

Section E RELATED PARTY TRANSACTIONS

Subsection I Control Mechanisms and Procedures

89. Mechanisms Implemented by the Company For the Purpose of Controlling Transactions With Related Parties

Business between the Company and the Members of the Board

Any dealings that may exist between the Company and its Board Members are subject to the provisions of Article 397 of the Commercial Companies Code, and may only be entered into if so authorised by a resolution of the Board of Directors, for which the interested Director cannot vote, and that authorisation must be preceded by a favourable opinion from the Audit Committee.

Taking into account the election of Andrzej Szlezak (partner in the firm of lawyers Sołtysiński Kawecki & Szlęzak (SK&S), one of the Jerónimo Martins Group's External Legal Counsels) for the position of Director of Jerónimo Martins for the term 2013-2015, the Board of Directors authorized, since 2013, within the terms of paragraph 2 of Article 397 of the Commercial Companies Code and following the favourable opinion of the Audit Committee, the maintenance of the contract between the Companies and its subsidiaries and the above-mentioned firm for the provision of legal services.

During 2016, the Audit Committee issued a prior favorable opinion, in the terms of Article 297, no. 2, of the Commercial Companies Code to the sale of the Company's subsidiary Monterroio – Industry & Investments B.V. to Sociedade Francisco Manuel dos Santos B.V. (with which the Company has a Director in common), as well as to the buy-back by the Group, through the company Tagus – Retail & Services Investments B.V., of Jerónimo Martins - Restauração e Serviços, S.A. and of 51% of the share capital of Hussel Ibéria - Chocolates e Confeitaria, S.A., as referred in further detail in point 10.

Business between the Company and Other Related Parties

The Board of Directors adopted the procedure and criteria approved by the Audit Committee in the scope of business with other related parties. See point 91.

90. Details of Transactions That Were Subject To Control in the Referred Year

In 2016, the transactions mentioned in point 10, related to the sale of the subsidiary Monterroio – Industry & Investments B.V. to the Sociedade Francisco Manuel dos Santos B.V., were subject to control, as well as the buy-back by the Group of the totality of the share capital of Jerónimo Martins - Restauração e Serviços, S.A. and the 51% shareholding in Hussel Ibéria – Chocolates e Confeitaria, S.A., through the company Tagus – Retail & Services Investments B.V.

91. A Description of the Procedures and Criteria Applicable to the Supervisory Body When Same Provides Preliminary Assessment of the Business Deals to be Carried Out Between the Company and the Holders of Qualifying Holdings or Entity-Relationships With the Former, as Envisaged in Art. 20 of the Securities Code

In this regard, it should be noted that in terms of procedure the Audit Committee, according to its regulations, is responsible for issuing prior opinion on transactions of significant importance between the Company and its shareholders with qualifying holdings – or entities with them related under the terms of Article 20, no. 1 of the Portuguese Securities Code –, establishing the procedures and criteria necessary to define the level of significant importance.

The Audit Committee approved the procedure and criteria applicable to these situations.

Thus deals between the Company or Companies within Jerónimo Martins Group and shareholders with a qualifying holding or entities with which the same are linked, shall be subject to the assessment and prior opinion of the Audit Committee, whenever one of the following criteria is fulfilled:

- a) having an amount equal to or higher than three million euros or 20% of the sales of the respective shareholder;
- b) despite having an amount lower than the one resulting from the criteria mentioned in the previous paragraph, the addition of that amount to the amount of the previous deals concluded with the same shareholder with a qualifying holding, during the same fiscal year, equals or exceeds 5 million euros;
- c) regardless of the amount, they may cause a material impact on the Company's name concerning its independence in the relationships with shareholders with qualifying holdings.

In this sense, the transactions referred in point 90 were subject to prior opinion of the Audit Committee, which in addition to all information provided by the Company's executive bodies, was based on valuations carried out by an independent external entity.

Subsection II Data on Business Deals

92. Details of the Place Where the Financial Statements Including Information on Business Dealings With Related Parties Are Available, in Accordance With IAS 24

The information concerning business dealings with related parties may be found on note 27 – Related Parties of Chapter III.