

**ANNUAL GENERAL MEETING
JERÓNIMO MARTINS, SGPS, S.A.
April 8th, 2021**

**PROPOSAL OF THE BOARD OF DIRECTORS
ITEM 1 OF THE AGENDA**

(To resolve on the 2020 financial statements, including the management report, the individual and consolidated accounts, the corporate governance report and other corporate, supervisory and audit information documents)

The Board of Directors of Jerónimo Martins, SGPS, S.A. proposes that Shareholders resolve on the 2020 financial statements, including the management report, the individual and consolidated accounts, the corporate governance report and other corporate, supervisory and audit information documents, as presented.

Lisbon, March 3rd, 2021.

The Board of Directors

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

April 8th, 2021

**PROPOSAL OF THE BOARD OF DIRECTORS
ITEM 2 OF THE AGENDA**

(To resolve on the proposal for application of results)

In the financial year 2020, Jerónimo Martins, SGPS, S.A. declared consolidated profits of 312,130,456.03 euros and a profit in individual accounts of 436,502,478.15 euros.

The Board of Directors proposes to the Company' Shareholders the following application of the net profits for the year:

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

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

Lisbon, March 3rd 2021.

The Board of Directors

**ANNUAL GENERAL MEETING
JERÓNIMO MARTINS, SGPS, S.A.
April 8th, 2021**

PROPOSAL OF THE REMUNERATION COMMITTEE

ITEM 4 OF THE AGENDA

(To resolve on the Company's Corporate Bodies Remuneration Policy)

The Remuneration Committee, pursuant to the terms and for the purpose of Articles 26-A and 26-B of the Securities Code, proposes to the Shareholders' General Meeting the approval of the following Company's Corporate Bodies Remuneration Policy:

Company's Corporate Bodies Remuneration Policy

The Remuneration Committee reviewed and gave careful consideration to the principles that govern the remuneration policy of the corporate bodies of the Company. These principles reinforce and highlight those aspects of the remuneration policy that are critical to the sustainability of the Jerónimo Martins business, namely:

- The international landscape should be the foundation of the benchmark for the corporate bodies' competitive remuneration. It is essential to maintain the ability to attract and retain the best talent in a competitive international context;
- The alignment of the remuneration of the Corporate Bodies members to their responsibilities, their availability and their competencies put at the service of the Company;
- The target competitiveness level, encompassing the total remuneration

package (Fixed remuneration and Variable payments), should be aligned with the practice of the reference market (vg, European top executives' market) and with internal remuneration policies;

- The alignment with the Company employees' remuneration policies and employment conditions is ensured by considering similar reference markets and/or strategic positioning (always comparing to equivalent jobs) that confer a substantial level of internal equity and adequate external competitiveness;
- The importance of rewarding the commitment to the Group's overall strategy and to the shareholders' long-term interests, the achievement of superior results and the demonstration of appropriate attitude and behaviors, which is also taken into consideration in the rewarding policies of the Company; and
- The need to safeguard the overall interests of the Company.

The committee decided to propose to maintain the above mentioned policy's principles. The proposal considers the legal framework and the existing recommendations, as well as the organizational model adopted by the Board of Directors.

The Committee keeps and reaffirms, at every moment, its independent nature, being composed only by non-directors appointed by the Shareholders. This independence, together with the permanent monitoring of the benchmark referred to above and the resource, whenever necessary, to the best external consulting services, constitutes an effective way to avoid any possible conflicts of interest with the members of the corporate bodies at stake.

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

- The existence of a Chief Executive Officer with delegated duties (who since December 18th 2013, accumulates such duty with that of Chairman of the

Board of Directors) regarding the day-to-day management of the Company, as well as of a Director or Directors to whom the Board have entrusted or may entrust special duties;

- The participation of non-executive Directors in Specialized Committees, who are, therefore, called to devote increased time to the Company's affairs.

Given the current organizational model and in accordance with the framework of our compensation principles, the Remuneration Committee considered the following measures:

- To ensure that the remuneration of Directors with executive duties is aligned with international market practices, it is reinforced the importance of keeping the process for defining targets and assessing performance, which should be subject to review and/or update on a regular basis (every mandate).
- To guarantee the consistency between the quantitative key performance indicators defined for the Chief Executive Officer annual performance evaluation and those that are also considered, according to their responsibilities, in the annual performance appraisal for all Company's managers.
- The **remuneration of the non-executive Directors** shall be a fixed amount exclusively, reviewed periodically according to international best practices and taking into consideration the specific responsibilities and availability of such Directors.
- Regarding the **remuneration of Directors with executive duties**, specifically the **Chief Executive Officer (CEO)**, the Remuneration Committee decided to maintain the existence of two remuneration components, fixed and variable:
 - i) Fixed Component: The fixed component of remuneration corresponds to a monthly remuneration paid in 14 monthly installments, the amount of which is determined taking into account the duties and responsibilities

attributed to the CEO of the Company, the performance achieved and the benchmark for similar position; also the CEO remuneration cannot or should not create an impediment to the competitiveness of the Company's remuneration policies;

- ii) Variable Component: the variable component corresponds to an annual amount determined by the Remuneration Committee and is limited to the maximum amount of twice the value of the fixed remuneration. The determination of a final amount is based on an annual individual performance evaluation. The evaluation is based on a framework of key quantitative indicators, which should be in line with the Group strategic goals and business plans approved by the Board of Directors, and qualitative priorities that are key to the long term sustainability of the business.
- iii) The quantitative key performance indicators account for 50% of the individual performance calculation and reflect the financial performance related to the company's growth and the shareholders' return. The financial performance indicators, which will be weighted according to the strategic priorities of the Company, the context of the business and the overall interests of the Stakeholders, take into account the turnover growth, the earnings evolution, the return on invested capital and the robustness of the Company's capital structure.
- iv) The qualitative key performance indicators account for 50% of the individual performance calculation. The committee evaluates real implementation of transversal projects to the Group's Companies to ensure the future business competitiveness and the long-term sustainability. The individual performance indicators are: strategic direction and allocation of resources/investments; organizational health and talent agenda, and multi-stakeholder relations. The performance and results achieved in the multi-stakeholder relations indicator are

measured by Environmental Social and Governance (ESG) analysts according to the information disclosed on the policies, practices and KPI's.

These dimensions – quantitative and qualitative - are long-term by nature, critical for the future success of the businesses and, as such, can have a timeline that can exceed a year.

- v) The attribution of the annual variable component should consider the following criteria: a) if after review, the individual performance does not meet any of the set targets (quantitative or qualitative), there will be no annual variable remuneration payment; b) if the individual performance equals or exceeds in all or some of the targets, the variable remuneration payment may range from 50% to 100% of the maximum variable amount.
- vi) The process for the CEO performance review includes an annual performance assessment with quarterly reviews which are made available to the Remuneration Committee. The assessment and reviews are based on evidence, and on a regular monitoring of the degree of achievement of the targets. In accordance with the established procedure, the annual performance cycle is concluded with the award of the variable incentive component in the first quarter of the year following the performance period after the calculation of the full year results. The payment is made during the first semester.

Together, the fixed and variable components should ensure a competitive remuneration in the international market and drive individual and collective performance, through the setting and achievement of ambitious goals of accelerated growth and appropriate shareholder return. Furthermore, the Committee considers that the Remuneration Policy of the Company is also aligned with the remuneration practices of comparable publicly traded peers, operating in the global arena. Given the pressures in the marketplace for executive capabilities, the Remuneration Committee analyzes the

competitiveness of the Company in this matter from time to time based on appropriate and reliable benchmark studies provided by independent and credible entities.

Bearing in mind the contribution of the countries and business areas where the Group operates, the Remuneration Committee considers adequate that the payment of fixed and variable components of remuneration to Directors with executive duties be split between the Company and its subsidiary companies where such Directors are also members of the management body, in a proportion determined by this Committee.

The Remuneration Committee considers that the remuneration of Directors with executive duties is adequate and allows a strong alignment through the setting of appropriate targets of their interests with the interests of the Company to the long-term. The alignment with the long-term interests of the Company is reinforced by the circumstance that the current Chairman of the Board of Directors and Chief Executive Officer is a member of the family who is the majority shareholder of the Company.

For this reason, the Remuneration Committee believes it is unnecessary to have a deferral on the variable remuneration. For the same reason, the Remuneration Committee deems unnecessary to determine the maximum potential amount of the remuneration, in aggregate and/or for any individual, to be paid to members of Corporate Bodies (with no prejudice to the above mentioned regarding the proportion between the fixed and the variable remuneration of the executive directors). Finally, and for these same reasons, it also finds unnecessary the inclusion of a claw back mechanism related to variable remuneration.

The Company also offers a Retirement Pension Plan for Directors with Executive Duties as approved by shareholders at the General Meeting. It is a Defined Contribution Pension Plan, in which the contribution rate is fixed in advance in line with the reference market best practices and the value of the benefits will vary depending on the actual earnings. Extraordinary contributions may be

appropriate for short contributory careers or a mismatch between the contribution period and the whole career serving the Group.

The retirement age is reached in accordance with the rules for establishing the normal retirement age under the General Social Security Scheme.

A Participant will be in a state of total and permanent invalidity if recognized as such by the Portuguese Social Security. The pensionable salary is the gross monthly base salary multiplied by 14 and divided by 12. To this fixed monthly amount is added, at the end of each calendar year, a variable amount comprising all the amounts received as variable remuneration,

As established by the Remuneration Committee in 2010, life and health insurance fringe benefits for Directors with executive duties shall continue unchanged. These fringe benefits have no relevant weight on the remuneration of such Directors, representing less than 1% of the total remuneration.

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

The amount paid to **Directors with non-executive duties** may be differentiated for those **who have been assigned functions in Specialized Committees or Supervisory Boards of subsidiaries**. With respect to those, the Remuneration Committee considers it appropriate to award a fee per meeting, since the duties performed on behalf of these Committees and Supervisory Boards demand additional availability from the respective committee members. An additional fixed remuneration may also be paid to those non-executive directors who are in charge of specific tasks.

The **Chairman and secretary of the Shareholders General meeting** will keep a per meeting fee.

The **Statutory Auditor** will be remunerated in accordance with the auditing services agreement signed with Jerónimo Martins, which covers almost all its

subsidiaries. This remuneration shall be in line with market practices and subject to the approval of the Audit Committee.

The Remuneration Committee wishes to point out that:

- the Company does not have any type of plan for attribution of shares or share purchase options to Directors;
- there is no remuneration paid in the form of profit sharing.

The Company did not and will not adopt any policy or execute any contracts or arrangements with any Directors, members of the Audit Committee or members of the Company's Internal Committees related with the performance of their duties, the applicable notice periods and the terms of the termination and payments linked to termination.

The Remuneration Committee

Jorge Ponce de Leão

Erik Geilenkirchen

Chittaranjan Kuchinad