

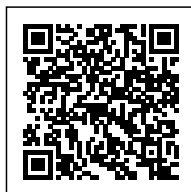
JERÓNIMO MARTINS: MANAGING THE RISING TIDE OF REGULATION

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A further increase in corporate governance rules for listed companies will bring even more demand for in-house know how and leave law firms once again playing 'catch up'™

António Alves, Director Jurídico de Jerónimo Alves en Portugal comenta que entre los retos claves de cara al futuro se encuentra la gestión de una manera eficaz del incremento de la regulación a las empresas, algo presente e inevitable que ha surgido a consecuencia de la crisis financiera global. Among the key challenges in the months and years ahead, says António Alves, Head of Legal at Portugal's largest retailer, Jerónimo Martins, is to effectively manage the increasing day-to-day regulation of listed companies issues and what he sees as the inevitable rise in regulatory and corporate governance issues that will come out of the global financial crisis.

'The in-house profession is now much more sophisticated than it was, and over-regulation is common to all EU jurisdictions, but we now have to be much more careful about the way we manage legal issues and will have to be even more so in the years ahead.'

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Governance issues are already a major focus of the legal department's work as is the legal control required over the amount and nature of the information given to shareholders, who nonetheless, he believes, now receive more information than ever before.

'We have to be positive in showing the company and Board the best path and to maintain an awareness of changing governance rules, and I think that as in-house lawyers we are more aware of the issues than many in private practice as they are a day-to-day reality for us.'

His team regularly liaises with exchange commissions and regulators and as such is much more demanding of outside counsel, in this respect, corporate governance is still a 'greenfield' area of practice for many law firms in Portugal, he believes.

'Ten years ago there was very little regulation in this respect in Portugal now we are bordering on overregulation. General counsel are though much more aware of the issues and increasingly in communication with one another. We handle them directly.'

Besides managerial duties, Alves own legal focus is on commercial, corporate and compliance issues – with responsibility for corporate governance, including drafting the Group's Code of Ethics, participating in the establishment of the Ethics Committee, and formulating the company's pioneering whistleblower mechanism.

He also now represents Jerónimo Martins on the Task Force of the Global Social Compliance Programme (GSCP) of the International Food Business Forum (Comité International d'Entreprises Succursales – CIES), an interest group of food manufacturers, retailers and distributors.

'The GSCP model is based on corporations engagement and direct participation and is open to retailers, brand manufacturers, NGOs and institutions like the United Nations. It provides a platform where parties can build on existing best practices to develop a shared and global approach to the improvement of working conditions in the global supply chain, in particular in Third World Countries,' he explains.

The GSCP is now working with national governments and agencies to 'bridge the gap' in case of less protective working conditions, and Alves helped draft the CIES reference code for bettering working conditions addressing issues such as child labour, working hours and company buying

practices.

In a decade Alves has built up the Jerónimo Martins legal department from only three lawyers to a team overseeing operations across both Portugal and Poland, where it is also that country's largest retailer. As Legal Director, he sits within the holding group, and directly advises the Board and particularly the CEO Luís Palha da Silva.

'The core focus of the legal team is on corporate, commercial and increasingly corporate governance issues. Most of the work we handle inhouse but issues are sent out where we require very specialist expertise or a large team, such as major M&A,' he explains.

He now has two lawyers reporting directly to him at the Group holding level and 10 more reporting functionally in Portugal, at operational level, and he coordinates with colleagues in Poland on every major operation.

The aim is to build a team with strong expertise in the Jerónimo Martins core areas of operation and to encourage its lawyers to go out and further develop their expertise in line with Jerónimo Martins emerging needs. His own roles and responsibilities, he says, merely reflect the growing demands being placed on legal heads for ever-greater, and wider, regulatory and corporate governance know how.

António Alves is Head of Legal at Portugal's largest retailer Jerónimo Martins and a recent 40 under Forty winner