

CORPORATE GOVERNANCE

INTRODUCTION

INTRODUCTION

The revision of the Portuguese Commercial Companies Code through the entering into effect of Decree-Law 76-A/2006 of 29 March brought about a profound change in the rules regarding corporate governance in Portugal, particularly in reforming the supervision of companies by separating the supervisory functions and those for reviewing accounts, thereby aiming to reinforce the independence and technical responsibilities of the members of the supervisory bodies. Consequently, in 2007 Jerónimo Martins adopted the so-called “Anglo-Saxon” model of governance, with the following corporate bodies: the Shareholders’ Meeting, the Board of Directors, the Audit Committee and the Chartered Accountant, as a coherent evolution of the previous monist model.

In order to update the Articles of Association and to adhere to the most advanced practices in the realm of corporate governance, the adjustments considered to be necessary were also made in the following related matters: regulating votes by post, the possibility of holding Board of Directors meetings using telematic means, as well as establishing the number of absences from meetings without justification accepted by the Board. With regard to remuneration, the Articles of Association established

the maximum percentage of profits for the year that may be given to the Directors as variable pay.

With the entry into force in 2010 of the new Rules on the Corporate Governance of Listed Companies, (CMVM Regulation No. 1/2010) and the amendments to the Corporate Governance Code of the Portuguese Securities Market Commission (CMVM), both of 2010, Jerónimo Martins sought, always with the interests of shareholders and the market in mind, to adjust its activities in order to continue to adopt the best standards of the market, particularly in relation to rigour and transparency.

The Company’s Board pays particular attention to matters related to Corporate Governance and it considers the Group’s policy to be consistent with the best market practices and that the operation of its governance model, particularly following the latest adjustments, is the most appropriate to the interests of all its stakeholders.

The Corporate Governance Report (Report) included in this Chapter continues to be a pledge to this policy, and the Board of Directors considers that it mirrors the correct operation of the adopted model and current corporate practices.

0. STATEMENT OF COMPLIANCE

0.1. The Company is subject to the Code of Corporate Governance of the CMVM which is published on the CMVM's website at <http://www.cmvm.pt/CMVM/Recomendacao/Recomendacoes/Pages/default.aspx>. The Company is also governed by its Code of Conduct, 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 www.jeronimomartins.pt.

0.2. The Company fully complies with the recommendations of the CMVM in the Corporate Governance Code. It is accepted, however, that there are some recommendations that were not adopted in their entirety or regarding which, it is not unquestionable as to their being fully adopted.

The following shows the breakdown of the recommendations, contained in the Code of Corporate Governance of the CMVM, that were adopted, not adopted and not applicable, as well as reference to the text of the Report where the compliance or justification for not adopting these recommendations may be checked.

Pursuant to the Annex to its Regulation No. 1/2010, the CMVM considers recommendations that are not followed in their entirety as not having been adopted.

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STATEMENT OF COMPLIANCE

RECOMMENDATION	ADOPTED	NOT ADOPTED	N/A
I.1.1	1.1.		
I.1.2	1.1.		
I.2.1	1.2.1.		
I.2.2	1.2.1.		
I.3.1	1.3.		
I.3.2	1.3.		
I.3.3	1.2.		
I.4.	1.2.		
I.5.	1.5; 3.11.2.		
I.6.1	1.9.		
I.6.2	1.9.		
II.1.1.1	Introduction		
II.1.1.2	2.5.		
II.1.1.3	2.5; 2.21.2.		
II.1.1.4	2.5; 2.8.		
II.1.1.5	2.6.		
II.1.2.1	2.7; 2.13.		
II.1.2.2	2.7; 2.13.		
II.1.2.3	2.13.		
II.1.3.1		0.3.0; 2.21.2.	
II.1.3.2	2.14.		
II.1.4.1	2.20.		
II.1.4.2	2.20.		
II.1.5.1		0.3.1; 2.18; 2.19.	
II.1.5.2	2.18.		
II.1.5.3		0.3.2.	
II.1.5.4	1.7; 1.8; 2.19; 3.9.		
II.1.5.6	1.6.		
II.1.5.7	2.19.		
II.2.1	2.3.1; 2.21.1.		
II.2.2	2.3.1.		
II.2.3			X
II.2.4	2.15.		
II.2.5			X
II.3.1	2.12.		
II.3.2	2.12.		
II.3.3			X
II.4.1			X
II.4.2	2.4; 3.11.2.		
II.4.3	2.4.		
II.4.4	2.21.2.		
II.4.5	2.21.2.		
II.4.6	2.21.2; 2.21.6.		
II.5.1	2.7; 2.21.4; 2.21.5.		
II.5.2	2.21.8.		
II.5.3	2.21.8.		
II.5.4	2.11; 2.21.1; 2.21.3; 2.21.4; 2.21.5; 2.21.6; 2.21.8.		
III.1.1	3.11.		
III.1.2	3.11.2.		
III.1.3	2.21.2; 3.13.		
III.1.4	3.13.		
III.1.5	3.12.		
IV.1	3.10.		
IV.1.2		0.3.3; 3.10.	

0.3. In light of the text of the recommendations, the Company admits that it is possible to interpret the following recommendations, also referenced in the table above, as not being complied with in full. The corresponding explanations are detailed below.

0.3.0. Regarding **recommendation II.1.3.1.** it is hereby clarified that the Audit Committee saw fit to appoint as its Chairman the Director that undertook that role during the previous mandate, despite the fact that this Director no longer fulfilled the independence criteria defined in Subparagraph b of Paragraph 5 of article 414 of the Commercial Companies Code. Through that appointment the Committee sought to guarantee continuity to its work, during the process of integration of the two new Committee members elected in April 2010. In a first mandate characterized by the integration in the Company, the Audit Committee deemed this to be the best way to ensure continuity is given to the auditing work performed, benefiting the Company itself and its Shareholders.

0.3.1. In relation to paragraph (iii) of **recommendation II.1.5.1.** 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, thus far, 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 those Directors.

In relation to paragraph (viii) of **recommendation II.1.5.1**, it is important to explain that the Remuneration Committee decided that the Chairman of the Board of Directors, considering the special executive role described in section 2.7.1., shall earn a fixed remuneration and a variable remuneration that is to be established on a yearly basis as, according to the Regulation of the Board of Directors, he is equally responsible for managing the respective meetings, for monitoring the action taken on the decisions made by this body, for taking part in the meetings of the other committees derived from the Board of Directors, and for defining overall strategy. Furthermore, the Chairman has become, during this mandate, Chairman of the Evaluation and Nominations Committee, through which he closely and systematically monitors the matters under the jurisdiction of this Committee, with particular emphasis on management development. As the Company understands it, these functions compel the Chairman of the Board of Director's performance to be remunerated in a different manner, which is why this part of the recommendation is not adhered to.

0.3.2 Regarding **recommendation**

II.1.5.3, it is noted that, since 2008, a statement on the remuneration policy and the performance appraisal of the Company's management and supervisory bodies has been submitted for approval at the Annual Shareholders' Meeting. However, the Board of Directors decided that it would not make sense to present another statement for the Company's leaders, within the meaning of paragraph 3 of Article 248-B of the Portuguese Securities Code, along with the mentioned statement, as the Portuguese corporate tradition never trusted these types of functions to the Shareholders' Meeting, nor does the Board see good reasons to introduce this practice via a recommendation. In the opinion of the Board of Directors, this stance is reinforced by reasons which relate to the typology of the labour contracts in question and the asymmetry of the evaluation procedures between the management bodies and the Company's leaders. Due to their varied nature, these leaders encompass both purely corporate support personnel, as well as personnel responsible for businesses, making it impossible to find a common policy that is considered to be useful by the Shareholders' Meeting.

0.3.3. In relation to **recommendation IV.1.2**, it is hereby clarified that the Company has established mechanisms for resolving

conflicts of interest with Shareholders having a Qualifying Holding, namely by giving the Corporate Responsibility Committee the power to prepare and monitor the decision-making of the corporate bodies and relevant committees on this matter. The Committee shall, in particular, decide on materially relevant business between the Company and Shareholders with a Qualifying Holding. In view of the policy that has been adopted by the Company on this subject, there was no business with Shareholders with a Qualifying Holding outside of normal market conditions, nor was there any business with such Shareholders that, by its nature and according to logical and rational criteria and reasons of economic efficiency, might have to be submitted for the prior opinion of the Supervisory Board. Accordingly, the Company has not yet felt the need to set the materiality criteria that determine the intervention of the supervisory body, though it does not exclude the possibility of doing so in the near future.

1. SHAREHOLDERS' MEETING

1.1. Presiding Members of the Shareholders' Meeting

The Board of the Shareholder's Meeting is chaired by Mr. João Vieira de Castro, the secretary being Mr. Tiago Ferreira de Lemos.

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SHAREHOLDERS' MEETING

The current members of the Board of the Shareholders' Meeting were elected on 9 April 2010 for the current term, which terminates in 2012.

The Chairman of the Board of the Shareholder's Meeting received an annual payment of 5,000 euros. For the two meetings held in 2010, the members had all the logistic resources considered necessary to carry out their roles properly, and both the preparatory work and that of the meeting itself, were exemplary.

1.2. Participation in the Shareholders' Meeting

The rules regarding participation in the Shareholders' Meeting, including those relating to the blocking of shares, have been amended by statutory requirement arising from the entry into force of Decree-Law No. 49/2010 of 19 May, which transposed the remainder of the so-called Shareholders Directive (Directive 2007/36/EC of the Parliament and the Council, of 11 July). Thus, the two Shareholders' Meetings held by the Company in 2010, one before the entry into force of the abovementioned diploma and the other afterwards, had different rules regarding the subject matter of this section – see 1.2.1. and 1.2.2. infra –, but both fully complied strictly with the legislation on the area.

According to Article Twenty-Six of the Articles of Association of the Company, the Shareholders' Meeting may take place upon the first convocation, as long as more than fifty percent of the Company's capital is present or represented. There is no special rule in the Articles of Association regarding deliberative quorums or systems that highlight the rights of equity content.

Each share has the right to one vote. Attending the Shareholders' Meeting is not subject to holding a minimum number of shares, nor are there rules stating that voting rights over a certain number are not counted, when issued by a single shareholder or shareholders related to it.

1.2.1. Annual Shareholders' Meeting

In relation to the Annual Shareholders' Meeting held on 9 April 2010, pursuant to the provisions of the Company's Articles of Association and the legislation in force at that time, shareholders with voting rights could take part in that Meeting when the shares were registered under their name in a securities account, or deposited in the Company's safes or those of a credit institution, at least five working days prior to the meeting. In the latter case, the proof of deposit was by means of a letter issued by that respective institution, which also had to be submitted to the Company's Head Office within the same deadline of five working days. By tradition, all the Chairmen of the Board of the Shareholders' Meeting have understood that, as regards the deadline for receiving statements of the blocking of shares, those statements that were received by fax or e-mail by the indicated deadline and confirmed by receipt of the originals by the evening before the Meeting is held should be accepted.

There are no rules in the Articles of Association of the Company regarding the blocking of shares in the event of suspension of the Shareholders' Meeting. In these cases, it has been the Chairman of the Board of the Shareholders' Meeting's understanding that, as has been the case with previous Shareholders' Meetings, Shareholders should not be obliged to block shares during the entire period until the Meeting is resumed, and the ordinary advance blockage required for the first session should be sufficient.

1.2.2. Extraordinary Shareholders' Meeting

In the Extraordinary Shareholders' Meeting held on 15 December 2010, after the entry into force of Decree-Law No. 49/2010, shareholders complying with the following conditions could attend and vote at the meeting:

- i) At 00:00 (GMT) of the record date, corresponding to the fifth trading day prior to the Meeting's date, they held shares of the Company entitling them to at least one vote.

- ii) By the end of the day preceding the record date, they communicate to the Chairman of the Board of the Shareholders' Meeting and the respective financial intermediary their intention to attend the meeting.
- iii) By the end of the record date, the respective financial intermediary, informed pursuant to paragraph i) above, of the Shareholder's intention to attend the Shareholders' Meeting, has sent to the Chairman of the Board of the Shareholders' Meeting information on the number of shares registered under that Shareholder's name at 00:00 (GMT) of the record date.

Despite statutory requirements regarding the blocking of the shares under the previous legislation, the Company followed the provisions of the new legislation, which does not require such blocking.

1.3. Postal vote

According to paragraph 3 of Article Twenty-Five 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 Shareholders' Meeting, and it is the responsibility of the Chairman of the Board of the Shareholders' Meeting or his substitute to verify their authenticity and regularity, 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 Shareholders' Meeting, the postal vote that was issued is considered to be 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 Shareholders' Meeting for receipt of postal votes, thus complying with and, to a certain extent, exceeding the recommendations of the CMVM in this matter.

1.4. Exercise of the right to vote by electronic means

The Company, recognising that using new technologies encourages Shareholders to exercise their right to vote, has adopted, since 2006, adequate mechanisms so that they may vote electronically in Shareholders' Meetings. Thus, Shareholders must state their intent to exercise their right to vote electronically to the Chairman of the Board of the Shareholders' Meeting, at the Company's Head Office or using the Jerónimo Martins website (www.jeronimomartins.pt). In that expression of interest, Shareholders must indicate the address of the financial intermediary with whom the securities are registered, to which a registered letter will be subsequently sent containing the electronic address to be used to vote, and an identification code to use in the electronic mail message by which the Shareholder exercises its right to vote.

1.5. Minutes and information on decisions

The Company makes available on its website (www.jeronimomartins.pt), besides the information identified in section 3.11. below, extracts of minutes of meetings of the Shareholders' Meeting within five days of their completion, and a record of the attendance lists, agendas and the resolutions passed by the Shareholders' Meeting in the previous three years.

1.6. Remuneration Committee Representative attending Shareholders' meetings

At the Shareholders' Meetings held during 2010, the representative of the Remuneration Committee was Mr. Arlindo do Amaral.

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SHAREHOLDERS' MEETING

1.7. Intervention by the Shareholders' Meeting regarding the Company's Remuneration Policy and the proposal on the share allocation or stock options plans

Since 2008, a statement, prepared by the Remuneration Committee, on the remuneration policy and performance appraisal of the Company's management and supervisory bodies has been submitted for approval to the Annual Shareholders' Meeting. This statement outlines the main characteristics of that policy – which is better explained in point 2.18 of this Report – with special focus on the relationship between the Company's interests and its performance, and the remuneration earned by the Company's officers.

The Company continues not to have any type of share allocation and/or stock options plan, or plan based on share price change for the members of the management and supervisory bodies and other directors, within the meaning of paragraph 3 of article 248-B of the Portuguese Securities Code.

1.8. Intervention by the Shareholders' Meeting in the approval of the main features of the retirement benefits scheme

The 2005 Annual Shareholders' Meeting approved a Retirement Pension Plan. The main features of that Plan are best explained in section 2.19. herein.

1.9. Defensive measures

No special rights for Shareholders or restraints on the exercise of voting rights are provided for in the Company's Articles of Association. 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.

No defensive measures were adopted which cause automatic or deferred serious erosion in the Company's equity in the case of change of control or modification in the composition of the Board of Directors.

1.10. Significant agreements to which the Company is a party and that take effect, are altered, or cease in the case of change in control of the Company

Since it leads a Group that includes various partnerships with national and international groups, the Company understands that certain provisions of joint venture contracts entered into within this scope may include arrangements for the change in control of the Company, although not of an automatic nature. The Board of Directors has understood that, as their interpretation is not completely unequivocal, in particular because they deal with somewhat dated instruments, if disclosed it would not allow the Shareholders to be better informed of their real impacts and, furthermore, that their disclosure would even be harmful to the interests of the Company and its Shareholders.

1.11. Agreements between the Company and Officers and Members of the Board of Directors

There are no agreements between the Company and officers of the managing bodies, directors 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.

2. MANAGEMENT AND SUPERVISORY BODIES OF THE COMPANY

SECTION 1 – GENERAL MATTERS

2.1. Identification and Composition of the Corporate Bodies

The Board of Directors comprises Mr. Elísio Alexandre Soares dos Santos (Chairman), Prof. António Mendo Castel-Branco Borges (resigned from the post on 22 November 2010, with effect from 31 December), Mr. António Pedro de Carvalho Viana-Baptista, Mr. Artur Eduardo Brochado dos Santos Silva, Prof. Artur Stefan Kirsten, Mr. Hans Eggerstedt, Mr. José Manuel da Silveira e Castro Soares dos Santos, Mr. Luís Maria Viana Palha da Silva, Prof. Marcel Lucien Corstjens, Mr. Nicolaas Pronk and Mr. Pedro Manuel de Castro Soares dos Santos.

The Audit Committee comprises Mr. Hans Eggerstedt, who chairs it, Mr. António Pedro de Carvalho Viana-Baptista and Prof. Artur Stefan Kirsten.

The Company Secretary is Mr. Henrique Soares dos Santos, and the alternate is Mr. António Neto Alves (resigned from the post on 31 December 2010).

The Chartered Accountant is the company PricewaterhouseCoopers & Associados, SROC, Lda., represented by Mr. Abdul Nasser Abdul Sattar, ROC, and the alternate is Mr. José Manuel Henriques Bernardo.

2.2. Identification of the Specialised Committees formed with responsibility in Company Management or Supervision

In April, following the election of the members of the management body for this current term in office, the Board of Directors decided to change its organisational structure for the three-year period beginning in 2010, in order to meet the new needs and requirements of the Group without neglecting governance best practices.

In addition to the Audit Committee, the current structure of the Board includes the Chief Executive Officer, the Financial Matters Committee (CAMF), the Committee on Corporate Responsibility (CRC) and the Evaluation and Nominations Committee (CAN).

In order to assist the Chief Executive Director in carrying out his role, the Board created the Managing Committee, a new *ad hoc* body chaired by the Chief Executive Officer.

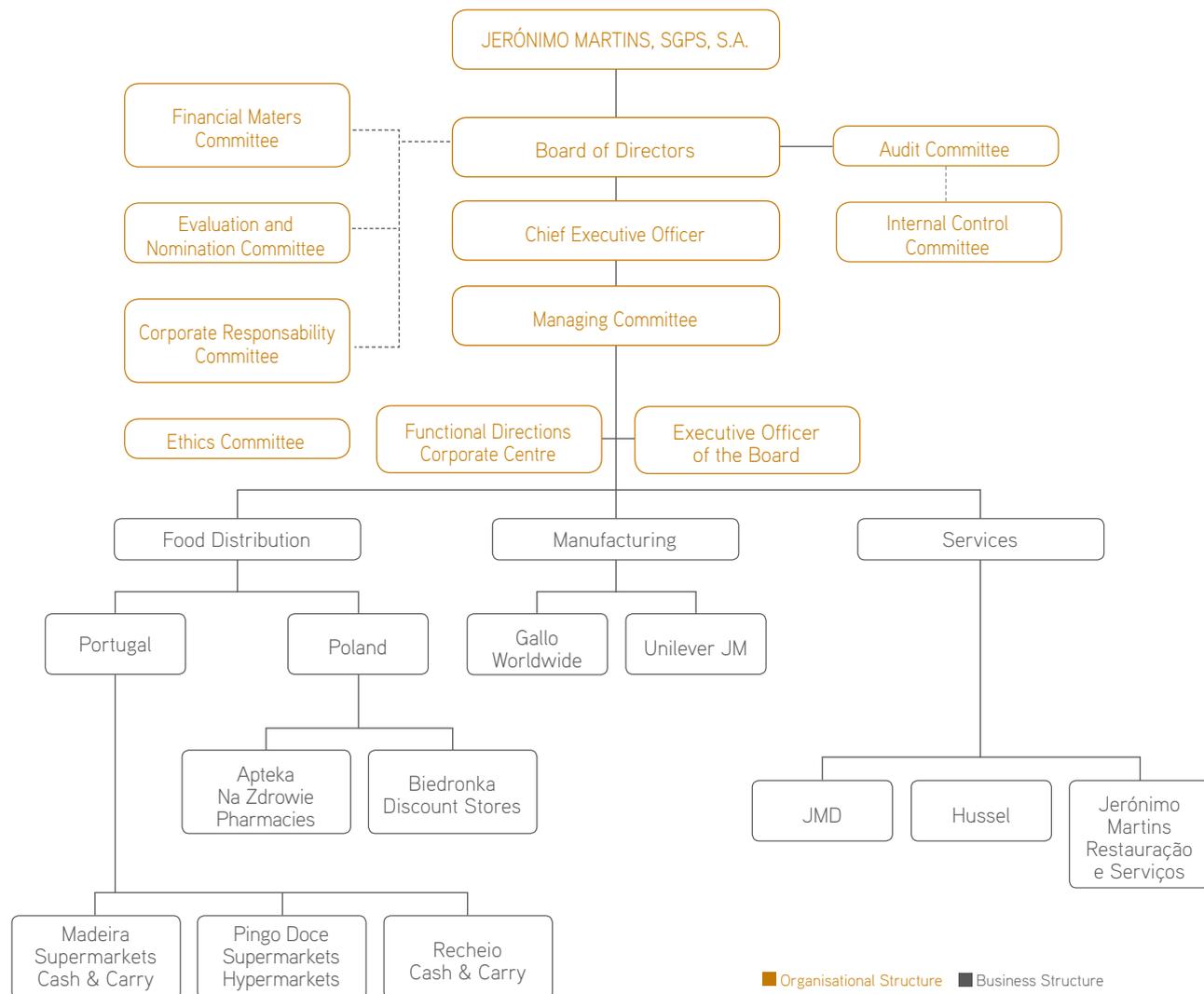
The Ethics Committee and the Internal Control Committee (CCI) retain their functions as bodies supporting the Board of Directors and the Audit Committee.

The composition, powers, number of meetings and identification of the members of the Committees referred to in the preceding paragraphs are detailed in section 2.21 of this Chapter.

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2.3. Organisational Charts, Delegation of Powers and Division of Responsibilities



2.3.1. Delegation of powers

The Board of Directors, by resolution, delegated various duties to the Chief Executive Officer regarding the day-to-day management of the Company, which are identified in more detail in Section 2.21.1. of this Report.

Nevertheless, pursuant to the terms of its Internal Regulation, the Board of Directors and, in particular, its Chairman retain authority over strategic matters of management of the Group, in particular those regarding the corporate structure and those that, due to their importance and special nature, may significantly impact on its business activity. They have, by these means, effective control over the Company's affairs through supervision of the Company's management.

The matters referred to in Article 407(4) of the Commercial Companies Code are off-limits to the Chief Executive Officer.

Pursuant to Article 407(1) of the Commercial Companies Code, the Board of Directors also allocated to the Chairman of CAMF, by inherence of the duties performed on that Committee, the monitoring of investor relations and to the Director Mr. José Soares dos Santos the monitoring of the joint venture with Unilever Jerónimo Martins, Lda., and the activities of Jerónimo Martins – Distribuição de Produtos de Consumo, Lda. and Jerónimo Martins – Restauração e Serviços, S.A.

2.3.2. 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 three business segments: i. Food Distribution; ii. Manufacturing; and iii. Marketing Services, Representations and Restaurant Services. The first area is organised into Geographical Areas and Operating Areas.

2.3.2.1. 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.

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The Holding Company's Functional Divisions are organised as follows:



Internal Audit – Evaluates the quality and effectiveness of the systems (both operational and non-operational) of internal control and risk control established by the Board of Directors, ensuring their compliance with the Group's Procedures Manual. It also guarantees full compliance with the procedures laid out in the Operations Manual of each business unit and ensures 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 detailed further in this Report.

Legal Affairs – Responsible for supervising the Group's corporate affairs and for ensuring strict compliance by all its Companies with legal obligations. Legal Affairs assists the Board of Directors in preparing and negotiating contracts to which Jerónimo Martins is a party, and it heads the development and implementation of strategies for the protection of the Group's interests in the case of legal disputes by managing external counsel.

In 2010, the Division focused on monitoring the evolution of the corporate rules and recommendations in the Group's various reorganization operations, including the merger of Bazar Novo and Electric Co in Pingo Doce, and internal training on matters regarding the prevention of legal disputes.

Corporate Communication – Responsible for coordinating the strategic management of the brand and the corporate reputation among the different key non-financial audiences, both internal and external, namely employees, journalists and opinion makers, NGOs and public opinion in general. To do so, it participates in the definition of the strategic approach to policies and initiatives with potential impact on reputation, while also taking on the coordination of implementation and monitoring of

the Group's corporate social responsibility policy. It operates as an agent fostering inter-departmental integration with the aim of ensuring consistency in internal and external communication and alignment with the values and objectives, of business and others, of the Group. It manages the digital corporate communication channels (website and intranet) as well as the internal communication printed matter, and it coordinates the organisation and staging of events. It is the quintessential point of interaction with general and specialised journalists, providing support to various companies and Functional Divisions on media relations and event communication and organisation, in both proactive and reactive situations, particularly in cases of threat and crisis management.

In 2010, the focus was placed on the internal restructuring of the Division, in order to strengthen orientation to meeting the needs of internal customers and accountability for communication campaigns and initiatives, and also to expand technical expertise in critical areas such as the approach to social networks. The Digital Media Manager role was created. In a year which saw the anniversaries of the launch of Pingo Doce and Biedronka, special attention was given to an editorial initiative in Portuguese and Polish, about the employees who made a decisive contribution in creating the two companies' success stories, with

a view to strengthening the platform of values of Jerónimo Martins' brand and the sense of pride for belonging to the Group. In terms of current management, the Group's quarterly performance results and its Companies' activities, particularly store openings and commercial initiatives, were disclosed to the media and support was provided to the Board of Directors on internal and external communication.

Consolidation and Accounting – Prepares consolidated financial information in order to comply with legal obligations and supports the Board of Directors by implementing and monitoring the policies and the accounting principles adopted by the Board that are common to all the Companies of the Group. The Division also verifies compliance with obligations stated in the Articles of Associations.

As a result of legislative changes, 2010 saw the conversion to the International Financial Reporting Standards (NCRF/IFRS) of the statutory accounts of the Group's Companies based in Portugal. The process was accompanied by this Division. No material impacts that might affect the equity situation of the companies involved have been identified, nor was there any resultant impact on the Group's consolidated financial statements.

Its activity was also focused on supervising conformity with the accounting standards

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adopted by Jerónimo Martins, supporting the Companies in the accounting assessment of all non-recurrent transactions, as well as in the restructuring and expansion activities of the Group.

Strategy and Planning – Co-ordinates and supports the process of creating and maintaining the Group's Strategic Plans and the respective budgeting. In addition, it has a control function, monitoring the performance of the different Business Units of the Group and investigating any deviations from the plans. It thus provides the Managing Committee of Jerónimo Martins with relevant information and proposals to guarantee corrective measures that allow the defined strategic objectives to be achieved.

Furthermore, it coordinates the activities of acquisition and disposal of Companies or Businesses, as well as corporate restructuring processes.

Macroeconomic and market trend performance was monitored during 2010, in order to facilitate maximum proactivity in preparing contingency scenarios, in an unfavourable economic environment. Following the Group's organisational restructuring, the reporting process was adapted and developed to meet the needs of the different corporate bodies and Functional Divisions of the Holding Company.

The process of identifying new growth opportunities for Jerónimo Martins' portfolio continued to be a priority, focusing on the evaluation of alternative geographical markets and new business potential in geographical areas where the Group already operates.

Fiscal Affairs – Provides all Group's Companies with assistance in tax matters, by ensuring compliance with legislation in force and the optimisation of the business units' management activities from a tax viewpoint. The Division also manages the Group's tax disputes and its relations with external consultants and Tax Authorities.

The activities of the Fiscal Affairs Division in 2010 included advising on corporate restructuring operations, in particular the merger of Bazar Novo and Electric Co in Pingo Doce. It also analysed the various legislative instruments that form part of the Stability and Growth Plans (SGP) and the State Budgets for 2010 and 2011, with a view to aligning the policies adopted (or to be adopted) by the various Group's Companies and preparing several applications for tax benefits.

Finally, during 2010 the Fiscal Affairs Division drew up several documents intended to defend the Group's best interests before the Tax Authorities.

Financial Operations – This Division includes two distinct areas: Risk Management and Treasury Management. The activity of the Risk Management area is discussed in detail later in this Report.

Treasury Management is responsible for managing relations with the financial institutions that have or intend to have business dealings with Jerónimo Martins, establishing the criteria that these entities must fulfil.

Treasury planning has the role of selecting the most suitable financial sources according to individual need, for all the Companies of the Group. The type of funding, corresponding terms, cost and back-up documentation must comply with the criteria established by the Board. Likewise, the Treasury is responsible for conducting business with financial institutions, optimizing factors so that the best possible conditions may be obtained at all times.

A large part of the Treasury activities of Jerónimo Martins is centralised in the Holding Company, which is a structure that provides services to all other Companies of the Group. The National Distribution Companies are completely centralised, while the Polish Distribution, and Representation and Restaurant areas still work independently in relation to processing payments to third parties.

It is also Treasury's responsibility to elaborate and comply with the Treasury budget that is based on the activity plans of the Group's Companies.

In compliance with the above-described activities, several loans and commercial paper programmes were restructured in various Group's Companies during 2010, with the main aim of extending their maturities, increasing the amount available, and ensuring availability in case the funds need to be used.

Food Quality and Safety – Created in 2010, it is responsible for defining, planning, implementing and controlling the policies, procedures, methodologies and rules along the whole food chain, in order to ensure the use of the best and most up-to-date practices. This responsibility extends to the different geographical areas where Jerónimo Martins operates and where the harmonisation and consistency of the methods and procedures must be identical.

The main activities developed in 2010 were the restructuring of the area, both of the organization as a whole and of individual teams in those areas, as well as the survey of processes, methodologies, practices and procedures in Portugal and Poland with the aim of harmonising them.

Human Resources – Founded on the Culture, Values and Principles of Jerónimo Martins, this area is responsible for defining and implementing the global strategy and policies of Human Resources. This Division, which acts across the Group as a whole, is responsible for ensuring compliance with the policies, standards, procedures and good practices as regards the main pillars of Human Resource Management – Recruitment, Training, Development, Compensation and Benefits – while respecting the individual nature of the different Companies and the uniqueness of the different geographical areas in which Jerónimo Martins operates.

Investor Relations – This Division is the preferred interface with investors – shareholders or not, institutional and private, national and foreign – as well as the analysts who formulate opinions and recommendations regarding Jerónimo Martins' share price.

It is also the responsibility of the Investor Relations Office to co-ordinate all matters related to the Securities and Exchange Commission.

The activities carried out by this Functional Division can be found in detail in section 3.11. below.

Security – This area defines and controls procedures in terms of protecting the security of the Group'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.

Information Systems – Defined in 2010 as a transversal corporate area, its mission is to harmonise the information systems of the Group and define common policies, procedures and processes for managing IT, as well as outlining a strategic IT plan aligned with the strategy of Jerónimo Martins.

It is responsible in particular for providing and supporting information and communication technology services that create the conditions for the business to achieve its goals and objectives. It is also responsible for defining and providing support to the architecture, communications, hardware and software infrastructure, design and development of appropriate applications that are necessary for the processes of the organisation.

This Division is also responsible for guaranteeing an adequate level of security of the Company's information systems, developing and implementing the right tools for that purpose, defining and testing the Disaster Recovery Plan, as well as providing support and appropriate training to users in relation to all new features and systems.

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2010 was marked by the adaptation of the information systems to the various legislative changes, including those related to the accounting standardisation and VAT, and also by multiple processes of technological renewal (including the SAP ERP and Data Warehouse), and by various bureaucracy reduction initiatives (such as those concerning labour accidents and proposals for the hiring of staff).

2.3.2.2. 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.

Hence, the Food Distribution business is divided into Geographical Areas, Portugal and Poland, and then further divided within those areas into Operational Areas. In Portugal there are three Operational Areas: Pingo Doce (supermarkets and hypermarkets), Recheio (cash & carries) and Madeira (supermarkets and cash & carries). In Poland there are two Operational Areas: Biedronka (food stores) and "Apteka Na Zdrowie" (pharmacies).

The manufacturing segment operates in partnership with Unilever, through the company Unilever Jerónimo Martins, Lda., which conducts the businesses of the food, personal care and home care products and ice creams, and through the company Gallo Worldwide, Lda., which produces and sells olive oil and cooking oils.

Within the Group's portfolio there is also a business segment devoted to Marketing Services, Representations and Restaurant Services, which includes: i. Jerónimo Martins Distribuição, which represents in Portugal major international brands of widely consumed food products, premium cosmetic brands and mass market brands, and which includes Caterplus, a specialist in the trade and distribution of specific products for Food Service;

ii. Hüssel, a retail chain specialised in chocolates and confectionary; and iii. Jerónimo Martins Restauração e Serviços, which owns the chain of Jeronimo coffee shops, Ben & Jerry's and Olá ice cream stores, and Chili's and Oliva restaurants.

Information about the organisation model is provided in Chapter 1 – Management Structure, of the Annual Report of which the present Report is part.

2.4. Audit Committee Annual Report and opinion of the Audit Committee

The annual report on the activities undertaken by the Audit Committee includes a description of the supervisory activities carried out and it has been published on the corporate website of Jerónimo Martins, together with the financial statements.

2.5. Risk management and internal control systems

2.5.1. Risk management

The Company, and in particular, its Board of Directors, dedicates a great deal of attention to the risks affecting the businesses and their objectives. Success in this field depends on the ability to identify, understand and handle exposure to events, which, whether or not under the direct control of the management team, may materially affect the physical, financial and/or organizational assets of the Company. This concern is materialized in the Group's Risk Management Policy, which aims to stimulate and reinforce the behaviour necessary for that success.

Because of the size and geographical dispersion of Jerónimo Martins' activities, successful risk management depends on the participation of all employees, who should assume this concern as an integral part of their jobs, particularly through the identification and reporting of risks associated with their area. Therefore,

all activities must be carried out with an understanding of what the risk is and an awareness of the potential impact of unexpected events on the Company and its reputation.

2.5.1.1. Risk management objectives

Within the Group, Risk Management aims to meet the following objectives:

- To promote the identification, evaluation, handling and monitoring of risks, in accordance with a methodology common to all the Companies in the Group.
- To regularly assess the strengths and weaknesses of key value drivers.
- To develop and implement programmes to handle and prevent risk.
- To integrate Risk Management into business planning.
- To promote the awareness of the workforce with regard to risks and also to the positive and negative effects of all processes that influence operations and are sources of value creation.
- To improve decision-making and priority-setting processes through the structured understanding of Jerónimo Martins' business processes, their volatility, opportunities and threats.

2.5.1.2. The risk management process

In the first place, risk evaluation seeks to distinguish what is irrelevant from what is material. This requires active management and involves consideration of sources of risk, the probability of occurrence of a certain event, and the consequences of their manifestation within the context of the control environment.

The Risk Management Process (RMP) is cyclical in nature, considering: i. risk identification and evaluation; ii. definition of management strategies; iii. implementation of control processes, and iv. process monitoring.

The RMP of the Group complies with standards of the Federation of European Risk Management Associations (FERMA), which are seen as a model of best practices.

The objectives defined during the strategic and operational planning process are the departure point of the RMP. At this time internal and external factors that may compromise fulfilment of the established goals are being identified and assessed.

This approach is based on the concept of Economic Value Added (EVA). It begins with the analysis of the key value drivers of both the operating profit and the cost of capital, in an attempt to identify the factors of uncertainty that may negatively influence the generation of value.

In this manner, a systematised, interconnected perspective of the risks inherent to the organisational divisions' processes, functions and activity is developed.

2.5.1.3. Organisation of risk management

Risk management is organized around three categories:

- Strategic risks.
- Financial risks.
- Process risks.

In the first category, attention is focused on the uncertainty which affects the viability of the business model and strategy. The other categories encompass the uncertainty affecting the implementation of the defined business model and strategy. The process risks category also includes uncertainty regarding the relevance and quality of the information used for decision-making.

Strategic risks

Strategic risk management involves monitoring factors such as social, political and macroeconomic trends; the evolution of consumers' preferences; the businesses' life cycle; the dynamics of the markets (financial, employment, natural and energetic resources); the competition's activity; technological innovation; availability of resources; and legal and regulatory changes.

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The management team uses this information to understand if the analysis of the identified needs is still up to date and if it is viable to develop a unique value proposition, which adequately meets those needs. That information is also used to know if there is a large enough market of customers who are willing and able to pay the price offered and to see if the Company has enough exclusive, lasting and sustainable competitive advantages to obtain a return that is commensurate with the risks involved.

In this way, the management team tries 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 market conditions.

These issues are assessed at the Executive Board meetings and discussed during various internal forums throughout the year.

Financial risks

Risk factors

Jerónimo Martins is exposed to several financial risks, namely: market risk (which includes exchange rate risk, interest rate risk and price risk), liquidity risk and credit risk.

The management of this risk category is focused on the unpredictable nature of the financial markets and tries to minimize its adverse effects on the Company's financial performance.

On this level, certain types of exposure are managed using financial derivative instruments.

Activity in this area is carried out by the Financial Operations Department, under the supervision of the Executive Board. The Risk Management Department is responsible for identifying, assessing and hedging financial risks, by following the guidelines

set out in the Financial Risk Management Policy that was approved in April 2009 by the Board of Directors.

Every quarter, reports on compliance with the Financial Risk Management Policy are presented to the Audit Committee.

a) Market risk

a.1) Foreign exchange risk

The main source of exposure to foreign exchange risk comes from Jerónimo Martins' operations in Poland.

On 31 December 2010, a depreciation of the zloty against the euro of around 10% would have a negative impact on the net investment of 46 million euros. The Company's vulnerability to this risk increased during 2010 for two reasons:

- Increase in the value of the net investment in Poland.
- Maturity of all existing hedging operations for this risk, at the end of last year.

The other source of exposure regarding exchange rate risk comes from debt issued in US dollars in 2004, with the following characteristics:

Financing	Amount	Maturity
Private Placement #1	\$84,000,000.00	23-06-2011
Private Placement #2	\$96,000,000.00	23-06-2014

Two cross currency swaps were contracted to hedge this risk, exactly replicating the terms of the financing:

Financing	Amount	Counter-amount	Maturity
Swap #1	\$84,000,000.00	70,469,798.66 €	23-06-2011
Swap #2	\$96,000,000.00	80,536,912.75 €	23-06-2014

Thus, net exposure to the US dollar, as a result of these transactions is nil, with no changes occurring from 2009 to 2010.

In addition to this exposure, within the scope of the commercial activities of its subsidiaries, the Company acquires merchandise that is denominated in foreign currency, mainly zloty and US dollars. As a general rule, these transactions involve low amounts, and are very short dated.

Management of the Operational Companies' exchange rate risk is centralized in the Financial Operations Department of the Group's Holding. Whenever possible, exposure is managed through natural hedges, namely through loans denominated in local currency. When this is not possible, zero cost structures are contracted using instruments such as: swaps, forwards or options.

The Group's exposure to foreign exchange risk in recognised financial instruments included and not included in the balance sheet at 31 December 2010 was as follows:

	(€' 000)			
As at December 31st, 2010	Euro	Zloty	Dólar	Total
Assets				
Cash and cash equivalents	200,130	103,797	-	303,927
Available-for-sale financial investments	7,015	-	-	7,015
Debtors and deferred costs	117,182	53,627	-	170,809
Derivative financial instruments	-	46	-	46
Total Financial Assets	324,327	157,470	-	481,797
Liabilities				
Borrowings	609,509	101,019	142,871	853,399
Derivative financial instruments	16,218	175	8,019	24,412
Creditors and accrued costs	896,581	919,254	117	1,815,952
Total Financial Liabilities	1,522,308	1,020,448	151,007	2,693,763
Net Financial Position in the Balance Sheet	(1,197,981)	(862,978)	(151,007)	(2,211,966)
As at December 31st, 2009				
Total financial assets	202,790	209,358	15	412,163
Total financial liabilities	1,449,722	889,058	151,007	2,489,787
Net Financial Position in the Balance Sheet	(1,246,932)	(679,700)	(150,992)	(2,077,624)

a.2) Price risk

Because of its investment in Banco Comercial Português, the Company is exposed to the risk of share price fluctuation. At 31 December 2010, a negative 10% variation in the trading price of BCP shares would have a negative effect of 113 thousand euros. At 31 December 2009, a similar variation would have a negative effect of 165 thousand euros.

a.3) Interest rate risk (Cash Flow and Fair Value)

All financial liabilities are directly or indirectly indexed to a reference interest rate, which exposes Jerónimo Martins to cash flow risk. A given portion of this risk is hedged through interest rate swaps, thus the Company is also exposed to fair value risk.

Exposure to interest rate risk is monitored dynamically. In addition to evaluating future interest costs based on forward rates, sensitivity tests to variations in interest rate levels are performed. The Company is essentially exposed to the euro and the zloty interest rate curves. The sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect interest gains and losses on variable financial instruments.
- 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 end of the year.

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For each analysis, whatever the currency, the same changes to the yield curves are used. The analyses are carried out for the net debt, i.e., 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 on 31 December 2010, and ignoring the effect of interest rate derivatives, a rise of 50 basis points in interest rates, with everything else remaining constant, would have a negative impact of 2.8 million euros (compared to 3.3 million euros at the end of 2009). Incorporating the effect of interest rate derivatives, the net impact would be a positive 2.5 million euros. These effects would be reflected in the earnings for the year.

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.

b) Credit risk

Credit risk is centrally managed. The main sources of credit risk are: bank deposits, short-term investments and derivatives contracted with financial institutions and customers.

The financial institutions that Jerónimo Martins chooses to do business with are selected based on the ratings they receive from one of the independent, benchmark rating agencies. The minimum acceptable rating is "A-" by Standard & Poor's or equivalent.

With regard to customers, the risk is mainly limited to Recheio Cash & Carry and Manufacturing and Services businesses, since

the other businesses operate based on cash sales or with bankcards (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.

The following table shows a summary of the quality of credit deposits, short-term investments and derivative financial instruments with positive fair value, as at 31 December 2010 and 2009:

(€' 000)			
Financial Institutions	Rating	2010	2009
		Balance	Balance
Standard & Poor's	[AA- : AA]	21,776	6,172
Standard & Poor's	[A- : A+]	196,175	191,448
Standard & Poor's	[BBB : BBB+]	43,731	-
Moody's	Baa2	-	23,981
Fitch's	A	29,384	-
	Not available	10,017	15

The ratings shown correspond to the notations given by Standard and Poor's. When these are not available Moody's notations are used instead.

The following table shows an analysis of the credit quality of the amounts receivable from customers without non-payment or impairment.

(€' 000)		
Credit Quality of the Financial Assets	2010	2009
	Balance	Balance
New customer balances (less than six months)	3,536	4,524
Balances of customers without a history of non-payment	64,221	73,863
Balances of customers with a history of non-payment	19,605	13,618
Balances of other debtors with the provision of guarantees	432	641
Balances of other debtors without the provision of guarantees	55,140	75,804
	142,934	168,450

The following table shows an analysis of the concentration of credit risk from amounts receivable from customers, taking into account its exposure for the Group:

(€' 000)

Concentration of the Credit Risk from the Financial Assets

	2010		2009	
	No.	Balance	No.	Balance
Customers with a balance above 1,000,000 euros	19	34,219	23	38,443
Customers with a balance between 250,000 and 1,000,000 euros	63	16,593	57	15,203
Customers with a balance below 250,000 euros	7,711	37,541	8,429	38,948
Other Debtors with a balance above 250,000 euros	129	30,564	34	49,483
Other Debtors with a balance below 250,000 euros	2,332	24,017	2,607	26,373
	10,254	142,934	11,150	168,450

The maximum exposure to credit risk as at 31 December 2010 and 2009 is the financial assets accounting value.

c) 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 allow the regular development of Jerónimo Martins' activities, but that also ensure some flexibility to be able to absorb shocks unrelated to Company activities.

To manage this risk, the Company uses, for example, credit derivatives, in order to minimise the impact of widening credit spreads, that result from exogenous shocks beyond the control of the Jerónimo Martins.

Treasury needs are managed based on short-term planning (executed on a daily basis) which derives from the annual plans which are reviewed at least twice a year.

The following table shows Jerónimo Martins' 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.

(€' 000)

Exposure to Liquidity Risk

2010	Less than 1 year	1 to 5 years	+ 5 years
Borrowings			
Financial Leasing	33,968	40,545	95
Loans	217,707	640,368	-
Derivative Financial Instruments	8,683	7,449	-
Creditors	1,687,005	-	-
Operational Lease Liabilities	168,982	570,415	710,098
2009			
Borrowings			
Financial Leasing	37,541	51,468	28
Loans	117,911	805,015	-
Derivative Financial Instruments	13,774	2,473	-
Creditors	1,450,198	-	-
Operational Lease Liabilities	154,899	500,539	546,900

Capital risk management

Jerónimo Martins 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. The Executive Committee established a gearing ratio below 70% as a target for 2010, consistent with an investment grade rating.

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The gearing ratios at 31 December 2009 and 2010 were as follows:

	2010	2009
Capital Invested	1,709,343	1,757,696
Net Debt	577,532	692,000
Shareholder's Funds	1,131,812	1,065,695
Gearing	51.0%	64.9%

Process Risks

The model used in managing Process Risks includes Operating Risks, Human Resources, Information Technologies and Information for Decision-Making. Given the cross-over inherent to some of the risks considered in each of these areas, their management is shared by different functional areas of the Companies.

The operational risks class covers risks related to sourcing, supply chain, stock management, cash management, investments, efficiency in the use of resources, business interruption and fraud. Quality and Food Safety Management, Security of People and Property, and Facilities and Equipment also come under this category. Due to their specific needs, these areas are the responsibility of their respective Department.

The following areas are the responsibility of the Quality and Food Safety Department of the different Companies: i. prevention, through selection, assessment, and follow-up audits on suppliers; ii. monitoring, by following the product throughout the whole logistics circuit, to analyse compliance with best practice and certification requirements; and iii. training, by carrying out periodic simulations and awareness initiatives.

In the different Companies, the departments that manage environmental matters have the following responsibilities: i. minimizing the environmental impacts of the activities, products and services; ii. monitoring the facilities to assess their compliance with best practice and legal and certification requirements; iii. training employees to adopt environmental best practice; and iv. co-operating with internal department and external entities, with a view to obtaining process eco-efficiency.

The Security Department is responsible for ensuring that conditions exist to guarantee the physical integrity of people and facilities, intervening against theft and robbery, as well as fraud and other illegal and/or violent activities perpetrated in the facilities or against the Group's employees. Its tasks are based on defining and controlling procedures for preventing the security and protection of the property, and also on providing support to the audits carried out on the security and risk prevention systems.



It is the Technical Departments' responsibility, in co-operation with the respective Operational Departments, to define and carry out the regular maintenance plans on the facilities. Of note within its area of activity are supervising the status of electrical equipment, managing means of protection and detecting fires, as well as storing flammable material.

Within the class of risks related to Human Resources are risks associated with payroll, authorisation levels and ethical behaviour. Health and Safety in the Workplace also comes under this area.

In the Food Distribution area in Portugal, coordinating the management process of this risk area is the responsibility of the Director of the Environment and Occupational Safety. In Poland, this responsibility is decentralised among the various regions of the Biedronka operation. Regarding Manufacturing, the risk area in Health and Safety in the Workplace is centrally managed, covering all the Companies involved. Risk management in this field involves defining and publicising working standards and instructions, carrying out employee awareness initiatives and training, performing audits on the stores, risk assessments in all establishments, and performing emergency simulations.

The risks associated to Information Technologies are analysed considering the different components: planning and organization of information technologies, development of information technologies, operations management, information security and continuity. The component of Information Security is the responsibility of the Information Security Officer (ISO), which consists of implementing and maintaining an information security management system that ensures confidentiality, integrity and availability of critical business information, and recovery of the systems in the event of interruption in the operations.

In the risks for Decision-Making, accounting and financial reporting risks are considered. Also included in this area

is compliance with legislation, provided by the Legal Departments of the Group Companies. With regard to the Holding Company, the Legal Department guarantees the coordination and implementation of strategies aimed at protecting the interests of Jerónimo Martins in legal disputes, and it also provides outside counsel.

In order to ensure the fulfilment of tax obligations and also to mitigate risk due to inadequate checks and balances, the Holding Company's Fiscal Affairs Department advises all the Group's Companies, as well as managing their tax proceedings.

Communication, reporting and monitoring of the risk management process

Risk Management process monitoring involves the Board of Directors of the Company, the Operating Divisions, the Functional Divisions of the Operation, the Audit Committee and members of Risk Management and Internal Audit.

Specifically, the Board of Directors, as the Entity responsible for the strategy of Jerónimo Martins, has the following objectives and responsibilities:

- To understand the most significant risks affecting the Group.
- To ensure that Jerónimo Martins possesses appropriate levels of knowledge of the risks affecting its operations, and how to manage them.
- To ensure that Jerónimo Martins' Risk Management strategy is released at all hierarchical levels.
- To ensure that the Group is able to minimise the probability and impact of risks to the business.
- To ensure that Jerónimo Martins can react to crisis situations.
- To ensure that the Risk Management process is adequate and that it strictly monitors those risks that have the highest probability of occurrence or impact on Jerónimo Martins' activities.

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Those responsible for critical processes of the business, along with members of the Risk Management Department, develop and implement the risk control mechanisms. In turn, the Group's Internal Audit team evaluates the efficiency of these mechanisms.

Evaluation of the internal control system

The Internal Audit Department's activity plan, which defines the scope of the audits to be carried out, allows the control processes to be evaluated. These processes are directed at fulfilling the Internal Control System's objectives, namely those for ensuring the efficiency of the operations, the reliability of the financial and operational reports, and compliance with laws and regulations.

To this end, process and compliance audits were performed, as well as financial audits and information technology audits whose associated risks presented a higher probability of occurrence and/or potential impact on operations. This approach helps make the internal auditing process more efficient and contributes to increasing the awareness of those responsible for the prompt implementation of scheduled recommendations.

The results of these consultations are made available by the Internal Audit Department to the Audit Committee, the Internal Control Committee and the Managing Committee of the Group on a quarterly basis.

In 2010, the Internal Audit Department evaluated to what extent the Internal Control System of the Companies of Jerónimo Martins in Portugal and Poland mitigate the effect of identified risks. This control process evaluation has allowed the database of risks that affects or may affect the referred to Companies to be updated. Those processes are reported half-yearly to the Group's Internal Control Committee, Audit Committee and Managing Committee.

The processes for managing stock management, cash collection, supplementary income, payroll and information systems risks were

all audited in accordance with the established Activity Plan, and following the updated Operating Risk models and critical business processes applying to each Company in the Group. In the area of risks relating to information for decision-making, accounting audits were carried out to gauge compliance with accounting principles.

2.6. Code of Conduct and Internal Regulations

The Company complies with current legislation and the rules of behaviour appropriate to its activity, adopting codes of conduct and internal regulations whenever the issues involved call for them.

Jerónimo Martins has always acted upon principles of absolute respect for the rules of good conduct in managing conflicts of interest, incompatibilities, confidentiality, and ensuring that Members of the Board of Directors and Group Managers do not use insider information. To this end the Company has a regularly updated list of people who may have access to insider information.

Although the existing instruments and practices have proved adequate in regulating these matters, it was decided that a code should be drawn up for the existing rules concerning the aforementioned issues, as well as others that are specifically related to the activities of the Jerónimo Martins' Companies. The aim of this code is to formalise commitments that require a high standard of conduct from everyone within the Group and provide a tool for optimising management.

Thus, and in addition to the Code of Conduct in force, there are currently in effect Regulations for the Board of Directors, the Managing Committee, the Audit Committee, the CAMF, the CRC, the CAN, the Ethics Committee and the CCI, which regulate

the responsibilities and functioning of the mentioned bodies. There is also Company Share Transactions Regulations, applying to Jerónimo Martins' Board Members and Senior Management.

These Codes and Regulations may be viewed on the Jerónimo Martins website or by request addressed to the Investor Relations Office. In addition to the abovementioned documents and applicable legal provisions with which the Company complies, there are no other internal regulations regarding incompatibilities and the maximum number of corporate positions that may be accumulated.

SECTION 2 – THE BOARD OF DIRECTORS

2.7. The Board of Directors

According to the Articles of Associations, the Board of Directors is comprised of a minimum of seven and a maximum of eleven members. Currently, the Board of Directors has eleven members, one of whom is the Chief Executive Officer.

The inclusion of Independent Directors and Non-Executive Directors on the Board of Directors provides for the integration of a wide range of technical skills, contact networks and connections with national and international bodies, which enrich and optimise the Company's management

in terms of creating value and ensuring adequate protection of the interests of all its shareholders.

Accordingly, the Company has four Independent Directors out of a total of eleven Directors. However, due to the resignation proffered by Prof. António Borges, since 1 January 2010 the Board of Directors has been operating with a total of ten Directors. In relation to the reinforcement of Corporate Governance practices, the Chairmanship of the Board of Directors (held by Mr. Alexandre Soares dos Santos) was kept separated from the Chairmanship of the Executive Committee (held by Mr. Luís Palha da Silva) up to the termination of the mandate of the Executive Committee.

The Board of Directors, whose duties are described in Article Thirteen 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.

Unless otherwise provided for, decisions will be carried by a majority vote of the members present or represented, and of those who vote by post. In the event of a tie, the Chairman has the casting vote.

It also states that it is the responsibility of the Chairman of the Board of Directors and of the Non-Executive Members

of that Board to evaluate the performance of the Executive Directors and of the various existing committees. They meet at least once per year in *ad hoc* meetings specifically devoted to this matter, without the presence of the Executive Directors. At such meetings the performance of the Executive Directors and their influence on Jerónimo Martins' businesses is debated in depth, including an assessment of the impact of their activity and of the alignment with the medium and long-term interests of the Company. The same procedure is used to analyse the performance of the various committees existing within the Group.

2.7.1. Chairman of the Board of Directors

The role of Chairman of the Board of Directors is performed by Mr. Alexandre Soares dos Santos. The Chairman of the Board of Directors, according to the Board of Directors' Regulations, and 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. The Chairman is also Chairman of the CAN, through which he closely and systematically monitors the matters under the jurisdiction of this Committee, with particular emphasis on management development.

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2.8. Main economic, financial and legal risks

The identification and handling of economic, financial and legal risks inherent to the activity of Jerónimo Martins is addressed under the areas of strategic, financial and process risks detailed in section 2.5. of this Report.

2.9. Powers of the Board of Directors, namely in relation to deliberations on capital increases

Any capital increase is subject to prior deliberation by the Shareholders' Meeting.

2.10. Information on the rotation of responsibilities policy and rules on the appointment and replacement of members of the Board of Directors and of the Supervisory Board

2.10.1. Responsibilities of the members of the Board of Directors

According to the structure currently adopted by the Board of Directors there are no responsibilities being allocated among its members.

This structure has, as mentioned above, a Chief Executive Officer with the powers detailed in section 2.21.1. of this Report, and specialised committees that have been established with the aim of working with the Board of Directors to carry out its functions, tracking certain specific matters.

These committees, with the composition, functions and powers described in the sections below – namely 2.21.3., 2.21.4. and 2.21.5. –, are focused on the following subjects:

- **Financial Matters Committee** – Strategic investments; Capital allocation and structure; Investor relations; Communication with financial markets; Monitoring and supervision of financial policies adopted by the Group.
- **Committee on Corporate Responsibility** – Corporate Governance; Social Responsibility, Environment and Ethics; Sustainability; Conflicts of Interest.
- **Evaluation and Nominations Committee** – Assessment of the performance of the members of the statutory bodies of the Relevant Subsidiary Companies; nomination and succession of members of the statutory bodies of Relevant Subsidiaries; Management development and talent management policies for the Group, by identifying potential candidates for senior positions.

Since there is no division of responsibilities among the members of the Board of Directors, the Company can not follow the guideline for the rotation of responsibilities on the Board of Directors, in particular the rotation of responsibility for financial matters.

2.10.2. Rules applying to the appointment and replacement of members of the Board of Directors and of the Supervisory Board

The first article of the Regulations of the Company's Board of Directors foresees that this body has a composition that will be deliberated in the Shareholders' Meeting pursuant to the terms indicated in paragraph one of Article Twelve of the Articles of Association, and it will be presided over by the respective Chairman, chosen by the Shareholders' Meeting.

Paragraph number three of Article Eight 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 sixty days of the absence of the Director, the Audit Committee will be responsible for appointing the substitute.

According to Article One of the respective Regulations, and Article Nineteen of the Articles of Association, the Audit Committee is composed of three Members of the Board of Directors, one of whom will be its Chairman. The members of the Audit Committee are appointed 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.

There is no specific regulatory prevision regarding the appointment and replacement of Members of the Audit Committee, thus what is set forth in law is applied.

2.11. Number of meetings of the management and Supervisory Bodies, and other committees

During 2010, the Board of Directors met seven times; the Executive Committee met eight times up to its termination in April 2010, three of which were also attended by the Chairman of the Board of Directors; the Managing Committee has met, since its appointment in April 2010, 13 times; and the Audit Committee held five meetings. Likewise, the CAMF met four times, the CRC one time, and the CAN two times. Lastly, the Ethics Committee met 11 times, and the CCI held 11 meetings. The respective minutes were prepared for all these meetings.

2.12. Minutes of the Executive Committee and information for the members of the Corporate Bodies

The Board of Directors and its Chairman, in particular, have, apart from the powers on strategic matters of management of the Group, effective control on directing corporate life by always seeking to be duly informed and by ensuring the supervision of the Company's management.

To this end, the Board of Directors has at its disposal the minutes of the Executive Committee meetings, held up to its termination in April 2010, in which the matters discussed and the decisions taken are recorded. During that period, the Chairman of the Executive Committee also sent the notices of meetings and the minutes of the same to the Chairman of the Board of Directors and to the Chairman of the Audit Committee via the Company Secretary. Since April 2010, by virtue of delegation of powers to the Chief Executive Officer and the creation of the Managing Committee, the minutes of this *ad hoc* body are also available to the Board of Directors. These minutes contain the matters discussed and decisions taken in their meetings, and they are also sent via the Company Secretary to the Chairman of the Board of Directors and the Chairman of the Audit Committee.

Moreover, at each Board of Directors meeting the Chief Executive Officer reports on Company activity since the last meeting, and is ready to provide any further clarification that the Non-Executive Directors may require. All information requested by the Non-Executive Directors in 2010 was provided in full and in a timely manner by the Executive Committee, until its termination, and by the Chief Executive Officer since then.

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2.13. Description and identification of the Management Body

The Board of Directors has eleven members, one of whom is the Chief Executive Officer – Mr. Pedro Soares dos Santos, and the remaining ten members are: Mr. Alexandre Soares dos Santos (Chairman of the Board of Directors), Prof. António Borges (resigned from the post on 22 November 2010, with effect from 31 December), Mr. António Viana-Baptista, Mr. Artur Santos Silva, Mr. Hans Eggerstedt, Mr. José Soares dos Santos, Mr. Luís Palha da Silva, Prof. Marcel Corstjens, Mr. Nicolaas Pronk and Prof. Stefan Kirsten.

Of the Non-Executive Directors – Mr. Alexandre Soares dos Santos, Prof. António Borges, Mr. Artur Santos Silva, Prof. Marcel Corstjens, Mr. Nicolaas Pronk, Mr. Hans Eggerstedt, Mr. António Viana-Baptista and Prof. Stefan Kirsten – the last three comprise the Audit Committee, complying with the rules of incompatibility indicated in paragraph 1 of Article 414-A of the Commercial Companies Code, except that provided for in sub-paragraph b).

As regards the consistency of the qualification of Mr. António Viana-Baptista vis-a-vis the criterion of sub-paragraph h) of paragraph 1 of the mentioned Article 414-A, it should be clarified that some of his management positions are held

in companies within the same group, therefore the assessment of the quantitative rule established in that criterion took into account those positions as one only management position.

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 independence criteria indicated in paragraph 5 of Article 414 of the Commercial Companies Code, the Independent Members are Mr. Artur Santos Silva, Prof. Marcel Corstjens, Mr. António Viana-Baptista and Prof. Stefan Kirsten. Each of them also complies with the rules of incompatibility laid down in the above-mentioned paragraph 1 of Article 414-A of the Commercial Companies Code. The Company thus complies with the recommendation that the assessment of independence made by the management body takes into account the legal rules and regulations on independence requirements and the rules governing incompatibilities.

However, the Company once again expresses its disagreement with this recommendation for two reasons: i. it further accentuates the limitations

arising from the application of the current statutory scheme on independence as provided for in the Commercial Companies Code, in a market of limited size, such as Portugal, where the number of people who may meet these requirements is increasingly reduced; and ii. it submits the evaluation of the independence of the members of the management body to incompatibility criteria that are designed and exclusively adjusted to the exercise of supervisory functions.

Thus, it is the Company's opinion that the CMVM should adjust this recommendation to the size of the Portuguese market, review its adequacy to the shareholder structure of companies and distinguish the applicability of the concepts of independence and incompatibility according to the members of the corporate bodies in question.

2.14. Rules of the selection process of candidates for Non-Executive Directors

As referred to in section 2.10.2 of this Report, the first article of the Regulations of the Company's Board of Directors foresees that this body has a composition that will be deliberated in the Shareholders' Meeting pursuant to the terms indicated in paragraph one of Article Twelve of the Articles of Association.

The Shareholders of the Company are thus primarily responsible for submitting to the Shareholders' Meeting for approval proposals with candidates for positions on the Board of Directors, with the whole process conducted and supervised by the Chairman of the Shareholders' Meeting, who guarantees its legality. The selection of candidates for Non-Executive Directors is, therefore, a process in the entire availability of the Shareholders, without interference from Executive Directors.

2.15. Inclusion in the Annual Management Report of the description of the activities performed by Non-Executive Members

The annual management report includes a description of the activities performed by Non-Executive Members.

2.16. Professional qualifications of the members of the Board of Directors

The current Chairman of the Board of Directors, Elísio Alexandre Soares dos Santos, began his professional career in 1957, when he joined Unilever. From 1964 to 1967, he acted as Marketing Director for Unilever Brasil. In 1968, he joined the Board of Directors of Jerónimo Martins as Chief Executive Officer, a post he combined with that of Representative of Jerónimo Martins' in the joint venture with Unilever. He has been the Group's Chairman since February 1996.

The Chief Executive Officer Pedro Soares dos Santos 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 Company. Between 1999 and 2000 he accepted responsibility for operations in Poland and 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 31 March 1995, and has been Chief Executive Officer since 9 April 2010.

Luís Palha da Silva has a degree in Company Management from Universidade Católica Portuguesa and another in Economics from Instituto Superior de Economia e Gestão. He was an Assistant at Universidade Católica between 1985 and 1992. From 1987 on, he assumed Director's functions at various companies, including Covina, SEFIS, EGF, CELBI, SOGEFI and IPE. He was Secretary of State for Trade from 1992 to 1995, and Director of Cimpor between 1998 and 2001. He has been a Director of the Company since 29 June 2001, and was Chairman of the Executive Committee from 2004 to 9 April 2010.

José Soares dos Santos holds a Degree in Biology from Universidade Clássica de Lisboa, joined Svea Lab AB in Sweden, in 1985, before going to work for the Url Colwort Laboratory in March 1987. In 1988, he joined the Human Resources Department of FimaVG – Distribuição de Produtos Alimentares, Lda., and in 1990 he was named Product Manager. Between 1992 and 1995 he worked for Brooke Bond Foods. He was a Director of Jerónimo Martins SGPS, S.A. between 31 March 1995 and 29 June 2001, and was reappointed on 15 April 2004 to the present day.

António Borges has a degree in Economics from Universidade Técnica de Lisboa and a PhD in Economics from Stanford University. He attended INSEAD in 1980. In 1990, he was nominated Vice Governor of the Portuguese Central Bank and in 1995 he was named Dean of INSEAD. He was also a Lecturer at Universidade Católica and Stanford University, and a Consultant to the Treasury Department of the United States of America, the OECD and the Portuguese Government. He has held various administrative posts, including at Citibank Portugal, Petrogal, Vista Alegre, Paribas and Sonae. He was a Vice President of Goldman Sachs from 2000 to 2008. He has been a Non-Executive Director of the Company from 29 June 2001 to 31 December 2010.

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Hans Eggerstedt is a German national, with a degree in Economics from the University of Hamburg. He joined Unilever in 1964, where he has spent his entire career. Among other positions, he was Director of Retail Operations, Ice Cream and Frozen Foods in Germany, President and CEO of Unilever Turkey, Regional Director for Central and Eastern Europe, Financial Director, and Information and Technology Director of Unilever. He was nominated to the Board of Directors of Unilever N.V. and Unilever PLC in 1985, a position he held until 1999. He has been Non-Executive Director of Jerónimo Martins SGPS, S.A. since 29 June 2001.

Artur Santos Silva holds a Law degree from Universidade de Coimbra. He was Director of Banco Português do Atlântico from 1968 to 1975, and Treasury Secretary of State between 1975 and 1976. From 1977 to 1978, he was Vice Governor of the Portuguese Central Bank. He has been President of Grupo BPI since 1981, a member of the Board of Directors of the Calouste Gulbenkian Foundation since 2002, member of the Consulting Committee for the Portuguese Technological Plan, member of the Consulting Committee to the CMVM, and Non-Executive Director of the Company since 15 April 2004.

Nicolaas Pronk is a Dutch national, and has a Masters degree in Finance, Auditing, and Information Technology. Between 1981 and 1989 he worked for KPMG in the Financial Audit area for Dutch and foreign companies. In 1989 he joined the Heerema Group, created the Internal Audit Department, and since then has performed various functions within the Group, having been responsible for various acquisitions and disinvestments and defining Corporate Governance. Since 1999 he has been the Financial Director of the Heerema Group, including responsibility for the areas of Finance, Treasury, Corporate Governance, Insurance and Taxation, reporting to that Group's President. He has been a Non-Executive Director of the Company since 30 March 2007.

Marcel Corstjens is a Belgian national, with a PhD in Business Administration, majoring in Marketing from the University of Berkeley. Between 1978 and 1981 he was an Assistant Professor at INSEAD in Fontainebleau, where he returned as Professor in 1985 and has been a Full Professor of Marketing since 1999. Since 1994, he has also been a Visiting Professor at Stanford University, in the U.S.A. Since 1978, he has been published numerous articles and books on Retailing and Marketing. He has been a Non-Executive Director of the Company since 7 April 2009.

António Viana-Baptista obtained a Degree in Economics from Universidade Católica Portuguesa in 1980. He 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 office. 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 is in his first term of office as a Non-Executive Director of the Company.

Stefan Kirsten is a German national, holding a PhD from Lüneburg University in Germany. He is currently a management consultant to various companies. Between 2007 and 2009 he was a member of the Board of Directors and CEO of the Majid Al Futtaim Group. He was a director of several companies between 2002 and 2009, in particular EMI Music, Metro AG Group and ThyssenKrupp AG. He began his professional career in Arthur Andersen. He is in his first term of office as a Non-Executive Director of the Company.

Prof. António Borges submitted his resignation from the post of Director on 22 November 2010, coming into effect on 31 December 2010.

The numbers of Company shares that are held by officers are indicated in the point concerning the Annex to the Consolidated Management Report.

2.17. Positions that the members of the Board of Directors hold in other companies

The Members of the Board of Directors also hold positions in other companies, namely:

Alexandre Soares dos Santos

Chairman of the Board of Curators of Fundação Francisco Manuel dos Santos

Director of Sindcom – Sociedade de Investimento na Indústria e Comércio, SGPS, S.A.

Director of Sociedade Francisco Manuel dos Santos, SGPS, S.A.

Director of Sindcom – Sociedade Imobiliária, S.A.

Luís Palha da Silva

Director of Jerónimo Martins Serviços, S.A.*

Director of JMR – Gestão de Empresas de Retalho, SGPS, S.A.*

Director of Fima – Produtos Alimentares, S.A.*

Director of Victor Guedes Indústria e Comércio, S.A.*

Director of Indústrias Lever Portuguesa, S.A.*

Director of Olá – Produção de Gelados e Outros Produtos Alimentares, S.A. *

Manager of Unilever Jerónimo Martins, Lda.*

Manager of Gallo Worldwide, Lda.*

Vice-President of Sporting Clube de Portugal.

Pedro Soares dos Santos

Director of Jerónimo Martins Serviços, S.A.*

Director of Imocash – Imobiliário de Distribuição, S.A.*

Director of Recheio Cash & Carry, S.A.*

Director of Recheio, SGPS, S.A.*

Director of Lidosol II – Distribuição de Produtos Alimentares, S.A.*

Director of Funchalgest – Sociedade Gestora de Participações Sociais, S.A.*

Director of Lidinvest – Gestão de Imóveis, S.A.*

Director of Larantigo – Sociedade de Construções, S.A.*

Director of João Gomes Camacho, S.A.*

Director of JMR – Gestão de Empresas de Retalho, SGPS, S.A.*

Director of Comespa – Gestão de Espaços Comerciais, S.A.*

Director of JMR – Prestação de Serviços para a Distribuição, S.A.*

Director of Supertur – Imobiliária, Comércio e Turismo, S.A.*

Director of Imoretalho – Gestão de Imóveis, S.A.*

Director of Cunha & Branco – Distribuição Alimentar, S.A.*

Director of Pingo Doce – Distribuição Alimentar, S.A.*

Director of Casal de S. Pedro – Administração de Bens, S.A.*

Director of Masterchef, S.A.*

Director of Escola de Formação Jerónimo Martins Serviços, S.A.*

Director of Sindcom – Sociedade de Investimento na Indústria e Comércio, SGPS, S.A.

Manager of Friedman – Sociedade de Investimentos Mobiliários e Imobiliários, Lda.*

Manager of Hermes – Sociedade de Investimentos Mobiliários e Imobiliários, Lda.*

Manager of Servicompra – Consultores de Aprovisionamento, Lda.*

José Soares dos Santos

Director of Jerónimo Martins Serviços, S.A.*

Director of Fima – Produtos Alimentares, S.A.*

Director of Victor Guedes Indústria e Comércio, S.A.*

Director of Indústrias Lever Portuguesa, S.A.*

Director of Olá – Produção de Gelados e Outros Produtos Alimentares, S.A. *

Director of Jerónimo Martins – Restauração e Serviços, S.A.*

Director of Sindcom – Sociedade de Investimento na Indústria e Comércio, SGPS, S.A.

Director of Sindcom – Sociedade Imobiliária, S.A.

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Director of Sociedade Francisco Manuel dos Santos, SGPS, S.A.
Director of Fundação Francisco Manuel dos Santos.
Manager of Unilever Jerónimo Martins, Lda.*
Manager of Gallo Worldwide, Lda.*
Manager of Jerónimo Martins – Distribuição de Produtos de Consumo, Lda.*
Manager of SFMS – Imobiliária, Sociedade Unipessoal, Lda.
Manager of Transportadora Central do Infante, Lda.

António Borges

Manager of International Monetary Fund for Europe

Hans Eggerstedt

Member of the Supervisory Board of Unilever Deutschland GmbH (Germany)
Non-Executive Director of Colt Group, S.A. (Luxembourg)
Member of the Advisory Board of Amsterdam Institute of Finance (The Netherlands)
Member of the Supervisory Board of Jeronimo Martins Duystribucja, SA*

Artur Santos Silva

Chairman of the Board of Directors of Banco BPI, S.A.
Member of the Board of Directors of the Calouste Gulbenkian Foundation
Member of the Board of Directors of Sindcom – Sociedade de Investimento na Indústria e Comércio, SGPS, S.A.
Member of the Board of Directors of Partex Oil and Gas (Holding Company)

Nicolaas Pronk

Member of the Board of Directors of Heerema Holding Company, Inc.
Member of the Board of Directors of Heerema Holding Construction, Inc.
Member of the Board of Directors of Heerema Offshore Construction Group, Inc.

Member of the Board of Directors of Heerema International Group Services S.A.
Member of the Board of Directors of Heavy Transport Group, Inc.
Member of the Board of Directors of Heerema Engineering & Project Services, Inc.
Member of the Board of Directors of RegEnergys, Inc.
Member of the Board of Directors of RegEnergys Investment I, Inc.
Member of the Board of Directors of RegEnergys Investment II, Inc.
Member of the Board of Directors of RegEnergys Investment III, Inc.
Member of the Board of Directors of RegEnergys Investment I Ltd.
Member of the Board of Directors of RegEnergys Investment II Ltd.
Member of the Board of Directors of RegEnergys Investment III Ltd.
Member of the Board of Directors of RegEnergys Investment IV Ltd.
Member of the Board of Directors of RegEnergys Investment V Ltd.
Member of the Board of Directors of Heerema Holding Services (Antilles) N.V.
Member of the Board of Directors of Antillian Holding Company, N.V.
Member of the Board of Directors of Heavy Transport Holding Denmark ApS
Member of the Board of Directors of Aquamondo Insurance N.V.
Member of the Board of Directors of RegEnergys (Bermuda) Ltd.
Member of the Board of Directors of Heerema Fabrication Finance (Luxembourg) S.A.
Member of the Board of Directors of Heavy Transport Finance (Luxembourg) S.A.
Member of the Board of Directors of Heerema Transport Finance (Luxembourg) S.a.r.l.
Member of the Board of Directors of Heerema Transport Finance II (Luxembourg) S.A.
Member of the Board of Directors of Heerema Marine Contractors Finance (Luxembourg) S.A.
Member of the Board of Directors of Heerema Group Services S.A.
Member of the Board of Directors of Asteck S.A.
Member of the Board of Directors of Epcote S.A.
Member of the Board of Directors of Heerema Engineering and Project Services (Luxembourg) S.A.

Member of the Board of Directors of Heerema Engineering Holding (Luxembourg) S.A.

Member of the Board of Directors of 360 Family Equity S.A.

Member of the Board of Directors of RegEnergys Holding (Luxembourg) S.A.

Member of the Board of Directors of RegEnergys Finance (Luxembourg) S.a.r.l.

Member of the Board of Directors of RegEnergys, Holding B.V.

Member of the Board of Power Ultrasonics, S.A.

Marcel Corstjens

Does not hold any post in other companies.

António Viana-Baptista

Member of the Board of Directors of Semapa, SGPS, S.A.

Member of the Audit Committee of RIM - Research in Motion

Member of the Board of Directors of TELESP Brasil

Member of the Board of Directors of Telefónica Móviles México

Member of the Board of Directors of O2 Plc

Member of the Board of Directors of NH Hoteles

Stefan Kirsten

Partner at SCCO International FZ-LLC.

SECTION 3 – REMUNERATION

2.18. Remuneration policy of the Board of Directors and of the Supervisory Board

The Remuneration Committee, according to its powers, established the remuneration parameters of the Executive Directors based on a fixed component and a variable component, seeking to make it more competitive in the market. It will also serve as a motivating element for high individual and collective performance, allowing ambitious targets of accelerated growth

to be established and achieved, and the adequate remuneration of Shareholders.

By proposal of the Chairman of the Board of Directors, the variable component is defined annually by the Remuneration Committee, considering the contribution of the Executive Directors to the evolution of the businesses from the shareholder's perspective (EVA) and the Company's share price during the preceding financial year, and furthermore, the degree of achievement of the projects forming part of the Group's Strategic Scorecard.

The variable remuneration is thus dependent on predetermined criteria that take into account the real growth of the Company, the wealth created for shareholders and long-term sustainability.

In its statement on the remunerations policy submitted to shareholders in 2010 and published on the website of the Group, the Remuneration Committee set the maximum thresholds for fixed and variable remuneration through the establishment of a maximum of 45% of total compensation for the variable part. That percentage was determined after analyzing the average of the variable components paid by the PSI20 companies and financial institutions of Euronext Lisbon, which were 45.6% and 61.6%, respectively, in 2009 vis-a-vis 2008.

The Remuneration Committee, under these guiding principles, defines the rules for the attribution of performance bonuses to Executive Directors, bearing in mind the degree to which personal and Company objectives have been met.

The statutory auditor is remunerated in accordance with the contract for the provision of audit services concluded with the Group, which covers almost all of its subsidiaries and providing a fee in line with the values practiced in the market.

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This remuneration policy was subject to discussion at the Annual Shareholders' Meeting held last year.

The Company continues not to have any plan for the award of shares or options to acquire shares to the Directors, nor was any remuneration paid out in the form of profit sharing in 2010.

There is no type of agreement or defined policy in place for the possible compensation of Company Directors in the case of breaking or terminating contracts, and such a situation has, in fact, never arisen.

2.19. Remuneration of the members of the Board of Directors and of the Supervisory Board

With regard to this information, particularly that resulting from the obligation to individually disclose the remuneration of the members of the management and supervisory bodies, approved within the scope of that stated in Article 2 of Law 28/2009 of 19th June, the Company maintains the view that there are other options for verifying the internal distribution of remuneration and assessing the relationship between the performance of each Company sector and the level of remuneration of the members of the Board of Directors who are responsible for supervising these sectors, considering that such is achieved by indicating the overall remuneration of the Executive Directors on one hand, and the Non-Executive Directors on the other.

It should be added that the internal and external resentment that such disclosure could provoke, does not, in the opinion of the Board of Directors, contribute towards improving the performance of its members. Nevertheless and due to the legal obligation, the Company discloses the information within the terms imposed.

The remuneration of the members of the Board in 2010 totalled 3,832,246.34 euros (2,481,978.14 euros relative to the fixed component and 1,350,268.20 euros regarding the variable component). All these remunerations have been paid and no other remunerations are paid by other companies in the Group.

Individually, in 2010 Mr. Pedro Soares dos Santos earned a total of 769,578.38 euros (467,133.38 euros in relation to the fixed component and 302,445.00 euros in relation to the variable component), 433,528.36 euros of which (131,083.36 euros in relation to the fixed component and 302,445.00 euros in relation to the variable component) was paid in the capacity of member of the Executive Committee.

Mr. Luís Palha earned a total of 771,149.18 euros in 2010 (468,704.18 euros in relation to the fixed component and 302,445.00 euros in relation to the variable component), 434,051.96 euros of which (131,606.96 euros in relation to the fixed component and 302,445.00 euros in relation to the variable component) was paid in the capacity of member of the Executive Committee.

Mr. José Soares dos Santos earned a total of 769,578.38 euros in 2010 (467,133.38 euros in relation to the fixed component and 302,445.00 euros in relation to the variable component), 443,528.36 euros of which (131,083.36 euros in relation to the fixed component and 302,445.00 euros in relation to the variable component) was paid in the capacity of member of the Executive Committee.

The members of the Audit Committee earned a total remuneration of 225,000 euros, all as fixed remuneration.

Individually, the current members of the Audit Committee earned the following remuneration: Mr. Hans Eggerstedt received 57,500.00 euros, Mr. António Viana-Baptista received 48,750.00 euros, and Prof. Stefan Kirsten received 56,250.00 euros.

Prof. António Borges, member of the Audit Committee until April 2010 and member of the Board of Directors until 31 December 2010, received a remuneration of 53,750.00 euros and Mr. Rui Patrício, member of the Audit Committee and member of the Board of Directors until April 2010, received a remuneration of 8,750 euros.

The remaining members of the Board of Directors received the following, individually and as fixed remuneration: Mr. Artur Santos Silva received 60,000.00 euros, Mr. Nicolaas Pronk received 60,000.00 euros, and Prof. Marcel Corstjens received 45,000.00 euros.

The Chairman of the Board of Directors received a total of 1,131,940.40 euros, of which 689,007.20 euros refers to fixed remuneration and 442,933.20 euros refers to variable remuneration.

The criteria for attributing the variable part of remuneration to the members of the Board are those stated in the previous section of this Report. In concrete terms the Remuneration Committee, following the performance evaluation carried out by the procedure referred to in section 2.7. of this Report, decided to award the above amounts based on the results obtained, the profitability of the businesses from the shareholder's perspective (EVA), the relative share price performance,

the work carried out during the year, the success of the projects undertaken bearing in mind the previously defined targets, and the criteria applied to the attribution of the variable remuneration to other senior managers.

In particular, the Remuneration Committee, in accordance with existing practice of the Company in recent terms, has sought to define a remuneration policy that rewards Executive Directors for the long-term performance of the Company and for satisfying the interests of the Company and of the Shareholders within this period. Therefore, the variable component that is approved on an annual basis by the Remuneration Committee considers their contribution to the development of business through:

- i. the achievement of EVA objectives included in the Medium and Long-Term Plan approved by the Board of Directors;
- ii. share price performance; and
- iii. implementation of a group of projects across the Companies in the Group which, having been identified by the Board of Directors as being essential to ensuring the future competitiveness of the businesses, are scheduled so that one calendar year may be exceeded, and the Executive Directors are accountable for each phase of fulfilment.

The thresholds for the fixed and variable components of remuneration, as mentioned

in the preceding section, were fixed by the Remuneration Committee in 2010, by imposing a ceiling on the variable component equivalent to 45% of total compensation.

The Remuneration Committee has held that the manner in which the remuneration of the Executive Directors is structured ensures full alignment of their interests and the positive performance of the Company in the long term without the need to stipulate any period of deferral for the variable component. The absence of deferral makes it unnecessary to have mechanisms to prevent the execution of contracts by executive directors that subvert the rationale of variable remuneration.

No plan is in place to attribute shares, or provide options to purchase shares, to Directors and Managers, for the purposes of Paragraph 3 of Article 248-B of the Portuguese Securities Code. In the same way, no remuneration was paid as profit-sharing, nor was any compensation paid to former Directors, Executive Directors or otherwise, related to the cessation of duties, and the Company has no outstanding debt in this respect. The Executive Directors benefit from life and health insurances. They did not receive any other amount from any Company in a Group relationship or exercising control over the Company.

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At the Annual Shareholders' Meeting in 2005, an Alternative Pension Plan was approved. It is a fixed-contribution Pension Plan with a pre-determined contribution amount – the monthly percentage discounted for the Fund was increased in 2010, from 12.5% to 17.5% – and with the value of the benefits depending on earnings received. The Remuneration Committee defines the contribution rate of the Company and the initial contribution.

Plan participants include the Executive Directors of the Company, and those who opted for the current Pension Plan will forego eligibility for the Alternative Pension Plan, expressly and irretrievably waiving it.

The retirement date is defined as either the actual day or the first day of the month following the natural age of retirement as established by the General Social Security System (currently 65 years old). A Participant will be considered to be in a state of total and permanent invalidity if the Portuguese Social Security Authorities acknowledge this.

Pensionable salary is the gross monthly base salary multiplied by 14 and divided by 12. At the end of the calendar year, a variable amount made up of all variable payments received is added to this monthly amount. The cap on the annual amount of this variable value was removed in 2010 (it had previously been equivalent to 20% of the gross monthly base salary of the last month of that year, multiplied by 14). This amount is integrated into the above-stated sums indicated as the remuneration of the Directors. Plan Participants acquire the right to 100% of the total amount of the contributions of the Company for the Fund, provided that they complete two terms of office as Executive Directors.

As for the complementary pension or retirement systems, under the terms of current Regulations, 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 ten years. This supplement was established in the Annual Shareholders' Meeting of 1996 and only those Directors that have not opted for the Retirement Pension Plan mentioned above may benefit from this supplement.

Non-pecuniary benefits are not considered as remuneration not attained in the above situations.

There is no payment obligation whatsoever, in individual terms, in the event of termination of functions during the term of the Board of Directors.

The remuneration of Non-Executive Directors, except for the Chairman of the Board of Directors, only incorporates a fixed component.

2.20. Communications policy for alleged irregularities occurring within the Company (whistleblower procedure)

Since 2004, the Ethics Committee of Jerónimo Martins has implemented a system of bottom-up communication that ensures that every employee at every level has access to communication channels to contact officers who are recognised within the Company with information on possible irregularities occurring within the Group. They may also make any comments or suggestions, particularly with respect to compliance with the procedural manuals in effect, especially the Code of Ethics.

This measure clarifies guidelines on questions as diverse as compliance with current legislation, respect for the principles of non-discrimination and equal opportunities, environmental concerns, business transparency and the integrity of relations with suppliers, customers and official entities, among other matters.

The Ethics Committee sent a message to all Jerónimo Martins employees to the effect that, if necessary, they could communicate with this body. This is possible by means of: i. letter via freepost; or ii. internal or external e-mail with a dedicated address. Interested parties may also request from the respective General Manager or Functional Director any clarification of the rules in force and their application, or they may provide them with information regarding any relevant situation.

Whichever communication channel is used, anonymity is assured for anyone who requires it.

SECTION 4 – SPECIALISED COMMITTEES

2.21. Composition of Specialised Committees and number of meetings during financial year

2.21.1. Chief Executive Officer and Executive Board

In April, following the election of the members of the management body for this current term of office, the Board of Directors decided to change its organisational structure for the three-year period beginning in 2010, in order to meet the new needs and requirements of the Group without neglecting governance best practice.

Thus, 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 an Executive Board, 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 Mr. Pedro Soares dos Santos who has the following delegated powers:

- To manage businesses and carry out operations related to the Company purpose included in the scope of its current management, as an equity management company.
- To represent the Company, in court and outside of court, to propose and contest any lawsuits, settle and withdraw from lawsuits, and bind the Company in arbitration; for that purpose it may appoint one or more representatives.
- Contract loans in the domestic or foreign financial markets, and accept the supervision of the loaning entity up to 50 million euros, after consulting with the Financial Matters Committee, whenever such operation exceeds 10 million euros.
- Make decisions regarding the Company providing technical and financial support, by means of loans, to companies in which it holds shares, quotas or social shares, in whole or in part.
- Decide on the transfer of real estate, as well as shares, portions, quotas and obligations of subsidiaries of the Company.
- Decide on the acquisition of any goods or real estate, and in general on making any investments up to the amount of 10 million euros, without prejudice to the provisions of the following paragraph.
- After consulting the Chairman of the Board of Directors, designate the people to be proposed to the Shareholders' Meetings of the companies in which it holds, in whole or in part, shares, quotas or social shares, to fill positions in the respective corporate bodies, indicating those who will be responsible for performing executive functions.
- To propose annually to the Board of Directors the financial goals to be met by the Company and by the Companies in the Group in the following accounting year, for that purpose consulting with the Chairman of the Board of Directors.
- To approve the human resources policies to be followed by the Group, regarding the powers allocated to the Evaluation and Nomination Committee.
- To approve the expansion plans regarding the activities of each business area, as well as the Companies in the Group that are not included in business areas.

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- To approve any investments projected in approved plans, with acquisitions of fixed assets up to 10 million euros.
- To approve any disinvestments projected in approved plans, with sales of fixed assets up to 10 million euros.
- To approve the organic structure of the Group's Companies.

For the purposes of the delegation of powers, investments whose value exceeds more than 10% of the value of each heading established in the Plan are regarded as not provided for in the Annual Plan.

The Board of Directors has also appointed a Managing Committee which has the primary goal of assisting the Chief Executive Officer in the duties delegated by the Board, in relation to the current management of the businesses that comprise the corporate object of the Company.

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, Mr. Pedro Soares dos Santos, who is the chair, Mr. Pedro Pereira da Silva, Ms. Marta Lopes Maia and Mr. Nuno Abrantes. In accordance with its regulations, the Managing Committee has the following duties:

- Control of 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.

To carry out the listed functions, the Managing Committee has the following powers:

- Approval of entering into financial contracts and financial operations of less than 50 million euros, including the start of a commercial relationship with a financial entity (after consultation with the CAMF, whenever the referenced operations exceed 10 million euros), the establishment of lines of credit, financing and operations of coverage and use of lines of credit already available.
- Approval of the processes of reorganization of the company structure of participated entities, including increase and decrease of share capital, mergers, splits, liquidations, incorporation of companies and alterations of the Articles of Association, as well as the purchase, sale or transfer of financial holdings, after consultation with CAMF; approval of transversal standards among the different companies of the Group, such as procedure manuals, regulations and internal instructions; deciding on prosecution, waiver or negotiation of settlements in court proceedings with amounts exceeding 100,000 euros. Whenever these processes exceed 10 million euros, CAMF should be consulted.
- Monitoring of negotiations and formalisation of group contracts for the acquisition of goods and services involving appropriations over 500,000 euros and models of standard agreements entered into by Companies in the course of their activity.
- Approval of investment proposals up to 10 million euros.
- Purchase and sale of holdings in subsidiary companies, after consultation with CAMF.
- Approval of operating and current expenses.
- Entering into maintenance contracts. If they are over 5 million euros, they should be subject to consultation with CAMF.
- Negotiating the terms of insurance policies, after consultation with CAMF.
- Giving donations of over 100,000 euros, while always respecting the policy defined by the Company. Whenever amounts exceed 500,000 euros, CAMF must be consulted.

- Enter into specialized service contracts (consulting, transport, auditing, litigation, etc.).
- Approval of real estate market valuations, according to the policies adopted by Jerónimo Martins, after consultation with CAMF.
- Approval of impairment of assets, after consultation with CAMF.
- Submitting the results appropriation proposal of the Company and approving those of the remaining companies of the Jerónimo Martins Group, after consulting CAMF.

The Managing Committee meets at least twice per month, at the Company headquarters or at any other location. It is the responsibility of the Chairman to convene and direct the meetings, setting the respective date, time and agenda. In 2010, the Managing Committee met 13 times, drawing up minutes of the meetings, which were sent to the Chairman of the Board of Directors and the Chairman of the Audit Committee.

2.21.2. Audit Committee

The Audit Committee, which has three Non-Executive Directors as members – Mr. Hans Eggerstedt (Chairman), Mr. António Viana-Baptista and Prof. Stefan Kirsten, the last two being independent according to legal criteria – paid particular attention in 2010 to financial risk management and to the analysis of reports and control of the execution of the correction measures proposed by Internal Audit.

The Chairman of the Audit Committee, Mr. Hans Eggerstedt, is internationally recognised as one of the best managers of his generation, having worked, over the course of his long career, in positions of great responsibility in various countries. His solid academic training and professional experience in areas of management and control ensure he has the special skills to chair the Company's supervisory body.

Since the amendment of the Articles of Associations, approved in the 2007 Annual Shareholders' Meeting, the Audit Committee is a statutory body, as a result of changes to the Commercial Companies Code imposed by Decree-Law 76-A/2006 of 29 March. Thus, as voted on in the mentioned Shareholders' Meeting, and arising from the Board of Directors, the Audit Committee is responsible for supervising Company management.

The vast experience of the members of the Committee in corporate positions, as well as their special technical merit in this particular matter, have created particular added value for the Company, and have strongly contributed towards this matter becoming a central point in the Company's life.

In addition to the responsibilities conferred by law, the Audit Committee, in performing its activities, is particularly 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 CCI, which shall report to them regularly on their work, pointing out situations that should be analysed by the Audit Committee.
- 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 auditing actions and the revisions of the procedures undertaken.
- Looking after the existence of an adequate internal risk management system for the companies of which the Company is holder of shares or quotas, ensuring full compliance with its objectives.
- Approving the activity programmes of internal auditing, which respective Department will be functionally reporting to it, as well as of external auditing.
- Selecting, as proposed by the Managing Committee, the service provider for external auditing.

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- Monitoring the legal accounts audit services.
- Assessing and monitoring the independence of the statutory auditor, especially when he performs additional services for the Company.

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.

In relation to performing these functions, it should be noted that, in accordance with the respective Regulation, the choice of an external auditor, as proposed by the then Executive Committee, was the responsibility of the Audit Committee, which submitted to that body the results of the tender that it conducted in 2009 and that involved all the most highly credentialed international firms offering this type of service, which responded to strict specifications. Once again, considering the proposals presented, the Audit Committee decided on the firm that it thought most adequate for the interests of the Group, verifying and evaluating the activities of the external auditor in each accounting year, ensuring that the Company provided it with the best conditions to perform its services, and that information is presented in a timely manner with quality and transparency.

The Company did not promote the rotation of the external auditor. Its maintenance was discussed and weighed up during the selection process mentioned in the previous paragraph, as results from the annual report on the activities of the Audit Committee for the year 2009.

2.21.3. Financial Matters Committee

CAMF is composed of three members, none of which may be a Director to whom powers have been delegated, pursuant

to paragraph 3 of Article Twelve of the Company's Articles of Association. The members of the Committee are appointed by the Board of Directors. The members of this Committee are Mr. Luís Palha da Silva, who chairs it, Mr. José Soares dos Santos and Prof. Stefan Kirsten, who is independent according to legal criteria.

The CAMF was created in April 2010 after the internal reorganization by the Board of Directors and its mission is to collaborate with the Chief Executive Officer and the Managing Committee, assessing and submitting to the Board of Directors the strategic orientation proposals of the Group in the financial areas, especially with respect to: i. strategic investments, ii. capital allocation and structure, iii. investor relations, and iv. communication with financial markets. The CAMF is further responsible for monitoring and supervising the financial policies adopted by the Group.

In addition to the duties specifically conferred by the Board of Directors, the CAMF is particularly responsible for performing the following:

- Monitor, review and assess the adequacy of strategic investments and their consistency with the recommendations, standards and best practices of management, at the national and international level, directing to the Board of Directors and to the Chief Executive Officer the recommendations considered appropriate in this regard.
- Analyse the relevant aspects of the outlook, considering the present situation and prospects for the future, especially with regard to factors that may influence and motivate the activity of the Group, assessing the alternatives for sustainable growth.
- Assess and monitor the development and sustainability of the business strategies implemented by the Company, proceeding especially with monitoring the joint venture agreements and activities established or to be established by Jerónimo Martins.
- Propose the allocation, structure and the cost of capital of the Group.

- Analyse and giving advice regarding any changes in accounting policies and practices.
- Monitor compliance and correct application of the accounting-financial principles and standards in effect, in coordination with the activity developed by the Board of Directors, the Audit Committee, the Chief Executive Officer, the Statutory Auditor and the External Auditor, promoting and requesting the exchange of information needed for this purpose.
- Assess the corporate structure of the Group and all reorganisation processes, including the monitoring of the processes of winding-up and liquidate companies; assess the corporate structure of the Group and all reorganisation processes, including the monitoring of the processes of winding-up and liquidate companies.
- Monitor and assess the corporate image of the Company among financial markets, investors and supervisory authorities.
- Monitor and analyse the evolution of the main financial ratios and changes in formal and informal ratings of the Group, including reports from rating agencies.
- Monitor and ensure compliance with the legal and regulatory standards of securities markets in which the Company is listed.
- Monitor the activities of the services of companies that make up the Group in matters within their competence.
- Issue opinions, advice and recommendations on matters within their competence.

The CAMF also issues its opinion, in advance, on the following matters:

- Financial information and monthly accounts.
- Financial statements and presentation of quarterly, semi-annual and annual results, to be published to the market, with a view to presenting its conclusions to the Board of Directors.
- Proposal of the Strategic Plan.
- Proposal of the Annual Budget.
- Loans in an amount over 10 million euros.

- Capital Expenditure Proposal in an amount below 10 million euros.
- Risk management policies.

The CAMF meets with the frequency needed to comply with its objective, but at least once every three months. In 2010, the CAMF met four times, drawing up minutes of the meetings, which were sent to the other members of the Board of Directors.

2.21.4. Committee on Corporate Responsibility

The CRC is composed of three members of the Board of Directors, appointed by the Board. The members of this Committee, since its creation in April 2010, under the reorganisation of the structure of the Board of Directors, are Mr. Luís Palha da Silva (Chairman), Mr. José Soares dos Santos and Mr. António Viana-Baptista, who is independent according to applicable legal criteria.

In carrying out its mission, the CRC 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 in a permanent manner matters concerning: i. corporate governance, social responsibility, the environment and ethics; ii. the business sustainability of the Group; iii. internal codes of ethics and conduct; and iv. systems of assessment and resolution of conflicts of interest, especially regarding relations between the Company and its Shareholders or other Stakeholders.

In addition to the duties specifically conferred by the Board of Directors, the Committee on Corporate Responsibility is responsible for performing the following:

- Submitting to the Board of Directors of the Company the policy of corporate governance to be adopted by the Company and by the Group.

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- Monitoring, reviewing and assessing the adequacy of the governance model of the Company and its consistency with the recommendations, standards and best practices of corporate governance, at national and international level, directing to the Board of Directors and the Chief Executive Officer the recommendations considered appropriate in this regard.
- Proposing and submitting to the Board of Directors changes to the governance model of the Company, including the organizational structure, responsibilities and internal rules of the Board of Directors.
- Monitoring the corporate articulation of the Company with the organizational structure of other companies of the Group.
- Overseeing compliance and the correct application of the principles and legal, regulatory and statutory standards of corporate governance in effect, in connection with the activity developed by the Board of Directors, by the Chief Executive Officer, by the Managing Committee, the Statutory Accountant and the External Auditor, promoting and soliciting the exchange of information needed for this purpose.
- Defining the parameters of the report on the corporate governance of the Company to be incorporated in the Company's Annual Report.
- Monitoring the activities of the Ethics Committee and the services of companies that make up the Group in matters covered by their competence.
- Monitoring in a permanent manner, assess and supervise the internal procedures relative to matters of conflict of interest, as well as the effectiveness of systems of assessment and resolution of conflicts of interests.
- Giving advice regarding affairs between the Company and its Board Members, as well as between the Company and its shareholders, as long as it is materially relevant.
- Whenever requested by the Board of Directors, rendering an opinion regarding the application of the system of incompatibilities and independence to the officeholders of the statutory bodies of the Company.
- Promoting and enhancing the performance of the Company as a sustainable business, making it recognized as such internally and externally.
- Seeking compliance by the members of the Board of Directors and others with the market standards of values governing their conduct.
- Developing a transversal strategy of corporate sustainability, that is integrated and coherent with the strategy of the Company.
- Promoting, developing and overseeing the creation of internal conditions necessary for the sustained growth of the Company, from a three-dimensional perspective, in the economic, environmental and social fields, according to international criteria.
- Preparing and monitoring decision-making by the relevant statutory bodies and committees on matters subject to a prior opinion regarding corporate governance, sustainability or which give rise to conflicts of interest between the Company, Shareholders and members of their statutory bodies.
- Monitoring the inspection activities of CMVM in the area of corporate governance.

The CRC meets as often as necessary to comply with its objective, with a minimum of at least once every six months. In 2010, the CRC met one time, drawing up minutes of the meeting that was distributed to the other members of the Board of Directors.

2.21.5. Evaluation and Nominations Committee

The CAN is composed of the Chairman of the Board of Directors, Mr. Alexandre Soares dos Santos, who is also Chairman of the Committee, and three members of the Board of Directors – Mr. Luís Palha da Silva, Mr. José Soares dos Santos and Mr. Artur Santos Silva, who are all appointed by the Board of Directors.

The creation of the CAN also arose from the internal reorganization of the Board of Directors and its mission, as a support body, is to collaborate with the Board of Directors, by assessing and submitting to it proposals for strategic guidance in the

area of policies of evaluation and nominations, as well as monitor and supervise matters relating to: i. the assessment of the performance of the members of the statutory bodies of the subsidiary companies of Jerónimo Martins, SGPS, S.A. that are sub-holdings of it or that have a sales figure of more than 100 million euros (Relevant Subsidiary Companies); ii. the nomination and succession of members of the statutory bodies of the Relevant Subsidiary Companies; and iii. the policies of management development, including systems of assessment, career planning and salaries of the top level management of the Group.

In addition to the duties specifically conferred by the Board of Directors, the CAN is responsible for the following, with regard to the statutory bodies of Relevant Subsidiary Companies:

- To assess the performance of the members of the Board of Directors.
- To monitor the definition of criteria and duties needed in the structures and statutory bodies.
- To prepare and monitor compliance with the succession plans relative to the structures and statutory bodies.
- To monitor, review and assess the adequacy of the methods of evaluation and the plans of succession and its consistency with the recommendations, standards and best practices in effect nationally and internationally.
- To promote, along with the competent bodies the substitution or filling of vacancies in the statutory bodies, in a timely manner.
- To analyse and present proposals and recommendations concerning the salaries of members of the statutory bodies, coordinating its activity with the Remuneration Committee and giving their opinion whenever requested by the Board of Directors.

It is the responsibility of the CAN in relation to management development policies:

- To prepare and monitor the implementation of systems of evaluation of performance and career planning of the top level management of Jerónimo Martins.
- Monitoring the management of talent in the Group, especially through follow-up of the processes of identifying the potential and validity of candidates for senior positions.
- Analysing and approving proposals and recommendations relative to salaries and other compensation for the top level management of the Group, in light of the activity they perform.

The CAN meets as often as necessary to achieve its objective, and at least three times a year. In 2010, the CAN met two times, drawing up minutes of the meetings, which were sent to the other members of the Board of Directors.

2.21.6. Ethics Committee

The Ethics Committee of Jerónimo Martins is composed of three to five members appointed by the Board of Directors, on proposal by the Committee on Corporate Responsibility. It is currently comprised of Ms. Sara Miranda (Group Communications Manager), who chairs it, Ms. Inês Carvalho (Human Resources Manager of Recheio), Mr. Marian Jaskowiak (Management Development Manager of Jeronimo Martins Dystrybucja S.A.) and Ms. Katarzyna Strugalska (Labour Relations Manager of Jeronimo Martins Dystrybucja S.A.). 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.

In performing its duties, the Ethics Committee is responsible for: i. establishing the channels of communication with the addressees of the Jerónimo Martins Group Code of Conduct and with 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;

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iii. appraising such issues as may be submitted to it by the Board of Directors, by the Audit Committee or by the CRC 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 CRC 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 lastly, v. drawing up an annual report on its activities to be presented to the Committee on Corporate Responsibility.

The Ethics Committee reports functionally to the CRC, which has taken over the duties of the Audit Committee in the field of corporate governance, namely the Company's relationship with Shareholders and other Stakeholders.

The Ethics Committee in 2010 examined various issues submitted to it by the CRC, by the Group's employees and by third parties. This year focused on the Committee's activity across all the Group's companies and geographic regions.

The Ethics Committee meets at least once a month or whenever convened by its Chairman or by the CRC. In 2010, the Ethics Committee met 11 times, drawing up minutes of the meetings, copies of which were sent to the CRC. The minutes were

made available to other members of the Board of Directors for consultation.

2.21.7. Internal Control Committee

The CCI, 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 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 CCI must obtain regular information on the legal and fiscal contingencies that affect the Companies of the Group.

The CCI meets monthly and is composed of a Chairman (Mr. David Duarte) and three members (Mr. José Gomes Miguel, Ms. Catarina Oliveira and Mr. Henrique Santos). None of the members is an Executive Director of the Company.

In 2010, the CCI 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.

2.21.8. Remuneration Committee

The Annual Shareholders' Meeting in 2010 elected the following shareholders to the Remuneration Committee for the three-year term in progress: Mr. António Sousa Gomes (Chairman), Mr. José Queirós Lopes Raimundo and Mr. Arlindo do Amaral. However, due to the resignation from the position of Mr. António Sousa Gomes on 6 September 2010, the alternate member, Ms. Soledade Carvalho Duarte, was called onto the Committee from 7 September 2010. The chairmanship of the Committee was taken up, also from that date, by Mr. Arlindo do Amaral.

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. Furthermore, the members of this Committee have extensive knowledge and experience in management and remuneration policy, which gives them the necessary skills to perform their duties adequately and effectively. This Committee, in accordance with legal requirements, determines the earnings of the Members of the Board of Directors. During 2010, the Remuneration Committee met two times, and the respective minutes were prepared.

Last year, this Committee submitted a statement to the Annual Shareholders' Meeting on the remuneration policy of the Company's Board of Directors and Supervisory Board.

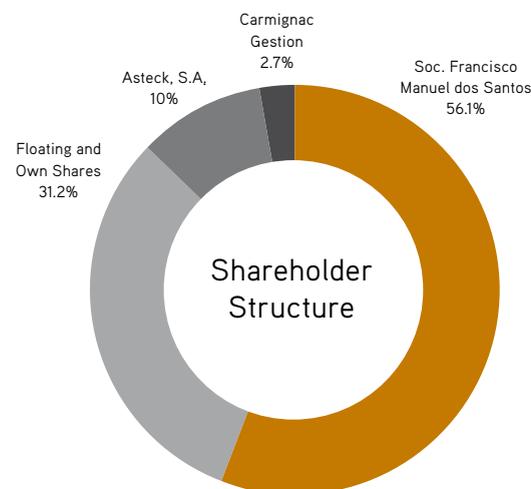
The Remuneration Committee did not consider it necessary to contract services to support it in the performance of its duties.

CHAPTER 3 – INFORMATION AND AUDITING

3.1. The Company's capital structure

The Company's share capital is 629,293,220 euros. It is fully subscribed and paid in, and divided into six hundred and twenty-nine million, two hundred and ninety-three thousand, two hundred and twenty shares with nominal value of one euro each. There are no other share categories. All shares were admitted for trading and the Company holds 859,000 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. In 2010, there was no movement whatsoever of own shares.

3.2. Shareholder structure



Source: Shareholder communications.

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The Companies whose rights to vote under the terms of paragraph 1 of article 20 of the Portuguese Securities Code are identified in the note that refers the List of Qualified Shareholders as at 31 December 2010, included in the Annex to the Consolidated Management Report of this Report. Sociedade Francisco Manuel dos Santos SGPS, S.A., Asteck, S.A. and Carmignac Gestion are Qualified Shareholders.

Special rights are not attributed to Shareholders in the By-Laws.

3.3. Restrictions regarding transferability of shares, shareholder agreements and rules applicable to amendment of the Company's articles of association

All issued shares are ordinary and there are no restrictions concerning their tradability.

The Articles of Association do not set limits on exercising the right to vote. The Board of Directors knows of no Shareholder agreements.

The Articles of Association do not define any rules applicable to amendment of the Company's Articles of Association, therefore the terms defined by the Law apply to these matters.

3.4. System for employees' participation in the Company's capital

There is no system by which employees may participate in the Company's capital.

3.5. Share price performance

The main Portuguese Stock Market Index – PSI20 – decreased in value by 10.3% in 2010, equivalent to a loss of 6.8 billion euros, having the Portuguese Stock Market the second-worst performance in Europe, only exceeded by the Spanish stock market.

Despite significant growth of the Index in March (7.2%), the first half-year reflected as a whole a strongly negative trend in the domestic stock exchange, leading to a fall of 16.5%. This development primarily reflects significant market volatility and the risk associated with Portuguese sovereign debt, as S&P cut Portugal's rating in May and Moody's threatened to do it. The year's low of the PSI20 Index was recorded in May, registering close to 6,624 points on 7 May, which corresponds to a devaluation of 21.7% from the previous year.

The Index recovered positive growth in the third quarter of the year and in the month of October, though the gains were not sufficient to recover the losses that were registered. Despite that recovery, the Index still registered a cumulative loss of 4.5% at the end of October.

In November, the PSI20 devalued 9.4%, which was the second largest fall on European stock markets (only exceeded by the Spanish IBEX-35 Index, which fell 14.3%). November was the worst month since the bankruptcy of Lehman Brothers in October 2008.

The Portuguese Stock Market Index ended the year as the 10th worst performing in the world, falling by 10.3% in 2010, reflecting investors' lack of confidence in Portugal's ability to make its debt payments and the poor performance of the country's banking sector. Although the Index grew 3.6% in value in December, it was not enough to offset the losses registered in the first eleven months of 2010 (-13.5%).

This performance contrasts with that registered by other European stock market indices, such as the Stoxx600, which appreciated 8.7% in 2010, and the DAX, which gained 16.1% in the year. However, in comparison to other peripheral European economies, the Lisbon Stock Exchange declined the least: Athens lost 35%, Madrid depreciated by 17.4% and Milan fell 13.2%.

Without the positive growth effect of Jerónimo Martins, Galp and Portucel, the losses of the PSI20 would be greater than 20%. These were the three best performing securities in 2010: Jerónimo Martins gained 63.2%, Galp 18.7% and Portucel 14.9%.

3.6. Performance of Jerónimo Martins Shares

JM Shares Description

Jerónimo Martins, SGPS, S.A.

Negociação de acções: Euronext Lisboa

Data de entrada em bolsa: Novembro de 1989

	Description	Type	ISIN Codes	Symbol
Euronext Codes	Jerónimo Martins, SGPS	Shares	PTJMT0AE0001	JMT
Codes	Reuters RIC Bloomberg		JMT.LS JMAR PL	
Shares	Share Capital: Share nominal value: Number of shares		629,293,220 euros 1,00 euros 629,293,220	

“Jerónimo Martins shares were the best performing of the Portuguese Stock Market Index (PSI20) in 2010, gaining 63.2% in value year-on-year.”

Jerónimo Martins shares were the best performing of the Portuguese Stock Market Index (PSI20) in 2010, gaining 63.2% in value year-on-year, following a year which itself showed the fifth best ever performance (2009: 75.9%).

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In terms of market capitalisation, Jerónimo Martins ended 2010 in fourth position in the PSI20 (market capitalisation of 7.2 billion euros), representing 12.0% of its total value. In 2009, Jerónimo Martins achieved sixth position: 4.4 billion euros market capitalisation and weight of 6.6% of the Index.

The share price of Jerónimo Martins in the first six months of 2010 followed a growth trend, albeit slight, ending the month of June 7.9% up on the start of the year. The shares rose most in the second-half of the year (51.2%). On 8 December, Jerónimo Martins recorded its highest ever share price with the shares closing at 12.58 euros.

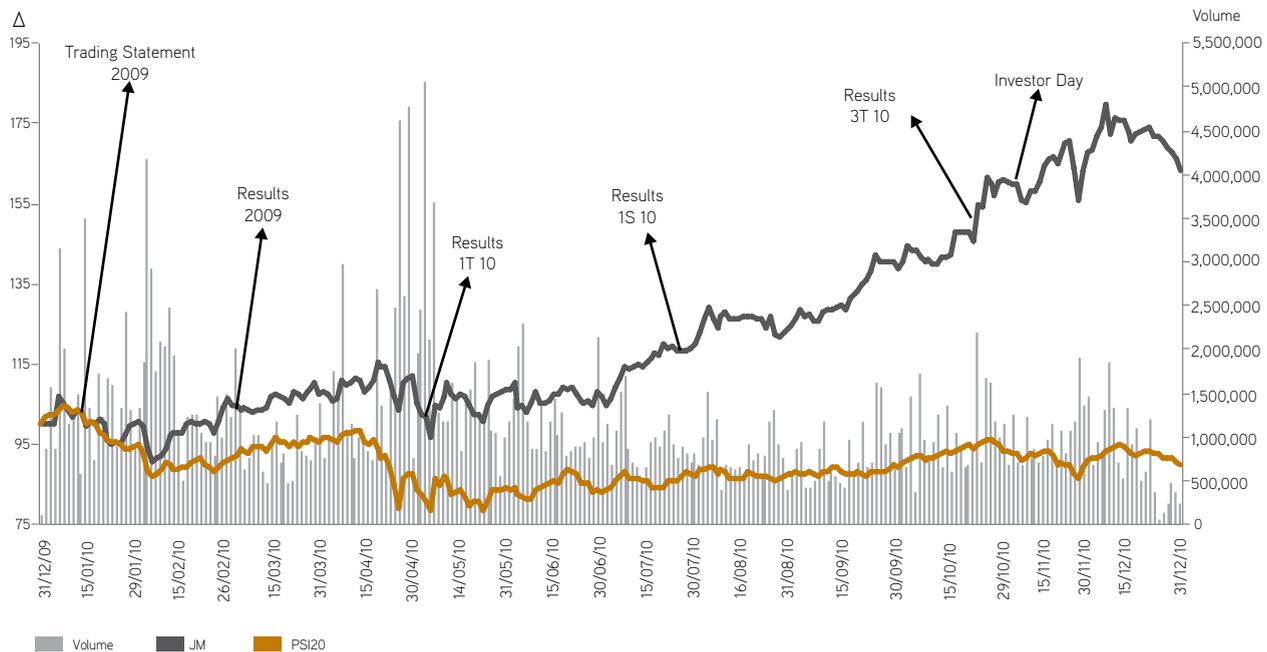
The greatest rises in the share price occurred in July and October, coinciding with the release of the first-half and the first nine

months results of 2010, driven by the operational performance that largely exceeded market estimates.

The greatest fall occurred in May (-2.9%) and coincided with the 4.5% drop of the PSI20, reflecting the risk associated with Portuguese sovereign debt, the cut in S&P's rating for Portugal and Moody's threat to cut its rating.

Jerónimo Martins shares registered, in liquid terms, an average daily trading volume of 1,163,730 shares during 2010, around 14.4% down on the 2009 trading volume.

No shares or other securities were issued. The shares are not divided into different categories, therefore dividend payments were not affected.



JM Shares Description

	2010	2009	2008	2007	2006
Share Capital	629,293,220	629,293,220	629,293,220	629,293,220	629,293,220
Number of ordinary shares	629,293,220	629,293,220	629,293,220	629,293,220	125,858,644
Own shares	859,000	859,000	859,000	859,000	171,800
EPS (Eur)	0.45	0.32	0.26	0.21	0.92
Cash Flow per share (Eur)	0.82	0.69	0.55	0.42	2.05
Dividend per share (Eur)*	0.14	0.11	0.10	0.44	0.42
Stock Market Performance**					
High (Eur)	12.58	7.05	6.40	5.59	3.52
Low (Eur)	6.33	3.07	3.22	3.43	2.55
Average (Closing) (Eur)	8.63	4.97	4.92	4.37	2.85
Closing (End of the year) (Eur)	11.40	6.99	3.97	5.40	3.40
Market Capitalisation (31/12) (Eur's 000,000)	7,174	4,396	2,498	3,398	2,140
Transactions					
Volume (1.000 shares)**	300,343	347,603	468,826	275,512	189,430
Annual Growth					
PSI20	-10.3%	33.5%	-51.3%	16.3%	29.9%
Jerónimo Martins	63.2%	75.9%	-26.5%	58.8%	33.9%

* 2008 dividend per share, related to 2007, discloses the stock split of May 2007.

** Data presented for the year 2006 was adjusted by the stock split of May 2007.

3.7. Publication of market results

Throughout the year, the Investor Relations Office published Jerónimo Martins' quarterly results and also released all relevant information on the performance of the Group's business areas, in order to keep analysts and investors informed as to the development of Jerónimo Martins' operational and financial activities.

In addition to the documents published, all financial analysts and investors who contacted the Investor Relations Office were provided with information.

The financial statements were released to the market on the following dates:

14 January
3 March
28 April
28 July
28 October

Preliminary Sales 2009
FY 2009 Results
1st Quarter 2010 Results
1st Half 2010 Results
3rd Quarter 2010 Results

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The following table shows the performance of Jerónimo Martins' shares, taking into account the announcement of results and material information during 2010.

Event	Date	Price	Price Variations JM		
			5 days before	1 day after	5 days after
Preliminary Sales 2009	14 January	7.20	3.7%	-3.6%	-3.1%
FY 2009 Results	3 March	7.42	-5.1%	-1.6%	-2.5%
1 st Quarter 2010 Results	28 April	7.46	3.6%	-3.2%	-1.5%
1 st Half 2010 Results	28 July	8.25	-0.6%	0.0%	6.8%
3 rd Quarter 2010 Results	28 October	10.18	-2.4%	6.1%	7.8%

3.8. Dividend distribution policy

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

- The value of the dividend distributed must be between 40% and 50% of ordinary consolidated net earnings.
- If, as a result of applying the criteria mentioned above, there is a drop in the dividend in a certain year compared to that of the previous year, and the Board of Directors considers that this decrease is a result of abnormal and merely circumstantial situations, it may propose that the value from the previous year should be maintained. It may even resort to free existing reserves, providing that the use of these reserves does not jeopardise the principles adopted for balance sheet management.

In relation to the 2007 fiscal year, the gross dividend paid to Shareholders was 0.096 euros per share, in 2008 it was 0.11 euros per share, and in 2009 it was 0.143 euros per share, always in accordance with the abovementioned directives.

As regards 2010, the Board of Directors decided at its meeting of 19 November to advance 50% of the financial year's individual profits, based on the results as at 31 October, amounting to 26,394,237.24 euros, equivalent to the gross value of 0.042 euros per share.

Also in 2010, the Extraordinary Shareholders' Meeting held on 15 December approved the distribution of free reserves to the amount of 105,576,948.96 euros, equivalent to the gross value of 0.168 euros per share.

Overall, those distributions were equivalent to a gross dividend of 0.21 euros per share, which represents an increase of 46.9% over the dividend paid in the previous year, corresponding to dividend yield of 2.4% on the average share price in 2010, which was 8.63 euros.

In view of the above-mentioned, the net results of the fiscal year of 2010 and the established policy, at the Shareholders' Meeting the Board of Directors will propose the fiscal year's net profit to be applied entirely to the reinforcement of the Company's reserves, since the total amount of the advanced profits plus the distributed reserves, in the end of 2010, represented 46% of 2010's ordinary results.

3.9. Stock options plan

The Company does not have any plan in force to attribute shares or options to acquire shares. Although it is possible that the adoption of a plan of this type may be studied, the Board of Directors believes that it has found instruments that allow a fairer and more effective system of management by objectives, based on analysis of indicators of profitability, business growth and generation of value for Shareholders.

3.10. Business between the Company and the members of the Board, owners of qualifying holdings and Companies in a parent-subsiary or Group relationship

During 2010, no significant financial business or operations were carried out between the Company and members of its Management or Supervisory Bodies. Regarding the Companies in a Parent-Subsidiary or Group relationship, the business carried out with the Company was conducted in the normal operation of its business and pursuant to arms-length conditions.

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.

Likewise, no business was conducted with the holders of Qualifying Holdings which, by their very nature might, according to logical and rational criteria and for reasons of economic efficiency, require the prior approval of the Supervisory Board. For this reason, the Company has not yet felt the need to set the materiality criteria that determine the intervention of the Supervisory Body, though it does not exclude the possibility of doing so in the near future.

In this regard it should be noted that, in terms of procedure, the responsibilities of the Corporate Responsibility Committee, pursuant to its regulations, are to prepare and monitor the decision-making of the corporate bodies and relevant committees on matters that give rise to conflicts of interest between the Company and members of its corporate bodies or the Shareholders, particularly those owning a Qualifying Holding. The Corporate Responsibility Committee is particularly empowered to comment on materially relevant business between the Company and owners of a Qualifying Holding.

The Corporate Responsibility Committee did not have to rule on any business between the Company and owners of Qualifying Holdings during 2010.

The Company was informed that the issue of commercial paper to the amount of 30 million euros at the end of the year, with placement by a financial intermediary by means of auction, was subscribed to by a shareholder with a Qualifying Holding. The nature of this business means that it could not be subject to the prior approval of the Supervisory Board.

3.11. Investor Relations Office

3.11.1. Investor Communication Policy of Jerónimo Martins

Jerónimo Martins' Communication Policy regarding the financial market is designed to ensure that material information – history, current performance and outlook for the future – is available to all its stakeholders, in order to provide clear and complete information about the Group.

The Communication strategy outlined for each year is based on the principles of transparency, rigour and consistency, which ensure that all relevant information is transmitted in a non-discriminatory, clear and complete manner to Stakeholders.

3.11.2. Activities of the Investor Relations Office

As mentioned at the beginning of this chapter, the Investor Relations Office of Jerónimo Martins is the interface 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 Securities and Exchange Commission, and the Legal Representative for Market Relations is the person responsible for the Investor Relations Office.

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“The Investor Relations Office organises 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.”

Annually, the Office draws up a Communication Plan for the Financial Market, which is duly included in the global communication strategy of Jerónimo Martins, and based on the above-mentioned principles.

Therefore, 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 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.

Throughout 2010, actions were carried out that allowed the financial markets to dialogue not only with the Investor Relations Office, promoting such initiatives, but also the Jerónimo Martins management team. The following are highlighted:

- Meetings with financial analysts and investors.
- Responses to questions sent by email, addressed to the Investor Relations Office.
- Telephone calls.
- Release of announcements to the market through the CMVM (Securities and Exchange Commission) extranet, through the Jerónimo Martins and Euronext Lisbon websites, and mass mailings 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, Annual and Extraordinary Shareholders’ Meetings and the Investor Day.

Within the scope of information sent to the market, the following communications were published during the year:

Privileged Information	
December 15, 2010	Financial Calendar Plan 2011
December 15, 2010	Release – General Shareholders Meeting’s decision
December 19, 2010	Release – Shareholders’ Remuneration
November 10, 2010	Investor’s Day Presentation
October 28, 2010	Release – 3 rd Quarter 2010 Results
October 8, 2010	Release – Clarification requested by CMVM
July 28, 2010	Release – 1 st Half 10 Results
April 28, 2010	Release – 1 st Quarter 2010 Results
April 9, 2010	Release – New Internal Organization
March 3, 2010	Presentation FY 2009 Results
March 3, 2010	Release – FY 2009 Results
January 14, 2010	Release – Preliminary Sales 2009
Financial Information	
November 25, 2010	First nine months 2010 Report
August 19, 2010	First Half 2010 Report
May 21, 2010	First Quarter 2010 Report
April 9, 2010	Approval of Annual Report 2009 in the Annual General Shareholders Meeting with respective minute
March 12, 2010	Annual Report FY 2009 to be approved in the Shareholders Meeting - items 1, 2, 3, and 4 of the agenda
Corporate Governance	
April 9, 2010	Corporate Governance Report – 2009
Dividends, Interests, Redemptions and Exercise of Other Rights	
December 15, 2010	Dividends Payment
November 22, 2010	Dividends Payment November 30, 2010
April 9, 2010	Dividends Payment for 2009
Notice of Meetings	
November 22, 2010	Extraordinary General Shareholders Meeting 2010
November 22, 2010	Item 1 of the agenda of the Extraordinary General Shareholders Meeting 2010
November 22, 2010	Item 2 of the agenda of the Extraordinary General Shareholders Meeting 2010
March 3, 2010	General Shareholders Meeting 2010
Qualifying Holdings and Shareholders Agreements	
November 19, 2010	Qualified Participation – Carmignac Gestion
September 30, 2010	Qualified Participation – Blackrock Investments
July 12, 2010	Qualified Participation – Blackrock Investments
May 3, 2010	Reduction of Qualified Participation – Barclays Capital plc
Management Transactions	
April 29, 2010	Management transactions
Board Members and Function	
November 22, 2010	Board Member resignation
April 9, 2010	Board Members Election 2010-2012
Annual Summary of Information Disclosed	
February 19, 2010	Annual Summary of Information Disclosed on 2009

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The Office may be contacted through the Market Relations representative and the Investor Relations Office Manager, Mrs. Cláudia Falcão - and via the e-mail address: investor.relations@jeronimo-martins.pt.

In order to make information easily accessible to all interested parties the communications issued regularly by the Office are available in full on the Jerónimo Martins' institutional website at www.jeronimomartins.pt. The site not only provides 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, six-month and quarterly reports of the Group, including the Annual Report on the activities of the Audit Committee.
- Economic and financial indicators and statistical data, updated every six or twelve months, in accordance with the Company or Business Area.
- Annual Reports of the Group's Companies with listed securities.
- Jerónimo Martins' most recent presentation to the financial community.
- Information about share performance on the stock market.
- The annual calendar of Company events, released at the beginning of every year, including, among others, Shareholders' Meetings, the disclosure of annual, half-yearly and, if applicable, quarterly results.
- Information regarding the Shareholders' Meeting.
- Information about Corporate Governance.
- Code of Conduct of Jerónimo Martins.
- Company Articles of Association.
- Current Internal Regulations.
- Minutes of the Shareholders' Meetings, extracts of which are available within five days of the meeting's date.
- Historical lists of attendees, agendas, and decisions taken at the Shareholders' Meetings held over the three previous years.

The website also has information in English and is a pioneer in its accessibility for the visually impaired, using a tool specially designed for this purpose.

The site also has a contact/information request form, which allows rapid interaction with the Company via e-mail, and inclusion in a mailing list.

The main contact information for the Investor Relations Office is as follows:

Address: Rua Actor António Silva, n.º 7, 14.º andar,
1600-404 Lisboa

Telephone: +351 21 752 61 05

Fax: +351 21 752 61 65

E-mail: investor.relations@jeronimo-martins.pt

Finally, it is also the responsibility of the Office to produce the Annual Report, which is recognized as an essential document for communicating with financial markets. The Office strives to publish therein transparent and comprehensive information regarding the various business areas of Jerónimo Martins, seeking to transmit the reality of the different activities throughout the year. The quality of this document has been acknowledged by the market in recent years and the 2009 Annual Report was awarded the prize of Best Annual Report by a company of the non-financial sector, at the Investor Relations and Governance Awards 2010 promoted by Deloitte and the *Diário Económico* newspaper.

3.12. Yearly remuneration paid to the External Auditor

In 2010, the total remuneration paid to the External Auditor and other individuals or companies' belonging to the same network was 748,648.00 euros, excluding expenses related to travel and costs paid directly by the Group's Companies.

In percentage terms, the amount referred to is divided as follows:

- Legal accounts audit services: 98%.
- Other services (not legal accounts audits or external audits): 2%.

The services not included in the legal account certification and external audits, totalling 14,886.00 euros, relate to access to a tax database and technical consulting on a project for conversion to accounting standards.

The access to a tax database is essential to the daily work of different departments of the Company, which need access to updated tax legislation and other documentation. These services are provided by a company belonging to the same network of the External Auditor. Nevertheless, they are not capable, either by their amount or by their nature, of influencing the independency of the External Auditor.

The services of technical consulting on a project for conversion to accounting standards aim to assist teams of different departments of the Company on the way to present the information according to international accounting standards. 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 independency of the External Auditor during the performance of its role.

The independency of the External Auditor was in both situations assessed by the Audit Committee. The Committee understands that other non-audit services, having the same characteristics of the ones abovementioned, need not be individually approved, as they fall in a category of services which, according to quantitative (amount) and qualitative (nature) criteria, do not affect the independency in fact and in appearance of the External Auditor.

3.13. Activity and rotation period of the External Auditor

During 2010 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 to that purpose.

As regards the rotation of the external auditor, the Audit Committee is the competent body for assessing the conditions for maintaining the external auditor or, instead, establishing the need to change the external auditor, stating its position on this issue, as referred to in section 2.21.2. of this Report.