expression "UNGC X" refers to the Principles of the UN Global Compact.

The expression "SDG X" refers to the United Nations Sustainable Development Goals.

NÓS APOIAMOS O PACTO GLOBAL

PROUD to be a part of BUSINESS FOR SOCIETAL IMPACT CORPORATE CITIZENSHIP 2021

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(Translation from the original document in the Portuguese language.
In case of doubt, the Portuguese version prevails)

Independent Limited Assurance Report of the Corporate Responsibility Report

To the Board of Directors of
Jerónimo Martins, S.G.P.S., S.A.

Introduction

1. We have been engaged by the Board of Directors of Jerónimo Martins, S.G.P.S, S.A. to proceed with the independent review of the chapter "Corporate Responsibility in Value Creation", included in the Annual Report 2021, hereinafter the "Corporate Responsibility Report", relating to the sustainability performance from 1 January 2021 to 31 December 2021.

Responsibilities

2. The Board of Directors is responsible for preparing the Corporate Responsibility Report, and to maintain an appropriate internal control system that allows the information presented to be free of material misstatements due to fraud or error.

3. It is our responsibility to issue a limited assurance report, professional and independent, based on the procedures performed and described in the "Scope" section below.

Scope

4. Our review procedures have been planned and executed in accordance with the International Standard on Assurance Engagements (ISAE 3000, Revised) – "Assurance engagements other than Audits and Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standard Board, for a limited level of assurance about whether the GRI and specific indicators, identified in the subchapter "Table of Indicators" of the Corporate Responsibility Report, as "Indicator verified by an independent external third party", are free from relevant material misstatements.

5. The procedures performed in a limited assurance engagement vary in timing and nature from, and are less in extent than for, a reasonable assurance engagement. Therefore, the assurance provided by these procedures is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our independent review procedures comprised the following:

- Conducting interviews with Management, in order to understand how the information system is structured and assess their level of knowledge of the topics addressed in the report;
- Review of the processes, criteria and systems adopted to collect, consolidate, report and validate the data for the year 2021;
- Analytical review, on a sample basis, of the data calculated by Management, and verification of quantitative and qualitative information disclosed in the report;
- Confirmation on how collection, consolidation, validation and report procedures are being implemented in selected operating units; and
- Verification of the conformity of the information included in the Corporate Responsibility Report with the results of our work.

6. Regarding sustainability reporting standards of the Global Reporting Initiative – GRI Standards, we performed a review of the self-evaluation made by Management of the adopted option to apply the GRI Standards and conformity with Article 508-G of the Portuguese Companies Act (Código das Sociedades Comerciais) and 245-A, paragraph r) of the Securities Market Code (Código do Mercado dos Valores Mobiliários) with respect to non-financial and diversity disclosures.

Quality and independence

7. Our firm applies International Standard on Quality Control 1 (ISQC 1), and consequently maintains a global quality control system which includes documented policies and procedures relating to compliance with ethical requirements, professional standards, and the legal and regulatory provisions applicable and we comply with the independence and ethical requirements of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics and the Code of Ethics of the Order of Chartered Accountants (OROC).

Conclusion

8. Based on our work and evidence obtained, nothing has come to our attention that causes us to believe that the indicators identified in paragraph 4 above, for the year ended 31 December 2021, are not free from relevant material misstatements. Additionally, nothing has come to our attention that causes us to believe that the Corporate Responsibility Report does not include the required data and information for a "In accordance - Core" option as defined by the GRI Standards and by the Article 508º G of the Portuguese Companies Act and paragraph r) of the article 245ºA of the Securities Market Code.

Lisbon, 17th March 2022

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

Manuel Ladeiro de Carvalho Coelho da Mota - ROC nº 1410
Registered with the Portuguese Securities Market Commission under license nº 20161020

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