

Promoting Good Health through Food

The Groups' Companies work to offer nutritionally balanced, less processed products, geared towards satisfying specific dietary requirements.

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4.1. Introduction

As food specialists, the Group is committed to contributing to the health and quality of life of its millions of daily customers, through food and the promotion of responsible consumption.

This commitment is derived from the challenges imposed by the societies where it is present, aiming to be an active player in fighting and preventing food-related diseases such as obesity, diabetes, osteoporosis and cardiovascular diseases. The Groups' Companies work to offer nutritionally balanced, less processed products, geared towards satisfying specific dietary requirements, such as intolerances to certain ingredients like lactose or gluten.

Promoting good health through food is achieved through two common action strategies in the countries and sectors where we operate: i. fostering the quality and diversity of food; and ii. ensuring food safety.

4.2. Quality and Diversity

In order to guarantee the high standards of Quality and Food Safety of the products we sell, the guidelines in place in Portugal, Poland and Colombia encompass three fundamental policies:

- Quality and Food Safety Policy - guarantees a system for continuous improvement in the processes for

developing and monitoring Private Brand products and Perishables;

- Nutritional Policy - aligned with the World Health Organization's recommendations, it defines six pillars in the development of Private Brands: nutritional profile, ingredients, labelling, portion sizes, continuous improvement and communication;
- Policy on Genetically Modified Organisms - based on the principle that the Private Brand products do not contain ingredients or additives of transgenic origin and that, should that not be the case, the consumers will be informed on the respective label.

In addition, the Guidelines for Developing Private Brand Products reinforce the principles listed in the Nutritional Policy, defining the following:

- restrictions as to the use of colouring, preservatives and other superfluous, synthetic additives;
- maximum accepted quantities of some ingredients in the products, such as salt, sugar or fat;
- nutritional reformulation strategies;
- packaging material allowed for contact with foodstuffs;
- principles of nutritional labelling, including information on health, nutrition and the promotion of healthy lifestyles;
- product monitoring plans, which includes sensorial tests, audits and laboratory controls.

4.2.1. Launches

In Poland, products were launched that have potential health benefits and also aimed at people with specific dietary requirements, including the following:

- Kraina Wedlin delicatessen products, made of chicken and turkey, with just a 3% of fat;
- Marinero tuna salads, an innovation in the Polish market due to servings with wild rice and ginger, red quinoa, lentils and potatoes or sesame;
- Bonitki biscuits, coming in milk and honey, and almond and chocolate varieties, containing at least five wholemeal cereals (wheat, barley, spelt, oats and rye), vitamins and minerals such as iron and magnesium;
- Light margarine, a source of polyunsaturated acids such as omega-3, which contribute towards good functioning of the circulatory system, from the Solla brand;



Rice biscuits and a drink mix of soluble coffee, chicory and barley, two examples among the 24 gluten-free references launched by Biedronka in 2016.

- Functional teas from the Herbarium range, containing vegetable extracts that may help to control weight, control blood pressure and support immune functions.

Following the partnership with Polskie Stowarzyszenie Osób z Celiakią i na Diecie Bezglutenowej (Polish Association of Celiac Disease Sufferers and a Gluten-Free Diet) to monitor the launch of gluten-free products, which includes the production process, ensuring the absence of cross contamination, and certification of the final product, 24 gluten-free references were launched.

Care has also been taken about the presence of lactose in the products, with a view to addressing the specific needs of some consumers. 10 lactose-free products were launched, notably Aktiplus lactose-free yoghurts, all with added vitamins C and D, folic acid and calcium, suitable for older consumers; and Bez Laktozy butter.

In the KCalculation range, launched in 2015 according to the recommendations of the Instytut Żywności i Żywienia (Polish Institute of Food and Nutrition) to develop products with a reduced calorie level, nine references were introduced, including corn crackers and Vitabella rice, dried apple, beetroot, tomato or carrot snacks from the same brand; and also vegetable salads with Vital Fresh yoghurt. These products aim to provide suitable food portions for the physical requirements of the consumers and, thereby, make it easier for them to choose products with limited energy indices.

We have made a commitment to the Consumer Goods Forum to achieve "Zero Net Deforestation" by 2020. The focus is on removing the presence of certain ingredients linked to the risk of destroying tropical forests, such as palm oil, a saturated fat (and, as such, not very healthy) and whose production methods can have an impact on deforestation.

Within this context, we have been launching food products that contain no palm oil. 13 new references launched contain sunflower oil, standing out from similar products in the Polish market that contain palm oil in their composition. As such, we offer consumers healthier food choices.

In Poland, Biedronka was the first chain to launch the Wolno Gotowane (Slow Cooked) range with the goal of offering healthy, ready-to-cook products. Beef, poultry and pork meats are initially subject to a vacuum vaporization being then cooked during a few hours at temperatures reaching as high as 85 degrees, maintaining its meat structure and taste and avoiding the use of preservatives and additives. They are then cooled and packaged for sale. This production process also allows for a more extensive expiry date that, in some cases, can reach 80 days. In 2016, 11 references of this range entered the market.

Products targeted at children

At Pingo Doce, the Bolsas 100% Fruta (100% Fruit Packs) were especially created for children, each pack being the equivalent of a portion of fruit. These products come in nine varieties and are sources of vitamin C and fibre, and contain no colouring or preservatives. Besides, they have no added sugar - just what is naturally present in the fruit.

In the Pura Vida range, the Bebida de Soja Kids (Soya Drink for Kids) was launched, which is a product that is a source of iron, calcium, iodine and vitamins B1, B2, B12, C, D2 and E.

Aiming at offering products to newborns, the Pingo Doce Farinha Láctea Pêra (Pingo Doce's Milky Pear Flour), targeted at four months-old babies, was launched not having gluten in its composition and containing transition milk. Its sugar content is 9 p.p. below the benchmark.

The Pingo Doce products Farinha de Trigo and Farinha Bolacha Maria (Pingo Doce's Wheat Flour and Maria Cookie Flour) were also launched targeting families and children as from the age of six months, respectively. These products are rich in calcium, iron and various vitamins that are essential for growth: A, B1, B3, B9, B13, C and D.

In Poland, 22 references reached the market, including notably the Vitalsss food supplements containing at least 10 vitamins, the Miami cheeses, sources of calcium and protein, and also the Vital Fresh juices, made only from fruit, which are sources of vitamin C.

The special Dada milk was also launched. This is suitable for babies as from the age of six months and it contains transition milk, is gluten free, has no added sugar and is a source of vitamins A, B1, B12 and minerals such as calcium, iron, zinc, selenium and iodine.

In Portugal, the Pura Vida range is aimed at people with specific dietary requirements or preferences, such as products without any added sugar, gluten-free or lactose-free products. We placed 10 new products from this range on the market, bringing the total references up to 91.

In the 0% Lactose tag, five new references were launched: the Natas para Bater (Whipping Cream) and for Culinária (Cooking Cream), Bolacha Maria (Maria Biscuit), Bolacha de Água e Sal (Cracker) and the Natural and Stracciatella Greek-style yoghurts. For gluten-intolerant consumers, the Tortitas de Milho com Chocolate Preto (Corn Crackers with Dark Chocolate) were launched.

Another new reference launched in 2016 was the Sementes de Chia (Chia Seeds), containing a high level of fatty acids (omega-3) and a source of vitamins B1 (thiamine) and B3 (niacin) - important for the nervous system function - fibre and various minerals such as magnesium, zinc, iron, calcium and manganese.

Other Pura Vida launches include Croquetes de Legumes (Vegetable Croquettes), to be cooked in the oven, and Hamburguer de Soja (Soy Burger), which contains a high level of exclusively vegetable protein, both being especially indicated for vegans. The Baunilha (Vanilla) and Sem Adição de Açúcares (No Added Sugar) soy-based drinks also reached the market, being sources of calcium and vitamins B2, B12 and D2, which promote the body's natural defences, good functioning of the nervous system and bone development.

Other Pingo Doce low-processed products or those that are beneficial for the health were also launched, such as:

- Tinned Atum dos Açores (Azores Tuna) in olive oil;
- Calamares Receita Tradicional (Traditional Recipe Squid), which is gluten-free and, as it is pre-fried in sunflower oil, can be prepared in the oven;
- Gelatina Light (Light Gelatine) in sachets, in the Melancia (Watermelon), Morango (Strawberry), Frutos Vermelhos (Red Berries) and Mirtilo (Blueberry) references, which have no added sugar in their composition and are a source of vitamin C and only have 10 calories per portion;
- Gelatina Light (Light Gelatine) in individual cups, in the Limão (Lemon) and Morango (Strawberry) references, also with no added sugar and only 10 calories per portion;
- Iogurte Líquido Magro (Skimmed Liquid Yoghurt), in the Maçãs Verdes (Green Apples) and Frutos Vermelhos (Red Berries) references, which are natural sources of calcium and have no added sugar or fat.

4.2.2. Reformulations

The reformulations strategy is focused on decreasing, replacing or removing ingredients from the product compositions such as salt, sugar and fat, in order to make a positive contribution towards improving public health. With a view to maximising the desired results, the execution of the strategy gives priority to reformulating fast-moving consumer goods and/or those preferred by children.

In Poland, 78 food products were reformulated, additives of synthetic origin, flavour intensifiers and preservatives, salt, sugar and fat having been removed. In total, 147 tonnes of fat, 106 tonnes of sugar and around 27 tonnes of salt were removed.

The level of fat and also saturated fat decreased in 18 references from Biedronka's exclusive brands, where the Kraina Wedlin pork sausages are highlighted, which had a decrease in fat content of around 4%, as well as the four references of Mr. Potato frozen chips, which had a reduction in fat content of between 80 and 83%, which is the equivalent of around 26 tonnes of fat not entering the Polish market.

Also considering the commitment undertaken by the Group to the Consumer Goods Forum, we progressively reformulated food products containing palm oil in their composition, replacing it with other vegetable oils, such as rapeseed or sunflower, which have a healthier nutritional profile, or removing it. In 2016, 13 references of the Group's Private Brand assortments in Poland were reformulated, which represents a total of more than 1.8 thousand tonnes of this fat being removed.

To find out more about the Group's positioning and its actions regarding the origin of palm oil in Private Brand products, please refer to subchapter 6. "Sourcing Responsibly".

Among the seven references reformulated to reduce salt, of particular note is the Złoty Łan rye and wheat bread, whose salt content was decreased by 23%, and the Culineo vegetable stock cubes, which had a 17% reduction in salt. By intervening in these two references it was possible to prevent around three tonnes of salt from being placed on the market.

With regard to sugar, of note is the reformulation of the Donatello family pizzas with ham reference,

whose level was reduced by 67%, the equivalent of around 45 tonnes.

The composition of various product references was reformulated as to superfluous ingredients, such as preservatives, colouring, thickening agents and other additives. Monosodium glutamate, a flavour intensifier, was removed from 14 references.

In Portugal, 29 products were nutritionally reformulated, having prevented around 29 tonnes of sugar, more than three tonnes of fat and three tonnes of salt from entering the market. Among these, products for children and young people were also reformulated, including the Choco Rice cereals, whose sugar level was reduced by 32% or around 15 tonnes.

In the scope of the Meal Solutions area, in 2016, we sought to eliminate fried products by healthier options, as well as to reduce the amount of oils in its composition. The level of salt was also a matter of concern, having been launched salt-free soups.

It was possible to prevent over one tonne of fat, 685 kg of salt and over four tonnes of sugar from entering the market.

In Colombia, two Aveia (Oats) prepared drinks' references were reformulated, in which the sugar level was reduced by more than 4 p.p., meaning around three tonnes were removed from the market, and the oats content increased more than 4 p.p., the equivalent of more than 30 tonnes.



Example of some of the 78 reformulated food products in Poland. In the Culineo vegetable stock cubes, there was a reduction of 17% in salt; the Donatello familiar pizzas with ham reference had a 67% reduction in sugar; the Złoty Łan rye and wheat bread was subject to a 23% reduction of salt proportion and Mr. Potato frozen chips benefited with a reduction in fat content of between 80% and 83%.

Total Reformulations

In 2016, the Group prevented the following from entering the market:

- 152 tonnes of fat;
- 142 tonnes of sugar;
- 31 tonnes of salt.

4.2.3. Promoting Healthier Choices

The Packaging Manuals are for disclosing the characteristics and benefits of the Private Brand products, in compliance with the technical and legal requirements. One of the examples is the commitment to clearly and concisely inform consumers on the nutritional composition of the products, providing full nutritional tables with the values per 100 grams and per portion.

Within the scope of adapting to national and community regulations on nutrition profiles and communication of allergens, Pingo Doce labelled its pre-packed Bakery and Pastry products and those packed on request by the customers, with the necessary information. The Meal Solutions meals were also labelled with that information, being available upon client request, while communication items in the service areas were also developed, in order to disclose information legally required on allergens.

In addition, for 10 years, Pingo Doce has been following the principles of the Mediterranean Diet as a reference for developing Private Brand products and for the meals from the Meal Solutions business unit, as a differentiating aspect of its communication with the public. One of the examples is the bi-monthly magazine “Sabe Bem” (Tastes God), targeted at customers. With an average print-run of 150 thousand copies,

it has remained one of the preferred means of communication about this diet, suggesting over 50 recipes.

Pingo Doce’s website also played a part in encouraging people to adopt this diet, as well as informing about a list of lactose-free and gluten-free products, helping consumers in their choice. The list is updated every month by Pingo Doce’s nutrition team, in accordance with the analytical control carried out on the Private Brand products.

Biedronka maintained the partnership with Instytut Żywności i Żywienia (Polish Institute of Food and Nutrition), an institution which carries out studies on consumers’ food requirements and promotes actions on the importance of food for the health.

In cooperation with this institute, the Group developed the “Wiesz Co Jez” (Know What You Eat) campaign, through which it provides a special telephone service to advise consumers to make healthier nutritional choices. For two weeks, 160 customers contacted a nutritionist who advised them on diets, specific dietary requirements, lesser used ingredients in Poland, such as quinoa, chia seeds or bulgur wheat, as well as on Biedronka’s products.

Within the scope of this cooperation, Biedronka was one of the sponsors of the first Polish Nutritional Conference, on the topic “Food and Nutrition in Preventing and Treating Diseases”, which around 400 people attended.

Geared towards the employees of Biedronka’s central structure and the eight Distribution Centres, an educational campaign was developed to inform about and promote healthy eating habits.

4.2.4. Partnerships and Support

The Group continuously fosters active dialogue with institutions that might contribute towards furthering knowledge on food, nutrition and health, as well as to publicise products targeted at people with specific dietary requirements.

In Portugal, within the scope of the partnership with the Portuguese Directorate-General for Health for sharing healthy recipes, Pingo Doce contributed with six recipes specifically developed by its nutrition team for the Programa Nacional para a Promoção da Alimentação Saudável (National Programme for Promoting Healthy Food), in a total of 23 proposals, which can be seen at www.alimentacaosaudavel.dgs.pt.

The Group maintains partnerships with institutions aiming to contribute towards healthier eating, such as:

- Partnerstwo dla Zdrowia (Partnership for Health), for the Milk Start and Snidanje Daje Moc (Breakfast Gives You Power) projects in Poland²;
- Polskie Stowarzyszenie Osób z Celiakią i na Diecie Bezglutenowej (Polish Association of Celiac Disease Sufferers and a Gluten-Free Diet), to hold the Conference on Celiac Disease and a Gluten-free Diet;

² For more information about this programme, please refer to subchapter 7. “Supporting Surrounding Communities”.

- Instituto Colombiano de Bienestar Familiar (Colombian Institute of Family Well-Being), within the scope of the governmental programme *Madres Comunitarias* (Community Mothers), in Colombia².

4.3. Quality and Food Safety

We continually invest in the certification and monitoring of our processes, facilities and equipment in order to ensure safe and high quality products. To do so, we rely on our Quality and Food Safety technicians, as well as on external auditors to implement the adequate procedures and to assess the respective performance indicators.

Taking into account the risk analysis performed in the three countries where the Group is present, the control processes were updated, with a view to adjusting them to the changes introduced in the product assortment.

4.3.1. Certifications

During 2016, the following certifications were renewed/maintained:

- ISO 22000:2005 certification, regarding Biedronka's warehousing and distribution process in all the 15 Distribution Centres, and product development process in Biedronka's headquarters;
- ISO 9001:2008 certification for the Development of Private Brands, in Portugal, and Post-Launch Product/Supplier Follow-Up;

- HACCP certification in accordance with the *Codex Alimentarius* of Pingo Doce's central kitchens in Gaia, Aveiro and Odivelas;
- HACCP certification in accordance with the *Codex Alimentarius* of the Recheio Cash & Carry stores (including the store in Madeira);
- HACCP certification in accordance with the *Codex Alimentarius* of a franchised store of Recheio Cash & Carry in the Azores;
- HACCP certification in accordance with the *Codex Alimentarius* of the Caterplus Food Service platforms (except the Lisbon platform);
- HACCP Certification, concerning Food Safety, based on the *Codex Alimentarius* of the Azambuja, Modivas, Guarderas and Algoz Distribution Centres.

In 2016, all the Polish Distribution Centres renewed their certification for handling organic products, according to EC Regulation 834/2007.

4.3.2. Audits

To guarantee the high levels of Quality and Food Safety of the products sold by the Group, the processes, facilities and equipment are subject to control audits.

Distribution Poland

The stores in Poland underwent internal audits and the Distribution Centres were audited both internally and externally to check that the facilities, equipment and procedures are appropriate.

Stores and Distribution Centres	Biedronka			Distribution Centres		
	2016	2015	Δ2016/2015	2016	2015	Δ2016/2015
Internal Audits	4,411	4,814	-8%	30	30	-
Follow-up Audits	25	83	-70%	-	-	-
External Audits	-	-	-	30	32	-6%
HACCP Performance*	81%	80%	+1 p.p.	96%**	95%**	+1 p.p.

* At Biedronka, HACCP implementation is evaluated based on specific requirements, which, in turn, are based on the *Codex Alimentarius*.

** In the Distribution Centres, the compliance rate refers to the ISO 22000 - Food Safety Management System certification, which is based on the HACCP principles of the *Codex Alimentarius*.

² For more information about this programme, please refer to subchapter 7. "Supporting Surrounding Communities".

4. How we make a difference

The number of follow-up audits has decreased in relation to 2015 due to the score of some stores that didn't justify corrective actions and additional audits.

Keeping the line of action of 2015, during 2016 analyses were carried out on work surfaces, equipment and handlers with the aim of controlling microbiological risks.

In 2015, this type of control was carried out for the first time in order to follow the introduction of the meat slicing and packaging service in 25 stores. However, by the end of 2016 only four stores remained in the project, resulting in the reduction of analyses. Also during 2016, the control of the microbiological risks in machines for squeezing oranges for juice, as well as the juice itself, was initiated in 19 stores.

Globally, the number of microbiological analyses carried out in stores was reduced by 72%, totalling 172.

Distribution Portugal

Audits performed on Pingo Doce and Recheio:

Stores and Distribution Centres	Pingo Doce			Recheio			Distribution Centres		
	2016	2015	Δ2016/2015	2016	2015	Δ2016/2015	2016	2015	Δ2016/2015
Internal Audits	1,004	1,176	-15%	106	106	-	25	16	+56%
Follow-up Audits	785	842	-7%	107	102	+5%	19	15	+27%
External Audits	16	19	-16%	32	36	-11%	3	3	-
HACCP Performance*	86%	86%	-	82%	81%	+1 p.p.	91%	85%	+6 p.p.

* At Pingo Doce, as well as at Recheio, the implementation of HACCP is evaluated on specific requirements, based on the *Codex Alimentarius* and appropriate for the realities in which the Companies operate.

The decrease in the number of internal audits at Pingo Doce was due to a new evaluation criterion based on the 2015 performance: stores with an average performance above 85% saw the audits reduced.

Resorting to accredited external laboratories, Pingo Doce, Recheio and the respective Distribution Centres also performed 120,126 Quality and Food Safety analyses on work surfaces, handlers of Perishables and on products handled in stores, the water and the air. This value represents an increase of 6% compared to the previous year, reflecting the Group's commitment to the highest possible standards of Quality and Food Safety.

Distribution Colombia

In Colombia, internal audits were carried out in the Ara stores and in the DCs.

Stores and Distribution Centres	Ara			Distribution Centres		
	2016	2015	Δ2016/2015	2016	2015	Δ2016/2015
Internal Audits	182	100	+82%	2	2	-
Good Hygiene and Quality Practices*	72%	85%	-13 p.p.	95%	76%	+19 p.p.

* The compliance rate refers to the score obtained on Good Practices, in which the criteria aim to guarantee the quality and safety of the products according to the law, evaluating the operation itself and the control system and procedures. The criteria include, among others, hygiene and quality control aspects of the facilities for handling the product, such as temperature, packaging and organic waste management procedures.

A total of 625 analyses on work surfaces, handlers of perishables, products handled in the stores and on water were also performed. This figure represents a decrease of 33% compared to 2015, something that is explained by the fact that, in that year, an additional analysis diagnosis was carried out on all store surfaces, a process therefore unnecessary in 2016.

4.3.3. Analyses

As far as Food Safety is concerned, apart from the audits mentioned in the previous point, the Group carries out laboratory analyses on the Perishables and Private Brand products that are sold by its banners.

Distribution Poland

Number of Analyses/ Samples collected	2016	2015	Δ2016/ 2015
Private Brand - Food	12,218	7,724	+58%
Private Brand - Non-Food*	1,332	1,295	+3%
Fruit and Vegetables	759	755	+1%
Meat and Fish	1,621	1,233	+31%
Bakery	39	43	-9%

* A further additional 716 Private Brand non-food product inspections were carried out.

The increase in the analyses of Private Brand food products was due to the inclusion of more nutritional parameters and labelling, and increased controls on contamination (including gluten or lactose, among others) and adulteration (for identification of genetically modified organisms, for example), in addition to regular chemical and microbiological tests.

In the case of Meat and Fish analyses, the increase in the indicators is due to the increase in the number of products and suppliers.

Distribution Portugal

Number of Analyses/ Samples collected	2016	2015	Δ2016/ 2015
Private Brand - Food	12,566*	11,968*	+5%
Private Brand - Non-Food	3,971	3,051	+30%
Fruit and Vegetables	2,529	2,228	+14%
Meat	1,391	1,326	+5%
Fish	1,050	1,281	-18%
Bakery	642	599	+7%
Meal Solutions	1,456	591	+146%

* Including routine analyses on the presence of gluten, genetically modified organisms, lactose and on the denomination of species.

The increase in the number of analyses performed on Meal Solutions products is due, among other things, to the need to validate products following changes in processes such as the cooling of soups and revision of expiry dates as a result of altering such procedure.

Distribution Colombia

In Colombia, 563 laboratory analyses were performed on products sold, which represents an increase of 44% compared to 2015, in line with the growth in the number of stores, suppliers and products sold in 2016.

Number of Analyses/ Samples collected	2016	2015	Δ2016/ 2015
Private Brand - Food	332	256*	+30%
Private Brand - Non-Food	144	94*	+53%
Fruit and Vegetables	26	34	-24%
Meat	44	8	+450%
Fish	7	0	-
Bakery	10	0	-

* Corrected value compared to 2015 reporting.

4.3.4. Training

In Poland, training in Food Hygiene and Safety was given to 15,507 employees in 28,705 hours of training.

In Portugal, 8,677 employees received training, in a total of over 38,511 hours.

In Colombia, training was given to 4,617 trainees, in a total of 25,846 hours.

Respecting the Environment

The Group has defined its Environmental Policy where it has established three priority management areas: preservation of biodiversity, fight against climate change and responsible waste management.

5.