Ahold Delhaize

LOCAL MATTERS

Annual Report 2023

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COMPLIANCE STATEMENT

This document is the PDF/printed version of Ahold Delhaize's Annual Report 2023 and has been prepared for ease of use. The Annual Report 2023 was made publicly available pursuant to section 5:25c of the Dutch Financial Supervision Act (Wet op het financieel toezicht), and was filed with Netherlands Authority for the Financial Markets in European single electronic reporting format (the ESEF package). The ESEF package is available on the company's website at www.aholddelhaize.com and includes a human-readable XHMTL version of the Annual Report 2023. In the case of any discrepancies between this PDF version and the ESEF package, the latter prevails.

LOCAL MATTERS

Ahold Delhaize is a family of great local brands serving millions of customers every day.

Our brands understand and serve the unique needs of local customers and communities while benefiting from the economies of scale and efficiencies of a global business.

We have lots of stories

We feature key stories about our local impact over the next pages, supported by other local stories that can be found throughout this Annual Report – you'll find even more online where you see this:

www.aholddelhaize.com

Collaboration matters

On the road to lower-emission supply chains

Albert Heijn's goal is to achieve net-zero emissions in 2050, in line with the targets we shared in our updated 2023 Climate Plan. The brand has decreased the footprint of its own business operations (scope 1 and 2 emissions) by 87.5% since 2018, mainly by switching to 100% Dutch wind energy. Albert Heijn actively tries to avoid and reduce the remaining emissions and, in the meantime, has compensated for them since 2021. To reduce scope 3 emissions in logistics, the brand is taking further steps, together with its transport partners.

As of 2023, Albert Heijn and its partners made transport in the center of four major Dutch cities – The Hague, Rotterdam, Amsterdam and Utrecht – 100% emissions-free. This means quieter and cleaner neighborhoods for customers and local residents.

Albert Heijn's goal for greenhouse gas (GHG)-emissions reduction by 2030 (scope 3)

45%

LOCAL MATTERS

See **our website** for more information.

Local innovations

Supporting a seamless omnichannel offering

Supply chain innovations are helping our brands enhance the shopping experience for customers. For example, Albert Heijn opened an innovative new Home Shop Center (HSC) that processes up to 45,000 orders weekly, assisted by 300 robots with 45,000 bins. The sustainable facility has a gas-free infrastructure, more than 5,400 solar panels and energy-efficient solutions – earning it BREEAM Very Good certification.

MAXI opened the first warehouse for online food distribution in Serbia in 2023. This 6,700-square-meter HSC is equipped with advanced technology to ensure fast and reliable deliveries from Maxi Online.

4 million

Albert Heijn app users served by its new HSC

LOCAL MATTERS

See **our website** for more information.

Caring matters

Supporting associates through transformative moments in their lives

Our Life Events Framework (LEF) brings together all that we do to continuously support associates during important moments in their lives. Whether it is childbirth, moving house, bereavement, retirement – whatever the moment – associates look to us for understanding and support. Our new Gender Transition policy, now live in all our Dutch brands, is one example of our LEF, and contributes to a more welcoming and supportive environment for all. We want to ensure associates feel cared for during this life-changing time and have the opportunity to take paid leave and receive support from their managers during their transitions.

LOCAL MATTERS

See **our website** for more information.

> Supporting associates during important and impactful moments of their lives demonstrates truly that you care about your people and that you have the right level of courage as a company to drive change. It creates an environment that is inclusive and supportive of people's well-being.
>
> **Frits Kesting**
> Privacy Counsel
> Ahold Delhaize

Local incentives

Helping customers make more sustainable purchases

We aim to help customers understand the impact of their buying decisions and nudge them towards healthier and more sustainable purchases. Albert in the Czech Republic and Delhaize Belgium leverage loyalty programs to promote healthy and sustainable options. The My Albert app gives customers credits for purchasing Nature's Promise – Albert's own-brand line offering 370 products, 200 of them organic – and other organic and plant-based options.

Delhaize's SuperPlus program offers a 10% discount on fresh products with Nutri-Score A or B. And they're taking it up a notch with promo-boost deeper discounts and personalized e-deals, making it even easier to make healthy choices.

8 weeks

Albert ran two one-month campaigns in 2023 offering hundreds of organic products at regular prices.

LOCAL MATTERS

See **our website** for more information.

Learning matters

Supporting education to promote a climate-positive future

Demonstrating its commitment to sustainability, Hannaford Supermarkets and the Hannaford Charitable Foundation donated $350,000 to The Ecology School in Saco, Maine, to support a 200-acre land acquisition and an expansion of the school's AgroEcology for Resilient Communities Project. This project reimagines agriculture and fosters a climate-positive future through education about sustainable food systems.

The Ecology School is an environmental learning and living center that provides immersive education for students, schools and community groups. With the newly acquired land, the school will enhance a variety of hands-on learning opportunities, focusing on sustainable and eco-friendly farming practices.

$350,000

Hannaford's donation to support local efforts towards sustainable food systems

LOCAL MATTERS

See **our website** for more information.

1 Strategic report

OUR BUSINESS

LOCAL MATTERS

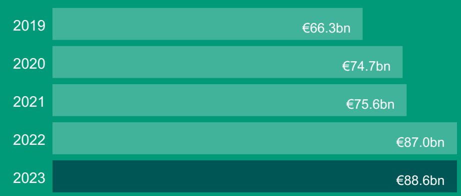
Albert Heijn
The Netherlands

GROUP HIGHLIGHTS

NET SALES[1]

€88.6bn ^ 1.9%

2022: €87.0bn
(+3.8% at constant rates)



NET CONSUMER ONLINE SALES

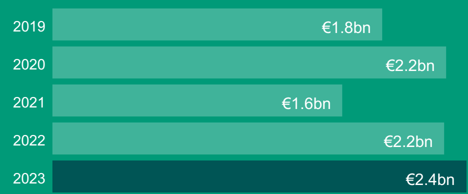
€11.9bn ^ 4.8%

2022: €11.3bn
(+5.9% at constant rates)

FREE CASH FLOW[2]

€2.4bn ^ 0.2bn

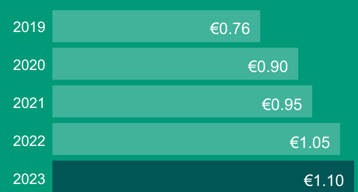
2022: €2.2bn



DIVIDEND PER COMMON SHARE

€1.10 ^ €0.05

2022: €1.05
(43% of net profit)



NET INCOME

€1.9bn ∨ (26.4)%

2022: €2.5bn

UNDERLYING OPERATING INCOME

€3.6bn ∨ (3.3)%

2022: €3.7bn

UNDERLYING OPERATING INCOME MARGIN

4.1% ∨ (0.2)pp

2022: 4.3%

DILUTED INCOME PER SHARE FROM CONTINUING OPERATIONS

€1.94 ∨ (23.7)%

2022: €2.54

DILUTED UNDERLYING INCOME PER SHARE FROM CONTINUING OPERATIONS

€2.54 ∨ (0.4)%

2022: €2.55

OWN-BRAND FOOD SALES FROM HEALTHY PRODUCTS

54.8% ^ 0.4 pp

2022: 54.4%

REDUCTION IN FOOD WASTE (T/€ MILLION)[3]

37% ^ 2 pp

2022: 34%
2023: 3.17 t/€ million

REDUCTION IN ABSOLUTE CO_2-EQUIVALENT EMISSIONS (SCOPE 1 AND 2)[4,5]

35% ^ 5 pp

2022: 29%
2023: 2,679 kt

ASSOCIATE ENGAGEMENT

78% ∨ 1 pp

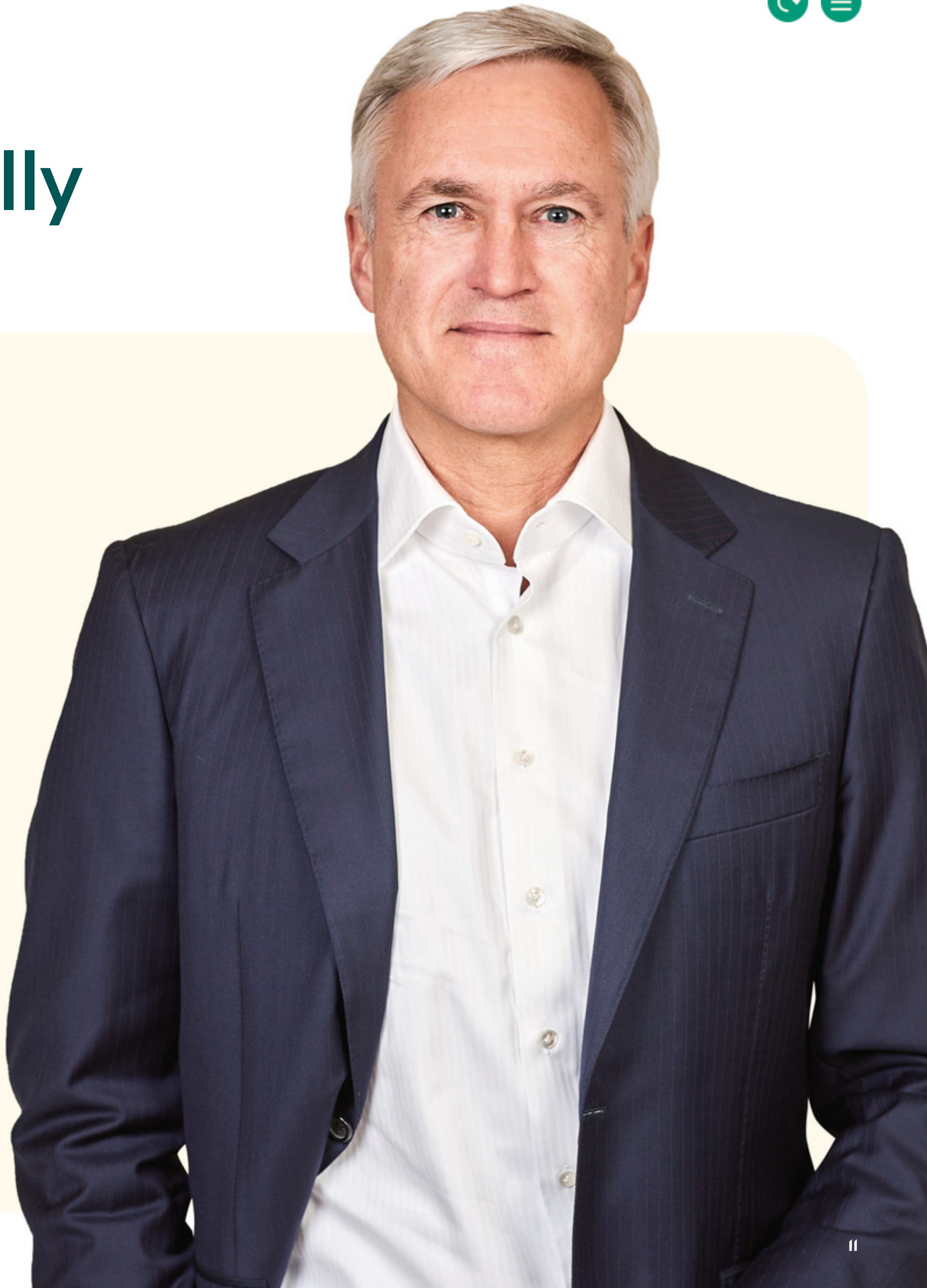
2022: 79%
Industry benchmark: 78%

MSCI INDEX

AAA ^ 1 rating

2022: AA

1 Ahold Delhaize's 2019, 2021, 2022 and 2023 fiscal year consisted of 52 weeks, while 2020 consisted of 53 weeks.
2 In 2023, after €2.4 billion cash capital expenditure (2022: after €2.5 billion cash capital expenditure).
3 The reduction is measured against the restated 2016 baseline: 4.99 t/€ million. See *ESG statements* for more information.
4 The 2022 number was restated; see *ESG statements* for more information.
5 The reduction is measured against the restated 2018 baseline: 4,095 thousand tonnes CO_2-equivalent emissions. See *ESG statements* for more information.



Making a difference locally

FRANS MULLER, PRESIDENT AND CEO OF AHOLD DELHAIZE

Frans Muller shares a message about how being a family of great local brands enabled us to continue to meet the needs of customers, communities, associates, partners and shareholders during another challenging year.

Dear readers,

Our stores and associates are at the center of their communities, which means they are also directly impacted by the ups and downs of whatever is happening in society. I was reminded of this last fall, while visiting one of The GIANT Company's stores in Philadelphia, as Store Manager Jessica Fischer shared with me the highlights of her work. These included coaching her team to serve every customer well, offering good value for money and making people feel at home. A center store display with great products from local entrepreneurs certainly helped! She also shared her challenges – in particular, about how running a store in this day and age also means that the team is coping with the need to increasingly support customers and communities during difficult times, and dealing with issues like organized retail theft.

We had to tackle many such challenges during a year characterized by constant change: including war, political and social unrest, inflation, natural disasters and increasing polarization in society. Let me start by saying I'm very proud as I reflect on the remarkable achievements by associates throughout 2023. In the face of adversity, teams across all the brands showed unwavering resilience and agility, adapting to the evolving landscape and consistently going above and beyond to assist customers and communities in navigating these complex times.

Helping customers manage their budgets

Our brands worked hard to provide the relevant, convenient "shop anytime, anywhere" experience we pledge to offer – and customers expect.

One key focus area during this period of high inflation was helping customers manage their household budgets. Our brands did this by keeping prices as low as possible, expanding own-brand assortments of affordable and healthy products and offering more promotions and inspiration to make budget-friendly meals.

MESSAGE FROM OUR CEO

Our local brands also leveraged their digital capabilities to provide customers with highly personalized discounts tailored to their needs. Our sourcing teams in Europe continued to gain efficiencies by sourcing and developing own-brand products together. We left no stone unturned and significantly exceeded our Save for Our Customers goal, generating over €1.25 billion in cost savings, which is over €250 million more than we had originally planned. This enabled the brands to keep prices as low as possible for customers. We also joined retail alliance EURELEC, which negotiates with large international suppliers to help tackle purchase price differences between European markets.

Transforming the company for the future

During these volatile times, Ahold Delhaize and our great local brands not only adapted to change to serve customers today, but took key steps to simplify our business for the future. These included making important – and sometimes difficult – strategic and operational decisions aimed at sustainable, long-term value creation.

For example, we continued to invest in our local brand strategy. This year, we agreed to acquire Romanian supermarket chain Profi Rom Food SRL (Profi), subject to regulatory approval. This will more than double the size of our business in Romania, expanding our existing footprint there to better serve both urban and rural areas and allow Profi and Mega Image to more effectively serve customers and drive sales growth and profitability.

In Belgium, the Delhaize team continued to make strong progress in executing their plan to simplify the organization by bringing all Delhaize stores under one business model, with affiliated stores only. Delhaize is well on its way to completing the transition to independent entrepreneurs. This plan is helping the brand strengthen its position in the competitive Belgian market and build deeper connections to local customers and communities.

Meeting our financial goals

All of this hard work helped our brands maintain customers' trust and loyalty, which was reflected in increasing market shares. Looking to our results, we met all of our key financial goals for the year. For example, our free cash flow was €2.4 billion, finishing at the higher end of our guidance range, reflecting growth in net cash flows from our operating activities.

Our CapEx goal for 2023 was to invest €2.5 billion in areas such as store remodeling, including innovations and improvements to support our ESG agenda. And we continued to modernize our infrastructure. This also has a trickle-down effect in the local economies – for example, when we build a new Home Shop Center (HSC), remodel a store, or develop new features in our apps, it creates work for construction companies, painters, and logistics and IT companies. And as we pursue our ESG strategy, it generates business for companies providing electric transportation, environmentally friendly refrigerants and AI technology, to name a few.

Key developments in our strategy

Our strategy has four pillars that guide our work and determine where we invest. I want to share some highlights from the year that stood out to me, but, of course, this Annual Report will give you all the details.

Driving omnichannel growth

We firmly believe our strength lies in the seamless mix of in-store and online shopping: our omnichannel strategy. In 2023, we continued to drive omnichannel growth and invest in our omnichannel ecosystems, which offer customers the flexibility of shopping whenever and however they want. As an example, Food Lion continued to elevate its fleet of stores to our best-in-class omnichannel format. In 2023 alone, the brand remodeled more than 10% of its store fleet. These investments are creating a better shopping experience for customers and more sustainable operations. In the Netherlands, bol showed a resilient performance. In a tougher online e-commerce market, it continued to gain market share and strongly increased its value-added services, such as advertising and logistics.

As customers' shopping preferences evolve in the U.S., we concluded that we need to orient our online fulfilment capabilities towards more efficient, less asset-intense same-day delivery models, such as click-and-collect and pick-from-store order fulfillment. To achieve this, we determined it was best to close the U.S. Jersey City, New Jersey, and Hanover, Maryland, fulfillment centers, and made the difficult decision to divest our FreshDirect brand.

Elevating healthy and sustainable

Even in the face of economic pressures and other challenges, we continued to advance our health and sustainability agenda. We achieved a triple A rating from MSCI in August, an important benchmark for investors, indicating Ahold Delhaize is an industry leader in managing the most significant ESG challenges and opportunities. Another significant milestone was bol's B Corp certification. We are proud that an e-commerce platform of its size has been able to achieve this, and excited that Albert Heijn is working toward joining them.

Local teams across our brands focused on reducing energy consumption, refrigerant leakage and transport in their own operations; partnering with suppliers to support and incentivize sustainable change; and investing in sustainable agriculture. We also saw improved performance on our food waste reduction targets.

You can learn more about our performance this year in our *Environmental, social and governance* section, which we've expanded with more details, including a new overview of the UN Sustainable Development Goals and how we're striving to help fulfill them and details about our journey to comply with the Corporate Sustainability Reporting Directive.

We understand how important it is to work together within the supply chain to tackle the challenges that face people and our planet today. That is why my appointment as Co-Chair of the Consumer Goods Forum (CGF) has been an honor. I'm committed to supporting the collaboration between suppliers and retailers in the forum to accelerate change in a number of areas, including the challenge of net zero. Furthermore, Ahold Delhaize published an updated Climate Plan in 2023. It outlines the actions we are taking and targets we have set to help us decarbonize both our own brands' operations and also our supply chain, in line with the UN's goal to limit global warming to 1.5°C.

> **During these volatile times, Ahold Delhaize and our great local brands not only adapted to change to serve customers today, but took key steps to simplify our business for the future.**

MESSAGE FROM OUR CEO

Cultivating best talent

We clearly work in a people business, built on the relationships our colleagues develop with partners across the supply chain, customers that shop online and in the stores, and local communities. This is why it is so important for us to continue to cultivate the best talent in the industry. We recognize the great responsibility we have as an employer with 402 thousand associates around the world – all our brands and businesses strive to create workplaces where associates are engaged and feel that their contributions are valued and they can truly be who they are.

In 2023, we remained focused on associate well-being and supporting mental health in an environment of continuous change and challenges. Our brands have started business resource groups (BRGs) focused on well-being and mental health, and we are training leaders to help create a culture of psychological safety and belonging. We are also investing in development, to offer associates the opportunity to grow in their careers with our brands and businesses.

> All our brands and businesses strive to create workplaces where associates are engaged and feel that their contributions are valued and they can truly be who they are.

Strengthening operational excellence

Our work on operational excellence has positioned us well to support customers and maintain a steady performance even in the midst of challenging economic circumstances. Teams at our brands work tirelessly to improve how they operate stores, distribution centers (DCs) and HSCs.

For example, in 2023, our brands opened new, state-of-the-art DCs to help us provide a seamless omnichannel offering. These included a new, mechanized Albert Heijn HSC and the first HSC for online food distribution in Serbia, both in support of our European model of home delivery, as well as a new facility in Chester, New York, to support pick from store and click and collect at our U.S. businesses.

In the U.S., the completion of the self-distribution network is putting our brands fully in control of their own operations, so they can keep costs down and partner more closely with suppliers to improve product availability and freshness. And we have a similar project in Europe, where our brands are taking learnings from the rollout of our online proposition and HSC in the Netherlands and implementing them in Belgium and Central and Southeastern Europe (CSE).

We continued to invest in PRISM, our own proprietary e-commerce platform, across the U.S. brands. It enables us to fully own the customer digital experience and provides a unique opportunity for our brands to continue to learn about customers and make changes to meet their needs.

Entering a phase of new momentum

As we reflect on the five years since we kicked off our Leading Together strategy, we are taking stock of what we have learned so far and refreshing our priorities to adapt to changes in the macro and competitive environment. This will require some shifts in focus, and we are excited to explain more about our future plans to build the next phase of growth and value creation for our company during our Strategy Day in May.

For 2024, while we expect the economic backdrop to remain challenging, we do see real opportunities for our brands to kick off a phase of new momentum. The investments we have made in group-wide capabilities – in areas like technology, digital and loyalty – will pay off and be further enhanced by the opportunities data and AI offer.

We will elaborate more on this in May, but here are a few things you can already count on: a relentless focus on the customer, further simplification of our organization to sustain growth, and refinements to how we plan to deploy capital to capture our biggest opportunities. With regard to our short-term goals for 2024, we expect a relatively consistent performance year over year.

Our role in society

The theme of this report is “local matters” – and, in 2023, we proved that once again. Our brands remain intensely focused on ensuring customers and communities have access to affordable, sustainable and healthy products. And at the same time, we are wholeheartedly committed to playing our part as an industry leader to ensure we can build a more sustainable supply chain that is healthier for the planet. Please take the time to dive into this Annual Report, as it contains a wealth of examples of our work and how we view our role in society.

On behalf of the Executive Committee, I want to thank colleagues at all our brands, who work hard every day to help people in their communities eat well, save time and live better. We’re grateful to customers for their loyalty, and our partners across the supply chain for helping us achieve our shared goals. And we’d like to thank our shareholders for their continued support.

Frans Muller

President and CEO

YEAR IN REVIEW

FIRST QUARTER

JANUARY, FEBRUARY, MARCH

Convenient shopping

Hannaford reaches a major e-commerce milestone with more than 90% of the brand's 185 stores offering Hannaford To Go pickup and delivery.

90%

offering Hannaford To Go pickup and delivery

Transitioning Belgian supermarkets

Delhaize announces the intention to align all its stores under one operating model by transitioning its 128 integrated Belgian supermarkets into independent affiliated Delhaize stores.

Expanding Better for Nature and Farmer

Albert Heijn welcomes third parties to its Better for Nature and Farmer Program. By making the program and accompanying product label widely accessible, and carried by Milieu Centraal, the brand is actively contributing to a new food system in the Netherlands.

Loyalty program kudos

Food Lion, Giant Food and Stop & Shop are named in Newsweek's 2023 list of Best Loyalty Programs.

Inaugural Green Bond

Ahold Delhaize successfully prices its inaugural Green Bond at €500 million. The transaction follows three previous ESG-labelled financings, which together reinforce the continued alignment of our funding strategy to our sustainability strategy and overall ESG ambitions.

€500 MILLION

inaugural Green Bond

SECOND QUARTER

APRIL, MAY, JUNE

Supply chain changes to support U.S. growth

The ADUSA Supply Chain network converts its largest yet 1.2-million square foot automation-filled distribution center in York, Pennsylvania, into the self-managed network. This is part of its three-year journey to establish an integrated, self-distributed supply chain to support the U.S. brands' omnichannel growth and brings the total number of network facilities to 22.

1.2 M SQFT

automation-filled distribution center in York, Pennsylvania

The GIANT Company turns 100

The GIANT Company kicks off its 100th anniversary with celebrations rooted in its purpose of connecting families for a better future and thanking team members, customers and communities.

100 YEARS

Helping lead the industry

Frans Muller is appointed co-chair of CGF, where he will work to mobilize even greater progress among members, focusing on key topics such as deforestation, plastics, human rights in the supply chain and net zero emissions.

Providing budget-friendly options

Halfway through 2023, Ahold Delhaize's European brands increase their Price Favorites assortment to include a total of 6,500 own-brand products at entry-level prices, with the goal to raise this by 20% in 2024.

TIMELINE CONTINUES ON NEXT PAGE

THIRD QUARTER

JULY, AUGUST, SEPTEMBER

Plant-based progress

Albert Heijn launches AH Terra, an own-brand product line with around 200 plant-based products.

+200

plant-based products

Bol achieves B Corp Certification.

Outperforming expectations

Food Lion's remodeled omnichannel stores out perform expectations, and the brand completes 47 more store remodels.

+47

additional store remodels

Ahold Delhaize achieves an AAA MSCI ESG rating

Ahold Delhaize announces the intention to join EURELEC

The European retail alliance joint venture is helping tackle prices differences between European markets.

FOURTH QUARTER

OCTOBER, NOVEMBER, DECEMBER

Expanding the Romanian business

Ahold Delhaize announces the acquisition of Profi Rom Food SRL in Romania.

Poised for omnichannel growth

During the year, Albert Heijn opens a new fully automated HSC, Mega Image opens its first HSC, bol opens a new logistics center to support distribution of its largest products, and Delhaize Belgium announces it will open a new HSC in 2024.

Climate Plan update

Ahold Delhaize launches its Climate Plan update.

Divesting FreshDirect

Ahold Delhaize USA enters into an agreement to sell FreshDirect.

freshdirect

Supporting communities

In 2023, our brands continue to go above and beyond to serve communities, engaging in volunteer efforts and donating food, products and cash to various organizations. For example, Giant Food sets up free food markets, packs boxes for those in need, and supports families during the holidays. Delhaize Serbia's "Food for All" program reduces waste by distributing surplus food. Food Lion's store remodels include a mobile kitchen supporting low-income diabetes patients.

AD Retail Media

AD Retail Media ranks fifth-best overall U.S. retail media network and second in omni-channel advertising sales.

OUR GREAT LOCAL BRANDS

Ahold Delhaize is a family of great local brands serving millions of customers each week in the United States, Europe and Indonesia.

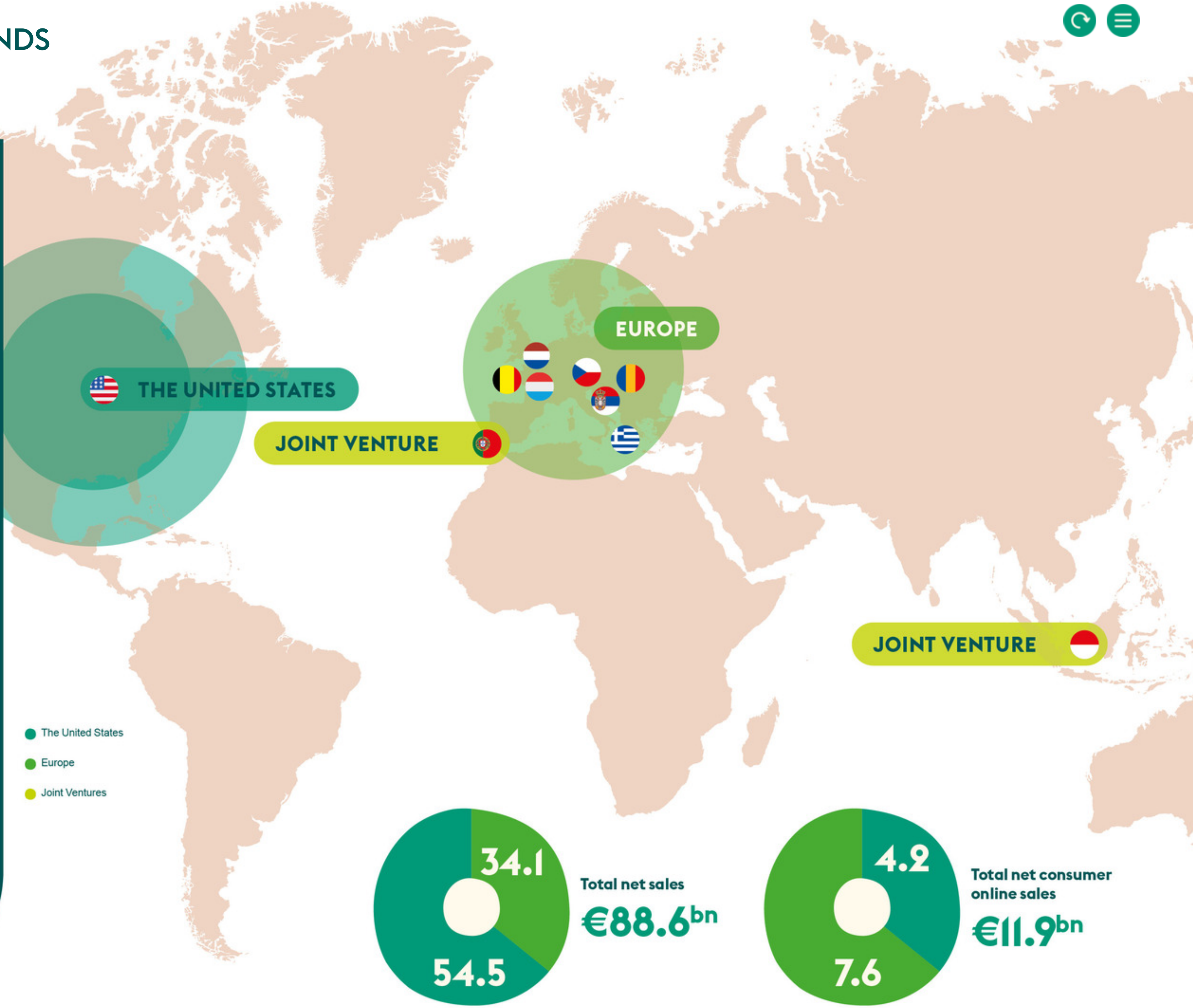
402,000
associates[1]

63 million
customers served every week, both in stores and online

19
great local consumer-facing brands[2,3]

7,716
stores serving local communities in Europe and the United States[4]

1 Excluding our joint venture brands' associates.
2 Including our joint venture brands.
3 Including FreshDirect.
4 Excluding our joint venture brands' stores.



OUR GREAT LOCAL BRANDS

THE UNITED STATES

The United States is our biggest market. Our brands operate some of the country's most established, innovative and well-known omnichannel retailers, all along the East Coast.

STORES

2,048 -3

2022: 2,051

PICK-UP POINTS

1,564 +15

2022: 1,549

EUROPE

Our leading brands in Europe serve customers through store formats tailored to their needs, including innovative online businesses. While some have been household names for more than a century, they remain ground-breaking and forward-thinking retailers today.

STORES

5,668 +60

2022: 5,608

PICK-UP POINTS

269 +6

2022: 263

JOINT VENTURES

Our joint ventures, Super Indo in Indonesia and Pingo Doce in Portugal, are among the leading supermarket brands in their respective countries.

OUR GREAT LOCAL BRANDS

THE UNITED STATES

FOOD LION

Food Lion is an omnichannel grocery retailer committed to nourishing its neighbors with fresh food at affordable prices. Through its "Count on me" culture, Food Lion fosters a sense of belonging for all associates and customers. Its 80,000 associates are passionate about caring for the towns and cities they serve.

Market area: Delaware, Georgia, Kentucky, Maryland, North Carolina, Pennsylvania, South Carolina, Tennessee, Virginia and West Virginia

STORES
1,108 –

PICK-UP POINTS
664 +9

STOP&SHOP

Stop & Shop offers a wide assortment focused on fresh, healthy options at a great value. Customers can shop in-store or online for delivery and same-day pickup. The brand prides itself on fighting hunger in its communities and other incredible acts of care.

Market area: Connecticut, Massachusetts, New Jersey, New York and Rhode Island

STORES
395 -5

PICK-UP POINTS
378 +3

The GIANT Company

The GIANT Company is an omnichannel retailer, serving customers through stores, pharmacies, fuel stations, online pick-up hubs and grocery delivery service. The brand is changing the customer experience, creating healthier communities and connecting families for a better future.

Market area: Maryland, Pennsylvania, Virginia and West Virginia

STORES
193 –

PICK-UP POINTS
189 +2

Hannaford

Hannaford makes it easy and convenient to shop for great fresh food and find healthy options, both online and in its stores. Hannaford is in the community, connected to local farmers and producers and a part of its customers' day.

Market area: Maine, Massachusetts, New Hampshire, New York and Vermont

STORES
187 +2

PICK-UP POINTS
171 +1

Giant

Giant Food fits all the ways today's busy consumers want to shop – whether in-store, via Giant Pickup or through home delivery from Giant Delivers, with same-day speed. At Giant, local is a commitment, not just a label.

Market area: Delaware, District of Columbia, Maryland and Virginia

STORES
165 –

PICK-UP POINTS
162 –

freshdirect

FreshDirect is a leading online grocer committed to delivering the highest quality, freshest food. The company creates food experiences and drives simple, healthy solutions to make every day better for customers. By working directly with growers, producers and local food innovators, FreshDirect provides the best in culinary exploration. As a homegrown New York City brand, FreshDirect is integral to the fabric of food culture in the city.[1]

1 As of December 6, 2023, Ahold Delhaize USA completed the divestment of FreshDirect, and FreshDirect is no longer part of the Ahold Delhaize brands.

GROCERY ITEMS DELIVERED TO CUSTOMERS EVERY WEEK
3m

OUR GREAT LOCAL BRANDS

THE UNITED STATES CONTINUED

Peapod Digital Labs

Peapod Digital Labs is the digital and commercial engine of leading grocery retail group Ahold Delhaize USA. As the innovation lab for the U.S. brands, which include Food Lion, Giant Food, The GIANT Company, Hannaford and Stop & Shop, Peapod Digital Labs promotes digital and e-commerce innovation, technology and experience to meet the changing needs of each Ahold Delhaize USA local brand's customers, regardless of when, where and how they choose to shop.

SUPPORT ORGANIZATION

Retail Business Services

Retail Business Services, LLC (RBS), is the services company of Ahold Delhaize USA, providing services to the U.S. brands.It leverages the scale of the local brands to drive synergies and provides industry-leading expertise, insights and analytics to support their strategies through a variety of services, including Information Technology and Indirect Sourcing, among others.

SUPPORT ORGANIZATION

ADUSA Distribution / ADUSA Transportation

ADUSA Distribution and ADUSA Transportation are the supply chain operations companies of Ahold Delhaize USA, providing distribution and transportation services to one of the largest grocery retail supply chains in the nation. ADUSA Distribution fosters a culture that inspires and empowers associates to always deliver exceptional service and value. The team is supporting the supply chain network evolution to an integrated self-distribution model of the future, serving leading omnichannel grocery brands – Food Lion, Giant Food, The GIANT Company, Hannaford and Stop & Shop.

SUPPORT ORGANIZATION

OUR GREAT LOCAL BRANDS

EUROPE

Albert Heijn has evolved from a single family-owned grocery store more than 135 years ago to a leading food tech company today. Filling more than six million plates daily comes with a responsibility. That's why Albert Heijn works every day to deliver on its mission: "Together, we make eating better the easy choice. For everyone."

Market area: The Netherlands and Belgium

STORES
1,268 +40

PICK-UP POINTS
59 –

With 37 million unique products offered, bol customers have a wide range of choices. That's why 13.5 million Dutch and Belgians shop on its online retail platform. Bol also works with approximately 51,000 local entrepreneurs who sell through its platform.

Market area: The Netherlands and Belgium

NUMBER OF PARTNERS
Approximately
51,000

Etos, the largest health and wellness platform in the Netherlands, has been customers' trusted drugstore for over a hundred years. With stores throughout the Netherlands, there is always an Etos nearby where qualified druggists can offer expert advice. Etos helps its customers to feel good – both in-store and online.

Market area: The Netherlands

STORES
523 +1

Gall & Gall has been selling liquor since 1884 and is the largest specialist in the Netherlands. Founder Maria Gall had a motto: "No order too large, no order too small, no order too far." Although times have changed, Gall & Gall's passion to help and inspire customers has remained.

Market area: The Netherlands

STORES
628 +25

Delhaize's store formats – Delhaize, AD Delhaize, Proxy Delhaize and Shop & Go – offer a wide range, unique experience and quality service, including online shopping via pick-up points and home delivery. Delhaize's commercial proposition focuses on health and quality with respect for the environment.

Market area: Belgium and Luxembourg

STORES
818 -12

PICK-UP POINTS
120 –

Albert offers a great omnichannel shopping experience, with a new Fresh urban format, supermarkets and hypers, and the recent launch of grocery delivery in selected cities. Customers enjoy the My Albert loyalty program and healthy inspiration through popular own brands. And Albert provides community support through the Albert Foundation.

Market area: Czech Republic

STORES
340 +5

OUR GREAT LOCAL BRANDS

EUROPE CONTINUED

AB Βασιλόπουλος
...και του πουλιού το γάλα!

With a network of almost 600 stores, we give our best to make a difference in people's lives. That is the reason we have rightfully earned a place at the table of every Greek household. Every day, our more than 13,000 associates provide curated and inspiring choices of great-quality products to all customers who care about food.

Market area: Greece

STORES
585 -47

PICK-UP POINTS
90 +6

Mega Image

Mega Image serves customers under the Mega Image, Shop & Go and Gusturi Românești brands, offering fresh food, quality, healthy products and advice and a unique assortment of own brands. The team is passionate about a healthy lifestyle, social causes and the environment.

Market area: Romania

STORES
977 +21

PICK-UP POINTS
0 –

Delhaize Serbia

Delhaize Serbia is the largest store chain in Serbia. With four formats – Maxi, Mega Maxi, Shop&Go and Maxi online – it operates supermarkets known for their wide range, high-quality fresh products and great prices and promotions; modern neighborhood stores for everyday and on-the-go shopping; and hypermarkets for family shopping.

Market area: Serbia

STORES
529 +27

PICK-UP POINTS
0 –

European Business Services

SUPPORT ORGANIZATION

The services company of Ahold Delhaize Europe, European Business Services (EBS) provides professional services in Human Resources (HR), Finance and Not-for-resale Sourcing. It leverages scale and volume to drive synergies and provides industry-leading expertise, insights and analytics to help the European brands achieve their strategic goals.

JOINT VENTURES

Super Indo

Super Indo is Indonesia's leading supermarket chain. It goes the extra mile to maintain the freshness and quality of its products, making healthy food accessible and affordable anywhere and anytime. Super Indo is the right choice for shopping that is always fresher, affordable and closer.

Market area: Indonesia

ESTABLISHED
1997

Pingo Doce

Pingo Doce brings quality and innovation, and a unique shopping experience, because the best families deserve the best supermarket. Its products guarantee excellent value for money, which strengthens the brand's commitment to customers.

Market area: Portugal

ESTABLISHED
1992

OUR LEADING TOGETHER STRATEGY

LOCAL MATTERS

Food Lion
United States

EVOLVING MARKET TRENDS

Our Leading Together strategy continues to drive Ahold Delhaize and our brands as we navigate ever-changing market trends. In this section, we describe some of the most relevant trends, and what they mean for our business. For more details, see *Our growth drivers*.

Drive omnichannel growth

Elevate healthy and sustainable

Cultivate best talent

Strengthen operational excellence

GROWING ECONOMIC, SOCIAL AND POLITICAL UNCERTAINTY

Inflation, social unrest and a changing workforce continue to pressure the food retail industry and consumers, contributing to higher costs for everything from products to store remodels. While inflation seems to have peaked in 2022, prices remain higher than pre-pandemic levels, especially on commodities. A tight labor market and wage inflation in the U.S. and Europe are affecting food prices by driving wages up.

Historically low unemployment and a shortage of in-demand skills are increasing competition among employers to attract and retain top talent. For example, in Europe, total compensation packages, flexible work, and a greater emphasis on diversity, equity and inclusion have all become essential to a strong employer value proposition.

Organized retail theft and violence are more frequently impacting stores and communities. In the U.S., this has been cited as a key reason for store closures by some major retail brands.

The global geopolitical situation remains uncertain. Conflicts in Ukraine and Israel/Gaza are having a devastating affect on human life; disrupting global food and energy markets; and impacting prices, product availability and supply chains.

What it means for us

In uncertain times, our brands continue to support communities and give aid to people in need. Driven by the Save for Our Customers program (see *Strengthen operational excellence*), we are relentlessly focused on keeping prices as low as possible for our customers. We are also looking at additional measures to boost efficiency and scale, such as moving to a 100% affiliate model in Belgium, announcing the planned acquisition of the Profi chain in Romania, and working on joint sourcing initiatives, including the harmonization of 200 more products in the Benelux.

ONGOING DIGITAL AND OMNICHANNEL TRANSFORMATION

Retail operations and the customer experience continued to undergo a digital transformation in 2023. Digital tools are making food shopping faster, more personalized and more efficient. Digital innovation is also driving the transformation of delivery, automated operations and digital payments.

Artificial intelligence, specifically generative AI, has major implications, making it easier for brands to interact with customers on social media platforms, chat with customers online, and send out personalized recommendations and promotions.

Retailers remain strongly focused on omnichannel solutions; key themes include the customer experience, shoppable content, e-commerce profitability, loyalty, personalization and operational consistency. As customers continue to turn to online shopping to satisfy their needs for convenience and speed, we see sustained e-commerce penetration and growth in the U.S. and Europe.

What it means for us

Our brands are driving more engaging omnichannel experiences for customers. See *Drive omnichannel growth* for more information. Stop & Shop is investing in an improved customer experience in-store and online and continuing with its successful store remodeling program. Albert expanded its online services to two more cities and now offers same-day delivery.

As a company, we are contributing to the development of technology that impacts the retail sector. For example, Ahold Delhaize hosted its first Machine Learning Operations Conference to share knowledge across different industries and find new solutions to common problems.

We continue to contribute to the Kickstart AI foundation, dedicated to strengthening the Dutch data science community while tackling commercial challenges and even food insecurity. Albert Heijn launched Gen AI Labs in 2023, its own AI start-up, to improve both the customer experience and associates' work experience.

We are also using technology to automate the value chain. Albert Heijn's new mechanized HSC can rapidly collect ordered groceries and fill crates for customers.

See *Strengthen operational excellence* for more information.

EVOLVING MARKET TRENDS

SUSTAINED DEMAND FOR VALUE

Value for money remains a crucial driver of consumer behavior in 2023, with 66% of consumers in North America seeking out less-expensive alternatives, a four-point increase from 2022. This trend is even more pronounced for low-to-middle-income consumers. With price inflation still at a higher-than-usual level, price-sensitive consumers are increasingly focused on how to cut spending without sacrificing quality. Private-label product lines and discounters are benefiting most from this shift, gaining significant market share over the past two years.

What it means for us

Our local brands continue to expand their healthy, affordable, high-quality own-brand offerings and own-brand Price Favorites program, which makes top-quality products available at affordable prices. Our European brands had 6,959 own-brand Price Favorite items at the end of the year and plan significant growth in the near term.

Our brands also continue to develop their loyalty programs, to provide personalized offers to customers. The programs at Food Lion, Stop & Shop, and Giant Food were named among America's Best Loyalty Programs 2023 by *Newsweek*. Albert Heijn's Bonus Card program marked its 25-year anniversary, with a total of 41 million cards issued since it started and more than 1,300 discounts now offered per week. The GIANT Company celebrated its 100th anniversary by thanking customers with special sales and promotions.

CONTINUED FOCUS ON HEALTH AND SUSTAINABILITY

Consumers are increasingly interested in making more healthy and sustainable choices. They are more aware than ever of the links between sustainable consumption, health and the environment. While the cost-of-living crisis has led to slightly lower demand for sustainable products, nearly half of European consumers surveyed are still willing to pay more for them.[1]

Governments are supporting this shift as well. For example, the European Green Deal aims to set Europe on the path to climate neutrality by 2050, and the EU's Farm to Fork Strategy seeks to make food systems more sustainable. In the U.S., the regulatory landscape is poised to bring in stronger requirements by 2030 for food waste reduction, single-use plastics and more.

In the U.S. and several European countries, overweight and obesity rates remain a key public health concern, according to the Organization for Economic Co-operation and Development (OECD), spurring many to promote healthier eating in a number of ways. Eating healthy food is strongly linked to better health outcomes, making access and affordability crucial.

What it means for us

Our brands continued to offer a fresh and healthy assortment to our customers. Albert Heijn launched a new line of plant-based products, AH Terra, to expand more sustainable offerings in the Dutch market. In the U.S., The GIANT Company and a local health system are piloting biweekly vouchers for fresh produce for low-income households that struggle to get healthy and fresh food on the table, yet are not eligible for government support programs. See *Social* for more information.

We're also continuing to drive our ESG transformation. Ahold Delhaize was named one of the 10 most sustainable grocers by *Progressive Grocer*, partly due to our ambitious emissions-reduction targets. In 2023, our MSCI ESG rating was upgraded to AAA and ISS-ESG upgraded our rating to "Prime." Ahold Delhaize also announced that it successfully priced a €500 million Green Bond, the proceeds of which will be used to finance and re-finance environmentally friendly assets.

Our brands show their commitment to ESG in locally relevant ways. The Ahold Delhaize USA brands launched a reusable plastic container program to eliminate single-use packaging from our U.S. supply chain. With more than 900 stores ENERGY STAR certified, Food Lion was named ENERGY STAR Partner of the Year for the 22nd year. The GIANT Company partnered with Keep Pennsylvania Beautiful to award grants to address food waste reduction.

In Europe, bol completed its B Corp certification and Alfa Beta won three "Green Brand Awards" for contributions to ecological education and green strategic planning. Mega Image achieved a total 83% of energy usage from green energy and Albert Heijn reached 100% emissions-free home and store delivery in four major Dutch cities.

See *Environmental* for more information.

GROWTH OF COMPLEMENTARY REVENUES

With grocery sector margins under pressure, retail media and other sources of supplementary revenue gained importance in 2023. The retail media market in Europe was less than a quarter of that in the U.S. last year. However, it is expected to grow to €21 billion in 2025 as European food retailers continue to invest in and expand retail media networks to profit from targeted advertising opportunities. In the U.S., grocery stores are expanding into a variety of services beyond food retail, such as healthcare and meal delivery partnerships. U.S. retailers are updating their sourcing strategies, entering new categories and using e-marketplaces to expand their store assortments beyond what was previously possible.

What it means for us

Ahold Delhaize grew complementary revenue by 13% in 2023 through our retail media and consumer insights practices. This additional revenue source keeps food prices low in an era of persistently high inflation. To help us get there, AD Retail Media launched a new service in the U.S. with Citrus Ad and Epsilon that provides one platform for buying media and measurement. We are also focused on continuing to build out our ad tech ecosystem.

1 IPSOS Survey December 2022 on behalf of Yara

You can find more on the macroeconomic trends impacting our business in **Macroeconomic trends** under **Targets and results.**

OUR LEADING TOGETHER STRATEGY

Our Leading Together strategy has provided a solid framework as we continue to evolve our business model to serve customers' omnichannel shopping journeys and achieve strong results. The core values we share across Ahold Delhaize guide us in our day-to-day work and help us create healthy, engaged and inclusive workplaces reflective of the communities our brands serve.

Our company's four long-term growth drivers have helped us to fulfill our purpose, achieve our vision and prepare our brands and businesses for tomorrow.

Overall, our strategy has served us well. As our brands look to continue to remain relevant for customers and deeply embedded within communities, we are refreshing our strategy and priorities for the future. We are excited to share more during our Strategy Day in May 2024.

OUR PURPOSE

Read more on **page 26.**

Eat well. Save time. Live better.

OUR VALUES

Courage
We drive change, are open minded, bold and innovative

Integrity
We do the right thing and earn customers' trust

Teamwork
Together, we take ownership, collaborate and win

Care
We care for our customers, our colleagues, and our communities

Humor
We are humble, down-to-earth, and don't take ourselves too seriously

OUR VISION

Read more on **page 26.**

Create the leading local food shopping experience.

OUR GROWTH DRIVERS

Read more on **page 28.**

Drive omnichannel growth
Create seamless digitally enabled experiences with a compelling value proposition across all shopping and meal occasions

Elevate healthy and sustainable
Provide inspiring, healthy and affordable food options for all and achieve our sustainability commitments

Cultivate best talent
Attract, develop and retain the best talent with an engaging associate experience that drives high performance, inclusion and growth

Strengthen operational excellence
Save for our customers, leverage scale, and use technology and data to build the future

OUR PURPOSE AND OUR VISION

OUR PURPOSE

Eat well. Save time. Live better.

The three things everyone deserves from us.

Eat well
Not only do we want to make it easy for people to choose a healthy, balanced diet, but also have access to products that are high quality, responsibly sourced – and of course, delicious!

Save time
People are busy. And in this hectic world, anything we can do to make things quicker, smoother and easier is a good thing.

Live better
For some, this means healthy eating. For others, shopping more inexpensively or more ethically. Whatever it means to our customers, associates and communities, we're committed to helping make it happen.

OUR VISION

Create the leading local food shopping experience

OPEN

Leading
We always strive to be number one in our markets – not only in market share but also in our ambition to be a front-runner in innovation.

Local
We have a unique opportunity through our great local brands to leverage our scale while understanding and serving the needs of local customers and communities.

Food
Food is not the only thing we sell, but it has been at the core of our business for 150 years. We love food and pride ourselves on offering customers healthy, quality and delicious choices in all our markets.

Shopping
We serve our customers' needs from the time they start planning what they want to buy and eat, during their shopping trips and all the way through to the moment they enjoy their meal.

Experience
We stay connected with our customers so we can offer the seamless omnichannel shopping experience that gives them more time to enjoy the moments in life that matter most to them.

OUR INTEGRATED APPROACH

For more information about our priorities, growth drivers and values, see *Our Leading Together strategy.*

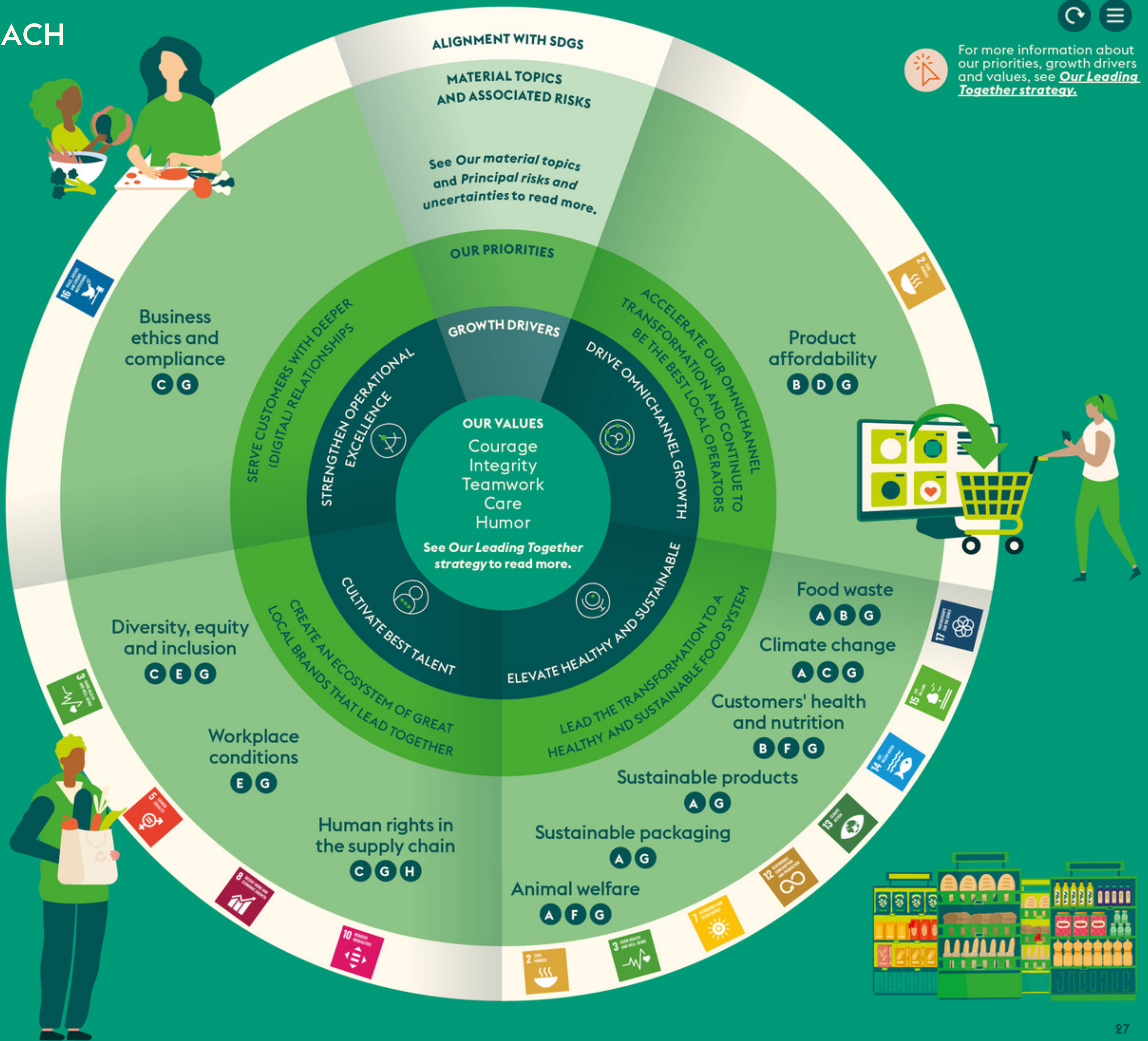
We link our strategy, values and priorities to our material ESG topics, principal risks, underlying KPIs, targets and *our contribution to the Sustainable Development Goals (SDGs)* to get an integrated overview of our business and contribution to food systems as a whole. Our KPIs and targets for ESG topics are included in *our material topics*.

We align our KPIs and measurable targets against our growth drivers (long term).

See page 109 for an overview of KPIs and targets.

PRINCIPAL RISKS

- A Climate and nature-related risks
- B Competitive environment
- C Legislative environment
- D Macroeconomic and sociopolitical developments
- E People
- F Product safety
- G Stakeholder expectations on material topics
- H Supply chain and business continuity



OUR GROWTH DRIVERS

Drive omni-channel growth

96%
2023 net sales from markets where our brands have a #1 or #2 position

5.9%
2023 net online consumer sales growth (at constant rates)

1,833
pick-up points by the end of 2023

18.1 mln
monthly active mobile app users

OUR AMBITION

Customers engage with our great local brands at many moments throughout their busy lives – we strive to make this journey as seamless as possible. Through our omnichannel offering, our brands aim to deliver the leading local shopping experience across all our online and offline channels – one that is personalized for each customer and provides the right offers at just the right moment.

Our brands give customers lots of ways to navigate the choices they encounter, from planning to shopping to enjoying their meals, and fulfill our purpose of helping people eat well, save time and live better.

Our omnichannel customer value proposition outlines the seven areas our brands focus on during this customer journey. Among these are three where our brands really stand out: fresh and healthy, local and trusted, and personalized offerings.

A typical customer journey

While planning for their weekly shopping trip in a custom brand app, a customer adds items from a "favorites" list to their in-app shopping basket and receives a personal offer for fish fillets. The app suggests a recipe for a rice bowl and the customer taps to add the needed ingredients to their basket – planning a healthy dinner in moments.

Pressed for time on a busy workday, the customer places a click-and-collect order, which will be ready for pickup when they get to the store.

During a day off, the customer stops by the store again to browse the new assortment of own-brand plant-based appetizers and fresh, ready-to-eat meals, checking out quickly and seamlessly with self-scan.

Our omnichannel customer value proposition outlines seven areas that impact the customer journey:

OUR GROWTH DRIVERS

DRIVE OMNICHANNEL GROWTH

STRATEGIC CHOICES AND CHALLENGES

Personalizing the customer experience and growing complementary revenues while protecting data security

Today, data is a core part of food retail – it enhances everything we do for customers. Our omnichannel strength enables our brands to collect valuable data across channels on a wide range of shopping behaviors. Analyzing this data helps our brands personalize and streamline their digital and in-store services and generate revenue through advertising and insights to help us power our omnichannel ambitions.

In Europe, thanks to our strategic partnership with Belgian adtech company Adhese, we achieved a major milestone with the expansion of our self-service platform to include display campaigns. Now advertisers can set up banner campaigns directly on the Albert Heijn website and app, monitor performance and optimize their campaigns.

Meanwhile, in the U.S., the AD Retail Media network launched in 2022 by Peapod Digital Labs (PDL) has already been ranked as the fifth best overall U.S. retail media network. In only one year, the Ahold Delhaize USA brands – that together make up the largest grocery retail group on the East Coast – simplified how they engage with omnichannel customers across their local markets. For example, by offering shoppable content, such as ads and recipes that let customers add products to a shopping basket within the brands' apps and websites, they create a seamless shopping experience and shorten the customer journey.

While these revenue opportunities help us grow our businesses and enhance the shopping experience, we must always balance these benefits with customer expectations on how we use their data, also taking into account ever-evolving legislation on data privacy. Our brands are committed to gathering and using customer data in keeping with our ethical principles, and will continue to do this while constantly working to provide a better customer experience.

OUR PROGRESS AND FUTURE PLANS

Driving omnichannel growth is centered around four areas:

Drive seamless omnichannel engagement

Customers today have grown accustomed to both online and offline channels, often combining them in a single shopping experience. Our biggest strength is the true omnichannel experience our brands can provide by leveraging their local expertise along with the scale benefits of our global footprint.

Regardless of the channel, customers expect a seamless shopping experience. They continue to embrace self-service technology for speed and convenience. For example, the use of apps has grown enormously in recent years. Our brands work to make the omnichannel experience as customer-friendly and efficient as possible by fulfilling these expectations through easy-to-use technology and a wide range of pick-up and delivery options.

For example, PDL rolled out new native apps this year to four of our U.S. brands: The GIANT Company, Giant Food, Stop & Shop and Food Lion. The new apps boost speed and performance and offer personalized recommendations, along with other features. They also scaled PRISM, our proprietary e-commerce platform, and Spectrum, our proprietary fulfillment and picking platform, to a fourth U.S. brand and launched pilot stores. Maxi opened its first HSC – the first warehouse for online food distribution for any organization in Serbia – to enable faster and more efficient delivery of products to customers. In the Czech Republic, Albert expanded its online service coverage to two more cities, introduced same-day delivery and launched a new e-commerce website that leverages its strong brand heritage.

Grow e-commerce, personalization and loyalty

Every month, millions of customers use our brands' websites and apps to do their shopping. We're seeing a significant rise in online sales and our online penetration has nearly doubled across our regions since 2019. For this reason, we continue to invest in e-commerce growth and profitability, and in improving the digital customer experience across our brands.

After an extensive review of our U.S. online operations as part of the Accelerate initiative (See *GSO* for more information), we decided to divest our pure-play e-commerce brand, FreshDirect. By realigning toward our core strength as an omnichannel grocery retailer, we will leverage our high store density, leading market share and online presence. In this way, we believe we can better deliver a sustainable return on investment.

We continue to expand our online delivery and pick-up business. In the U.S., the brands now operate 1,564 click-and-collect and pick-up points. In Europe, at bol, gross merchandise value (GMV) was €5.75 billion, an increase of 4.9% compared to the prior year. Bol's GMV sales from third-party sellers increased by 5.4%, and represented 63% of sales.

Our popular loyalty programs help us engage with customers and provide them with personalized offers. Delhaize Serbia's "My Maxi" loyalty app celebrated its one-year anniversary in 2023 and reached one million downloads. Giant Food introduced a pharmacy-based rewards program that allows customers to earn loyalty points from qualifying pharmacy purchases. The GIANT Company increased customer engagement on its digital platforms through a successful rollout of its Click & Clip program, which allows customers to digitally save coupons.

Top image: Food Lion associate gathering products for an online order

Bottom image: Alfa Beta associate packing up a home delivery

DRIVE OMNICHANNEL GROWTH

Albert Heijn continues to build My Albert Heijn Premium, a paid subscription program that gives customers extra benefits for an annual fee. Approximately 950,000 customers have already joined. My Albert Heijn Premium subscribers also receive discounts on premium subscriptions at two of our other brands in the Netherlands – Gall & Gall Premium and Select from bol – creating more synergy for Ahold Delhaize and more benefits for customers.

Enhance our brick-and-mortar footprint

Our brands continue to invest in new, vibrant, modern store formats and experiences that are powered by technology and more sustainable to operate.

Our overall store remodeling program is moving ahead strongly. During 2023, Stop & Shop completed 19 remodels and, in Q4, celebrated the grand re-openings of three renovated locations with events that highlighted the brand's connection with shoppers in each local community.

Food Lion completed omnichannel renovations in 76 stores to create a smoother shopping experience. The brand is introducing enhancements, including pickup and home delivery options across all stores, energy-efficient overhead LED lighting, refrigerated cases with doors and self-checkout. This is in addition to updating 53 stores acquired in Georgia and the Carolinas. The brand has also focused on training and developing associates to provide the best customer experience.

Drive price, value and assortment

Supporting customer choice by providing easy access to affordable and healthy food options is at the center of the customer value proposition at all of our great local brands. Customers are facing intense pressure on their household budgets; in the face of increasing price pressures, our brands are doing their utmost to keep shopping as affordable as possible.

Our brands have introduced more initiatives that ensure access to healthy, quality foods. For example, Albert Heijn expanded its Price Favorites program to 2,000 items, including more fruits and vegetables, and launched its AH Terra own-brand product line with around 200 plant-based products.

Our European brands offered a total of 6,972 everyday low-price SKUs in 2023, and aim to increase this to 10,500 in the near term. In Europe, our joint sourcing efforts harmonized an additional 200 products in the Benelux and 100 products in the CSE region. Giant Food customers made over 500,000 own-brand redemptions through the brand's Flexible Rewards value program focused on eggs, milk and other staples.

Local upgrades

Investing in the store experience

As part of a transformative omnichannel effort, Food Lion revitalized 76 North Carolina stores in 2023 to elevate the customer experience.

The upgraded stores offer Food Lion To Go service for seamless pickup and delivery and integrate the self-checkout kiosks that customers requested. Energy-efficient LED lighting and doors on refrigerated cases enhance freshness while reducing energy costs. Food Lion is expanding the product assortment in the refreshed stores to include more organic, gluten-free and plant-based items, along with its Local Goodness program highlighting regional products.

See **our website** for more information.

$150,000

Food Lion's donation, made as part of the remodel program, provides essential resources for local uninsured, low-income diabetes patients.

LOCAL MATTERS

OUR GROWTH DRIVERS

Elevate healthy and sustainable

54.8%

of total own-brand food sales from healthy products in 2023

37%

food waste reduction in 2023 compared to our 2016 baseline[1]

35%

reduction in absolute scope 1 and 2 CO2-equivalent emissions in 2023 compared to our 2018 baseline[2]

10.3%

reduction in primary virgin plastic in own-brand product packaging compared to our 2021 baseline[3]

1 The reduction is measured against the restated 2016 baseline: 4.99 t/€ million. See ESG statements.
2 The reduction is measured against the restated 2018 baseline: 4,095 thousand tonnes CO_2-equivalent emissions. See ESG statements.
3 The change is shown against the restated 2021 baseline of 163 thousand tonnes.

OUR AMBITION

Our "Grounded in Goodness" approach is centered around our belief that what is healthy and sustainable should be accessible and available to all. Our approach has a dual focus on healthier people and a healthier planet, based on the idea that the two are intrinsically linked.

We believe that if we get it right for people, we also get it right for the planet. Acting responsibly today is imperative to securing a better tomorrow for generations to come.

This approach ensures the decisions we make are grounded in doing the right thing for people – with a focus on customers, communities and associates – and planet – with a focus on impacts from our own operations and working with farmers and suppliers to reduce our impacts across the entire value chain.

We collaborate closely with our partners and brands to inspire customers to join this journey and to make healthy and sustainable choices clear and accessible for everyone. Our brands contribute in many ways – for example, through their marketing, reward programs and store design. They innovate to make products healthier and more sustainably produced. They aim to source locally, help farmers get a fair deal and work to continuously improve the food supply chain. Along the way, we are transparent in highlighting progress and making better choices clear and accessible.

STRATEGIC CHOICES AND CHALLENGES

Healthier people and planet

We see interdependencies between health and climate. It is not always easy to make decisions that provide mutual benefits across health and sustainability, but we always strive to accentuate the benefits and reduce any adverse impacts. For example, dietary decisions may impact individual health but may also have implications for the environment. Diets rich in plant-based foods can contribute to lower greenhouse gas (GHG) emissions, reduced land and water usage and mitigated deforestation. We aim to make food that is both healthy and sustainable affordable and accessible for all customers.

For more information on climate interdependencies with circularity and nature, please refer to our updated *Climate Plan*.

Aligning to improve the food system

Our brands operate as part of a complex value chain comprising thousands of producers that help them provide products and services to customers. We have many stakeholders who are impacted by the global food system. To transition to a healthier and more sustainable food system requires the whole value chain to work together.

We are pioneering in this area through initiatives like Albert Heijn's renowned "Better for Nature and Farmer" program, which is contributing to the development of a more sustainable food system in the Netherlands. Albert Heijn recently open-sourced this trustmark to third parties. To date, 1,200 farmers and growers are participating in the program, working with Albert Heijn to improve animal welfare, nature and farmers' earning capacity. The program is independently audited each year by certification institutes and tested for ambition, reliability and transparency by Milieu Centraal.

We make healthy and sustainable choices easy for everyone

ELEVATE HEALTHY AND SUSTAINABLE

OUR PROGRESS AND FUTURE PLANS

Our elevate healthy and sustainable growth driver centers around healthier people and a healthier planet.

Healthier people

We deliver on our commitment to healthier people by empowering customers and associates, working to develop healthier and more sustainable product assortments, and supporting resilient communities, everywhere our brands operate.

Customers and associates

Our brands continue to find more ways to help customers and associates make healthy and sustainable choices through useful information and valuable incentives and rewards, such as through loyalty programs. In the stores, our brands inform customers about healthier options through shelf tags, product labels and prominently positioned health sections. Several brands have in-store nutritionists to help customers gain insight into their diets. Through their online platforms, some brands enable customers to apply filters when shopping, so they only see healthier, organic or vegetarian products.

Our brands use well-established nutritional navigation systems to identify "healthier" products, such as Guiding Stars in the U.S. and Nutri-Score in some of our European brands. These systems are continuously updated to reflect the latest scientific advice and guidance.

Products

Another way our brands make healthy and sustainable choices more accessible is through their product assortments. One example is Stop & Shop's "Our Dietitians' Picks" program, through which suppliers can apply to have better-for-you products elected by the brand's dietitians and showcased. Products that make the cut, and have at least one Guiding Star, are highlighted through enhanced program marketing and become known by customers as healthy and trusted choices.

In addition, The GIANT Company, Giant Food and Stop & Shop continued to show ratings by external party HowGood for products sold online, helping customers easily identify items that meet rigorous environmental and social benchmarks through simple one-, two- or three-leaf ratings. The HowGood methodology aligns with international standards on concerns like GHG emissions and labor risk. Giant Food also added HowGood ratings on shelf tags at all of its stores.

An example of how our brands' customer loyalty programs enhance product affordability and promote healthier customer choices is our Belgian brand Delhaize's SuperPlus program. This program enables customers to earn points to spend on discounted products or gift cards, while, at the same time, its Nutri-Boost feature gives every customer spending a minimum amount per month, a 10% discount on fresh products such as vegetables, fruit, bread and refrigerated products with Nutri-Scores A or B.

Communities

The role of our brands' stores in their communities goes beyond shopping. They provide social centers and places where neighbors can come together. Our brands support causes that are important to local communities, such as fighting hunger through financial donations and by diverting surplus food to food banks and charities.

Another example of how our brands contribute to their communities is through the dietitian program at Hannaford. Each year, registered dietitians lead more than 1,000 in-store classes, tours and online seminars focused on healthy and sustainable topics such as heart-healthy eating, meal planning and healthy nutrition for kids, using the Guiding Stars nutrition navigation system. The dietitians also provide nutrition education at 300 community events held at schools, libraries and healthcare facilities. These efforts support more than 200,000 shoppers annually.

Healthier planet

We contribute to a healthier planet through targeted initiatives on climate, biodiversity, sustainable packaging and food waste, in both our own operations and our supply chain.

Own operations

The greatest planetary impacts in our brands' own operations happen through food and plastic waste, and GHG emissions. Our 1.5º C-aligned and Science Based Targets initiative (SBTi)-validated targets to reduce scope 1 and 2 emissions related to our own operations are over 38% reduction by 2025 and 50% reduction by 2030, respectively, compared to our 2018 baseline, with the aim to be net zero across our own operations by 2040. GHG emissions in our own operations mainly stem from energy consumption, refrigerant leakage and transport emissions. Our brands work to mitigate these impacts in many different ways, with carbon pricing and sustainable refrigerant upgrades included in internal investment proposals.

Energy consumption

One way our brands reduce energy use is by building and remodeling stores in the most energy-efficient way possible, and, in addition, we aim to decarbonize the electricity we still need to use through green power purchase agreements (PPAs) and renewable energy certificates (RECs). An example of our use of PPA's is Albert Heijn's entrance into a long-term partnership for the purchase of green energy from a new wind farm being built in the Netherlands.

ELEVATE HEALTHY AND SUSTAINABLE

Refrigerants
During store remodels, our brands install refrigeration systems that have a lower global warming potential or, where possible, use natural refrigerants.

Transport
The brands use low-emission transportation methods, such as electric vehicles or vehicles that use low-carbon-emissions fuels, wherever they can, along with technology that improves route optimization and reduces last-mile fuel and energy consumption.

Food waste
Since food loss and waste negatively impacts food security worldwide and has an adverse impact on climate change as well as our financial performance, it is an important priority for us. In 2023, we continued to work toward our ambition to reduce food waste by 50% by 2030 compared to our 2016 baseline.

Our brands try to prevent food waste before it happens, sometimes engaging customers to help. For example, The GIANT Company and Stop & Shop offer the Flashfood app, which gives customers access to fresh products nearing their best-by date at discounts of up to 50% off.

We also share the insights we have obtained through various initiatives to be used for the common good. For example, the results of a food waste study by Alfa Beta are being used by the Ministry of the Environment and Energy as the baseline measurement for food waste in Greece, and have also been submitted to the European Commission for a similar purpose.

Our brands divert unsold food to help feed people in their communities. For example, Delhaize Serbia cooperates with local food banks to distribute food packages to those in need, every day. Each food donation package contains a wide range of foods, including pastries, fruits, vegetables, near-expiry dry foods, or products with damaged packaging.

When food cannot be repurposed or donated, we strive to retrieve as much value as possible from it for the food system, by supplying it for animal feed or renewable energy generation. For example, Giant Food partners with impact technology firm Divert to recycle wasted food and recoup its value by processing it into renewable energy.

Sustainable packaging
We are aiming to reduce the amount of virgin primary plastic packaging used for own-brand products by 5% by 2025 compared to our 2021 baseline. When plastic is used, we want to ensure it is 100% recyclable, reusable or compostable. We also aim to achieve a 25% recycled content used in primary own-brand plastic product packaging by 2025.

Our brands work toward these goals in innovative ways. For example, Ahold Delhaize's European brands joined forces to launch an EU-wide tender for the trays used in stores to pack delicatessen products such as olives, salads, cheeses and pastries. This tender was initially set up to harmonize the assortment and save costs, but, along the way, the team also managed to take a big step towards sustainability. This demonstrates the potential impact of our great local brands joining forces, and how economic and sustainability considerations can go hand in hand.

For more information, see *Environmental*.

Value chain

Sustainable agriculture and products
Food value chains can impact nature and biodiversity – for example, through land conversion, soil degradation, overfishing and water use. Many of these impacts occur deep within the value chain, during early production stages such as cultivation and harvesting.

Unsustainable practices compromise the production capacity of the land and sea, put pressure on the affordability of food and availability of land, and negatively affect both biodiversity and the many people and communities who value and rely on it. Our brands' aim is to mitigate potential impacts on biodiversity through a focus on sustainable sourcing of critical commodities and programs supporting sustainable and regenerative agriculture.

We have identified seven critical commodities in our supply chains with elevated social and environmental risks. We utilize certification to manage these risks, and our brands aim to have 100% of own-brand tea, coffee, cocoa, palm oil, soy, wood fiber and seafood certified against an acceptable standard by 2025.

Our brands have several initiatives in place to improve farming practices. For example, Ahold Delhaize USA developed a science-based regenerative agriculture strategy for the U.S. brands based on feedback and information provided by The Nature Conservancy during a year-long collaboration. It includes four focus areas: regenerative land management, regenerative landscapes and local networks, thriving communities and farmer livelihoods, and credible and transparent reporting. This strategy will guide the brands' future work on regenerative agriculture within the U.S. value chains.

This year we also started to review and update our approach to biodiversity, and developed a broader plan around nature that will guide our global approach until the end of 2025. This plan has been approved by our Executive Committee. For more information on this process and our next steps, see *Environmental*.

Decarbonizing our value chain
Approximately 96% of our total direct and indirect carbon footprint comprises scope 3 GHG emissions, which are indirect emissions across our value chain. These include those emissions generated through the production and manufacture of the products we sell and when customers use those products.

Ahold Delhaize and its local brands have been committed to reducing scope 3 emissions in line with SBTi guidance since 2020. In 2020, our 2º C-aligned targets, with 2018 as the baseline year, were approved by SBTi. As part of our ongoing efforts to improve our plans, data and actions based on the latest available insights, we re-submitted scope 3 targets to SBTi in early 2023 on the basis of our refined emissions calculations and updated 2020 baseline figures (based on the availability of new SBTi guidance on net-zero and agriculture-related emissions), and to align with the 1.5º C scenario. In May 2023, while we were awaiting SBTi validation, new SBTi guidance was released on emissions related to forest, land, and agriculture (FLAG) and non-FLAG emissions, referred to as Energy and Industrial sector (E&I) emissions. As a result, we updated our 1.5º C-aligned scope 3 SBTi submission in October to incorporate this latest guidance, and have been in the process of SBTi validation since then.

OUR GROWTH DRIVERS

ELEVATE HEALTHY AND SUSTAINABLE

In our updated Climate Plan, published in December 2023, we based our ambitions on the 1.5° C-aligned commitments, as submitted to SBTi in October 2023. They include an interim 37% reduction target for 2030 and net-zero by 2050, based on the FLAG and E&I emissions guidance available then. During the validation process in early 2024, Ahold Delhaize learned from SBTi that an explicit split of FLAG and E&I targets – rather than a weighted consolidated target (i.e., our 37%) – is required in all corporate communication going forward. With the latest SBTi instructions incorporated, the submitted 1.5° C-aligned targets pending validation when this Annual Report was released were, for the near term:

- Reducing absolute scope 3 FLAG GHG emissions by 30.3% (or 4.7 $MtCO_2e$) by 2030 from the 2020 baseline (for near-term target, 15.5 $MtCO_2e$[1]).
- Reducing absolute scope 3 E&I GHG emissions by 42.0% (or 12.4 $MtCO_2e$) by 2030 from the 2020 baseline (for near-term target, 29.5 $MtCO_2$[1]).

And the submitted targets for the long term were:

- Reducing absolute scope 3 FLAG GHG emissions by at least 72% (or 15.0 $MtCO_2e$) by 2050 from the 2020 baseline (for long-term target, 20.8 $MtCO_2e$[1]).
- Reducing absolute scope 3 E&I GHG emissions by 90% (or 34.0 $MtCO_2e$) by 2050 from the 2020 baseline (for long-term target, 37.8 $MtCO_2e$[1]).
- We commit to reach net-zero GHG emissions across our own operations and the value chain by 2050.

See also *Environmental* and our *Climate Plan*.

1 Based on the SBTi methodology

To reduce GHG emissions across our supply chain, we have identified the following key priorities:

Accelerating supplier implementation of science-based targets

Our brands support suppliers in setting their own emissions-reduction targets in line with the latest science, to accelerate improvements in livestock farming, raw material sourcing, deforestation reduction, processing, food waste reduction, packaging and transport. The brands provide open-source platforms with instructional videos and links to external resources, such as SBTi and the GHG Protocol. By the end of 2023, all the European food retail brands – including Albert, Albert Heijn, Alfa Beta, Delhaize Belgium, Etos, Gall & Gall, Maxi and Mega Image – had launched climate hubs.

Investing in developing low-carbon products

We partner with suppliers to improve our brands' existing assortments and develop new assortments with less embedded emissions.

Proactively engaging with customers

With the help of our brands, customers better understand the impact of their buying decisions so they can make choices that fit their needs, their tastes and their values. Our brands encourage and reward sustainable choices through loyalty programs and discounts, increase transparency through navigation systems and product labeling, and improve their assortments and products with more vegan and vegetarian products.

For a more detailed explanation of the calculations and further background on our climate commitments and levers to work on progress, see *Environmental* and *ESG statements* in this report and our *Climate Plan*.

Recycling matters

Taking a leap forward for a greener world

Mega Image rolled out state-of-the-art return vending machines for beverage bottles in 800 stores across Romania. This is in line with Romania's decision to launch a deposit return system for drink containers. The country is set to become the world's largest centralized national system by volume of containers. The new system allows Romanians to pay a small fee when they buy a beverage and return the empty container for a refund on the deposit. Now, Mega Image will not only sell eligible products but also enable customers to conveniently return the packaging for recycling, helping build a greener, better future.

See **our website** for more information.

LOCAL MATTERS

OUR GROWTH DRIVERS

Cultivate best talent

78%
Associate engagement score 2023

75%
Associate growth score[1] 2023

81%
Inclusive workplace score[1] 2023

1 New indices for 2023.

OUR AMBITION

Our brands, together with our 402 thousand associates, are committed to making a meaningful contribution and bringing positive change to the communities they serve. Our aim is to help associates thrive while doing this.

We create a caring place to work, inspiring growth and collaboration, where everyone is heard and valued and finds purpose in serving our brands' communities. We are united in our shared values of care, courage, integrity, teamwork and humor, while empowered to do things locally in the best interests of our brands' customers and communities.

Our motto, "Dare to care," best describes what differentiates us. We always have the courage to care for each other, customers and communities as we fulfil our company purpose to help people eat well, save time and live better.

STRATEGIC CHOICES AND CHALLENGES

Daring to care in difficult times

It was another challenging year, for associates and people across our brands' operating areas. The economic, geopolitical and social challenges we faced in 2023 put increased pressure on associate health, safety and well-being, and undermined mental health. In particular, we saw an alarming increase in store-based violence and violent theft across both the U.S. and European brands, which necessitated an increased focus on both physical and psychological safety. At Ahold Delhaize, we believe that supporting well-being is critical to ensuring associates and our business can thrive. So, we have introduced and strengthened programs that improve associate safety, help associates build resilience in the face of change, reinforce positive coping mechanisms and work to eliminate any stigma or marginalization around mental health issues.

It starts with asking what associates want and measuring the mental health and workplace factors that affect them. To this end, we have added questions on well-being and safety to our annual associate engagement survey (AES). The data we receive is helping us see where we stand today and what areas we still need to address.

We strive for a culture of both physical and psychological safety, where associate health is protected and prioritized. The GIANT Company, for example, is advancing associate safety by leveraging technology to deter crime at scale, including passive prevention, technology that blocks the wheels of shopping carts with unpaid product and deters pushout theft without associate interaction and AI technology to detect weapons and potentially hazardous conditions. They have also implemented a crisis management team to respond to incidents when they do happen. For more information, see *Fair and safe workplace: Working conditions (own operations)*.

To improve psychological safety, one important step is getting leaders to share their mental health journeys. In October, our top 300 leaders came together on a webinar to share their experiences with mental health and learn how they can support their teams and help them open up.

Our brands are also building BRGs and networks focused on mental health and well-being. For example, associates in our Global Support Office (GSO) in the Netherlands have started "Well-being friends," a group that leads activities – such as inclusive leadership training, early morning meditation sessions and lunch and learns – to raise awareness and build skills to support well-being. At PDL in the U.S., the Minds over Matter associate network aims to break the stigma around mental health challenges in the workplace by organizing events and learning sessions.

Giant Food has a Social Justice Committee – comprising the brand president; top leadership in HR, Marketing, Communications and DE&I, and BRG members – that supports associates when new social events and trends arise that cause distress.

Another way we are creating cultural change and raising awareness is through training. Starting with our most senior leaders, we have now engaged more than 1,000 leaders in psychological safety learning sessions and created a scalable solution for our director and manager groups that can be leveraged by brands based on their local needs. Mega Image, Maxi, Albert and Alfa Beta have already leveraged the scalable training for directors and are planning to share it with managers starting in 2024. Food Lion and The GIANT Company plan on launching the scalable offering in 2024.

The topic was also addressed in our various leadership programs, including our Retail Academy, Gearing up for Growth leadership program, and a CSE Leadership meeting, and we have dedicated a learning module in our newly designed Leading with Purpose program to psychological safety.

During Mental Health Month and Safety Week in October, we worked to create awareness, develop ideas and practice new habits for positive mental health, well-being and safety at our Zaandam head office. We offered a full program of events and challenges, including early morning walks, information sessions, panel discussions and mindfulness experiences.

As we work to foster a culture of safety, autonomy and belonging, we are also maintaining our deep focus on diversity, equity and inclusion (DE&I). In particular, we believe inclusion and belonging are fundamental to associate well-being. We continuously evolve our DE&I strategy to ensure we keep making progress. For more information, see *Diversity, equity & inclusion*.

CULTIVATE BEST TALENT

OUR PROGRESS AND FUTURE PLANS

Our cultivate best talent people strategy has been in place since 2018. While it has served us well, the expectations and needs of associates, customers and communities have evolved and continue to evolve. Within our brands and businesses, we are seeing an increased social consciousness, focus on well-being and (mental) health, and search for stronger balance in work and life. Our people tell us they would like further opportunities to develop, grow and contribute. Hybrid working and flexibility are now expectations, not a unique selling point, for associates. In the external environment, our people strategy is impacted by economic recession and inflation, the emergence of AI, increased sustainability focus and reporting standards, ongoing social unrest and critical skills shortages in meeting work demands of the future.

To continue growing and become more adaptable and resilient in the face of these ever-changing conditions, we have worked together with our great local brands to evolve our Ahold Delhaize people strategy. Our new people strategy centers around four pillars:

Everybody grows

At Ahold Delhaize, we aspire to offer a space where associates can learn and grow within and beyond their current roles and to ensure the depth and diversity of our talent pipelines. We invest in skills and capabilities needed to exceed customers' expectations. We provided learning opportunities to associates in 2023 through many programs within our brands and support offices. For example, Stop & Shop hosted leadership academies for store managers and assistant store managers that aimed to build leadership mindsets, skills and language and accelerate business results. Our International Traineeship Program welcomed its third cohort of seven associates in Europe for both HR and Finance, bringing us to a total of 31 trainees currently participating in the program.

We foster an environment of mentoring and coaching to unleash future leaders. Cross-geography or cross-functional assignments are one of many ways we support development. They provide associates with the opportunity to increase their expertise, support their career development, and gain broader experience within Ahold Delhaize's local brands. For example, we exchanged our senior vice presidents of Operations & Supply Chain for Albert and Alfa Beta as part of our evolving CSE growth strategy. We also launched mentoring programs in Europe and in our HR and Legal functions. For both mentors and mentees, the program fosters professional and personal growth and provides an opportunity to grow their networks within the company.

We want to enable associates at all our brands to create and chart their own authentic pathways for growth. For example, bol introduced a job family framework to enable people to keep growing in the fast-changing e-commerce environment, along with a development lab that gives associates more clarity on the brand's job structure, insight into development routes, and support and tools to help them map out and pursue their career paths. We also implemented Degreed at Ahold Delhaize's Global Support Office (GSO), Retail Business Services, PDL, Ahold Delhaize USA, The GIANT Company, Albert Heijn and European Business Services. Degreed is a learning experience platform, where associates can access a wide variety of e-learning content from a suite of different vendors. This platform focuses on skills development and allows associates to design bespoke learning plans for their needs but also their interests.

Teams collaborate

We passionately nurture belonging and inclusion and continuously evolve our "Dare to care" Employer Value Proposition (EVP) to attract, inspire and retain people who are empowered to collaborate and committed to living our values. We launched a new Ahold Delhaize career website that offers a career launching platform for our local brands and focuses on people stories to showcase our EVP along with events, webinars and blogs. We also launched new career websites for eight of our European brands, along with a new Ahold Delhaize Instagram careers page.

We cultivate a growth mindset and culture of feedback. At Ahold Delhaize, we believe feedback is critical to creating transparency, developing new skills and optimizing not only how we work together but what results we can achieve. We work to foster two-way, open dialogue. In 2023, we introduced a series of informal "Ask Me Anything" forums, enabling associates to have a conversation with the Executive Committee, sharing their thoughts and concerns while getting their "burning" questions answered.

We develop and recognize leaders who put the interests of Ahold Delhaize and customers first. For example, in June, we announced the winners of our 2022 Leadership awards, recognizing leaders and teams across four categories relating to performance, our values, our purpose and our EVP.

We build strong teams empowered to collaborate within and across our brands to share knowledge and shape ideas. An example of how we did this in 2023 was through bol's Spaces Summit, an annual internal tech conference in which every session was led by bol associates, covering a diverse range of topics ranging from personal leadership journeys to in-depth tech sessions. In the HR function, best practices are shared using Growth Talks, one-hour presentations hosted every two months by members of the brands. In 2023, Hannaford, Albert Heijn, Food Lion, Mega Image, PDL and Etos and Gall & Gall each had the opportunity to share successful initiatives implemented at their brands ranging from how to enhance associate experience, to volunteer and employee engagement programs.

Top image: Albert Heijn associates in a store

Bottom image: Super Indo associate and customer

OUR GROWTH DRIVERS

CULTIVATE BEST TALENT

We nurture psychological safety in teams to ensure we are truly inclusive and great partners to customers and communities – you can read more about this in the *Daring to Care* section. And we contribute to a truly diverse and inclusive community fostering creativity, innovation and collaboration.

Culture thrives

We foster a culture where everyone feels safe, cares for themselves and others and collaborates to better serve our brands' communities and build a sustainable future. Our DE&I ambition and our BRGs enable us to listen to all voices, foster belonging and connect to communities. An example of how we listen is our AES, which gives associates across the company the chance each year to share their feelings about working for Ahold Delhaize and our brands and help shape our future. In 2023, 81% of associates completed the survey and we had an associate inclusion score of 81%, which is higher than the global retail norm of 77%.

Community outreach is an important part of our culture. For example, Food Lion associates embrace volunteering as part of Food Lion Feeds, which aims to donate 1.5 billion meals by 2025. Food Lion also supported customers impacted by six natural disasters. Mega Image has a powerful internal volunteer program called 12 Acts of Kindness. Each associate can recommend initiatives – from hair donation to selling products in a charity fair – for the program and volunteer either time or money. Since 2019, they have supported 72 causes with 27 NGO partners and more than 1,800 volunteers.

We commit to healthy living on a healthy planet by engaging everyone in building a sustainable future. To ensure our leadership teams can create a culture of innovation and lead the company into a sustainable future, we developed a "Grounded in Goodness" program with the Cambridge Institute for Sustainability Leadership, exploring topics focused on climate science, sustainable developments in the food sector, systems thinking, bio-dynamic farming, business model transformation and more. The aim is for all senior executives to complete the program by February of 2024; in 2023, three cohorts of leaders participated.

As part of our caring culture, we provide tools and resources to support mental health and well-being, ensure associates know we are open for everyone, and adopt inclusive practices, such as balanced slates and transparent talent plans, that promote equitable opportunities for people. For more information, see *Diversity, equity & inclusion*.

Organization evolves

We develop, build and organize key core and future retail capabilities through functional academies and other programs to ensure organizational agility and associate success. We regularly evaluate our ways of working to ensure they are the best fit to enable our strategy. For example, Gall & Gall and Etos launched new EVPs and associate listening programs to improve the associate experience based on the feedback received.

We build capabilities for business change and agility for transformation. After successfully implementing the first wave of SAP SuccessFactors in 2022, we closed the deployment program successfully in Q2 of 2023 by adding Mega Image, Alfa Beta and the remainder of our U.S. brands. A total of around 400,000 associates now have an improved HR experience through this digital, safe, compliant and mobile HR platform that is accessible 24/7.

We shape the future of work in retail by advancing flexibility and the speed of re-skilling. At the end of 2022, we launched a new, more flexible remote working from abroad policy for our Netherlands-based GSO and European Business Services associates, enabling them to get inspired and energized by working from a different country. Our brands are also testing different models for flexibility at work, including hybrid office models, improved schedules and flex options in the stores and DCs. Maxi currently has over 1,900 people engaged in its flexible working program and hopes to increase this to 5-10% of the workforce.

We rely on digital tools and data to strengthen our efficiency and forward-looking insight. Albert Heijn hosted a Food & Tech week with over 300 colleagues participating in a program that included tech talks, workshops and the brand's fourth 24-hour AH Technology Hackathon. They also launched Gen AI Labs, where they rapidly develop, test and roll out new ideas, such as a scanner that turns a recipe photo into a shopping list and a private internal ChatGPT environment.

Local recognition.

Getting noticed for our approach to DE&I

Food Lion was recognized by Newsweek as one of America's greatest workplaces for diversity. The ranking scored 1,000 companies across the U.S. on how they value diversity in their workplaces, using publicly available data, interviews with HR professionals and a large-scale employee study to develop the list.

Food Lion has long received recognition for being a diverse, equitable and inclusive employer, including earning a perfect 100 on the Human Rights Campaign Foundation's Corporate Equality Index for the past 13 years, and being named a Top 50 Best-of-the-Best Corporation for inclusion by the National Business Inclusion Consortium for the past five years.

See **our website** for more information.

LOCAL MATTERS

OUR GROWTH DRIVERS

Strengthen operational excellence

€1.3bn
Save for Our Customers savings in 2023

2.7%
Total cash CapEx as a percentage of net sales in 2023

2,906
Number of stores offering self-scanning solutions in 2023

OUR AMBITION

Our group-level commitment to operational excellence is represented by our business wheel. At Ahold Delhaize, we strive to save for our brands' customers, drive same-store sales and invest to fund growth. Our operational excellence growth driver is focused on making this wheel turn faster and better all the time.

The teams running our local brands are skilled operators, with decades of experience in retail and the ability to maintain a steady performance even in the midst of challenging economic circumstances. They work tirelessly to improve how they operate stores, DCs and HSCs.

Our strong operating model is key to enabling their success: our network of leading local brands supported by service companies that operate at scale and leverage their best capabilities regionally and globally. This is an important component of our competitive advantage, and crucial to how we deliver our omnichannel customer value proposition.

This operating model enables us to transform quickly and leverage our scale to support our brands as they adapt to the unique demands of customers across their local markets. In this way, we have developed a repeatable formula for continued global growth.

OUR "SAVE FOR OUR CUSTOMERS" BUSINESS WHEEL

We support our omnichannel growth ambitions by saving for our brands' customers, improving our supply chain, enhancing store operations, strengthening internal operations across all functions and leaving no stone unturned as we leverage our scale in sourcing. As we continue to execute our proven savings programs, we are also working to innovate in three key areas that are critical to achieving our ambitions:

Delivering a relevant digital and in-store experience

We are creating e-commerce platforms in both Europe and the U.S. to take advantage of our scale on the backend, while delivering a truly local experience for customers.

Optimizing our supply chain, operations and merchandising

This will help to further lower product costs, increase product availability and enhance freshness.

Unlocking the power of data

All of the ways we enhance our capabilities are underpinned by our ability to unlock the power of data with on-demand, real-time intelligence. This will enable our brands to continue to take advantage of opportunities for additional income streams such as media, insights, digital services and in-store services.

OUR GROWTH DRIVERS

STRENGTHEN OPERATIONAL EXCELLENCE

STRATEGIC CHOICES AND CHALLENGES

Achieving e-commerce profitability as customer expectations continue to change

Ahold Delhaize's online penetration keeps growing, more than doubling in the past four years. As a result, the need to service this channel in an efficient way is an obvious and important contributor to our overall profitability.

Consumers have become used to the convenience of – ever-quicker – delivery and collection. U.S. consumers remain partial to click and collect or same-day delivery, while Europeans prefer same or next-day delivery. The pressure to meet these growing and ever-changing expectations is only getting stronger, and, at the same time, our brands feel the pressure of having to mitigate online grocery's dramatic impact on order economics and the adverse effect of home delivery on margins.

To keep serving this ever-growing online demand without significantly cutting into margins or raising prices, we continue to focus our investments on the following four levers:

1. Deliver sales density and, ultimately, scale – which is just as essential in e-commerce as it is everywhere else in food retail.
2. Ensure our brands test and implement customer value proposition models to meet the rapidly changing demands of local customers to maintain a competitive or leading position everywhere they operate.
3. Optimize fulfillment and last-mile operations. In the past few years, we have been experimenting with various strategies, technologies, and third-party providers to reduce picking and delivery costs across our brands and regions. We are working together and sharing best practices to find the optimal model in every region, in line with our great local brand philosophy.
4. Build complementary revenue streams, including using the data we capture across our diverse brands to help fuel investments that can enhance the customer journey going forward. See Data privacy under Principal risks and uncertainties for more information.

OUR PROGRESS AND FUTURE PLANS

Our strengthen operational excellence growth driver is centered around four areas:

Save for Our Customers

Teams at our brands continue to work hard to help customers manage their spending and get more value for their money. Supported by our €1.3 billion Save for Our Customers cost savings program, our brands are partnering with suppliers to alleviate cost increases for customers, introducing more entry-priced products, expanding their assortments of high-quality own-brand products and delivering personalized value through their omnichannel loyalty programs.

Improve our supply chain

In recent years, we've learned how important an efficient supply chain is to providing a seamless omnichannel offering, especially as demand for online shopping continues to grow. Therefore, we continue to invest in improving our supply chain.

For example, Albert Heijn opened a new, mechanized HSC in Barendrecht, the Netherlands, in November, where robots do the shopping. Around 300 robots with a total of 45,000 bins collect non-perishable groceries to fulfill customer orders, working hand in hand with associates who are completing the orders, including by adding fresh products. Ahold Delhaize USA also added two new facilities to its self-distribution network – a DC in Chester, New York, and a fully automated freezer in Mountville, Pennsylvania.

Top image: Albert Heijn associates in a DC

Bottom image: Stop & Shop's loyalty program, offering high-quality products for low prices, to help customers save money

OUR GROWTH DRIVERS

STRENGTHEN OPERATIONAL EXCELLENCE

Enhance store and e-commerce operations

Our brands are working to make their stores more efficient and sustainable to operate, and to enhance their e-commerce offerings so more customers can access this convenient way of shopping.

During 2023, after a thorough review of our businesses, we started to refocus our online fulfillment capabilities in the U.S. to meet changing customer needs and the growing preference for speedier delivery and pickup. We began to shift from centralized distribution to a localized, more efficient fulfilment model. As part of this, Giant Food made several changes to the logistics network behind its Giant Delivers service, increasing its focus on picking products from stores and third-party partners. It opened a second e-commerce DC to enable faster, more frequent delivery options and expand delivery access for customers. At the same time, it also closed one regional fulfillment center in Hanover, Maryland and an associated cross-dock facility in Milford, Delaware. Stop & Shop also decided to close a facility in Jersey City, New Jersey, effective March 2024, and instead utilize its existing store network and partners to service customers.

Ahold Delhaize USA's announced divestment of FreshDirect was another part of this refocus. This move enables our strategy to focus on omnichannel businesses with strong density and online presences.

Strengthen internal operations across all functions

One of our greatest strengths is the combination of our local brands with our global scale. Our brands develop and execute local strategies and commercial plans that connect with customers. And our regional support businesses provide the brands with the scale, platforms, capabilities and services that enable them to create a great omnichannel customer experience and win in their marketplaces.

Our U.S. support businesses include PDL, Retail Business Services and ADUSA Supply Chain. In Europe, European Business Services drives synergies across brands and provides expertise in HR, finance, and not-for-resale sourcing.

For example, our European brands work together to drive sourcing efficiencies on own-brand products. In 2023, they harmonized an additional 100 products in the CSE region through joint product development and sourcing.

Delhaize is transforming all 128 of its integrated supermarkets into independently operated Delhaize stores to strengthen its position in the competitive Belgian retail market. With this change, all Delhaize stores will be brought in line under one model, which, in turn, will stimulate investment in a sustainable future for Delhaize. The adapted model also presents local entrepreneurs with a unique opportunity to join Delhaize and develop the brand's future, together with our experienced, skilled supermarket employees. In 2023, 33 stores were transitioned to affiliated stores.

Convenience matters

Enhancing the digital shopping experience with a new mobile app

Peapod Digital Labs developed a new mobile app for our U.S. brands that significantly boosts speed and performance, simplifying how customers track and modify orders, allowing easier reordering and providing personalized recommendations and digital coupons. The native app makes a typically transactional experience more vibrant and engaging.

And it goes beyond online shopping with an "in-store" mode that users can activate for convenient scanning, payment and deli orders. The new app is now in use at Giant Food, The GIANT Company, Stop & Shop and Food Lion.

See **our website** for more information.

18%

Average increase of monthly active users (year over year) across the five brands.

LOCAL MATTERS

OUR VALUE CREATION MODEL

1 2 3 Inputs

Ahold Delhaize has a proud history of serving local customers, communities and associates with care. Our brands are an integral part of the communities they serve. And they work side by side with suppliers and other partners to serve customers and communities more sustainably. Our brands strive to provide healthy and affordable food, so that it's easier for customers to make healthy choices.

FINANCIAL CAPITAL

We maintain a sustainable mix of debt and equity investments and a sound financial position.

€89 billion

net sales

€2.4 billion

free cash flow

RAW MATERIALS

Our brands' products and operations rely on natural resources and raw materials from both local and global farms. The brands maintain long-standing strategic partnerships with farmers and local producers, carefully selecting the best partners to supply and process raw materials for high-quality own-brand products. They partner to drive down GHG emissions and protect, restore and sustain ecosystems, making it easier for customers to make sustainable choices while we build a more sustainable business.

by 2040

reach net-zero emissions across our own operations

by 2050

become a net-zero business across our value chain, products and services

PRODUCTION AND TRANSPORT

Own brand

Our brands develop, brand and market own-brand lines in-house to offer great value across different price points and a relevant local assortment. They partner to have them produced and packaged for sale. All our brands are reformulating own-brand recipes to reduce sugar, salt, colorants and additives while safeguarding product integrity and safety. Of our own-brand food production sites, 98% are Global Food Safety Initiative (GFSI)-certified or comply with an acceptable level of assurance standard. We aim to achieve 52.3% of own-brand sales from healthy products by 2025. Our brands are also working to reduce plastic and increase recyclable materials in own-brand packaging.

Consumer packaged goods (CPGs)

Various suppliers manufacture branded products that are delivered to our brands' DCs. These suppliers benefit from the unique customer insights our brands develop through their strong local presence and long experience in grocery retail. We also share expertise and scale with other food retailers through the Coopernic European Buying Alliance and AMS. In 2023, Ahold Delhaize joined EURELEC to address price differences between European markets.

OUR VALUE CREATION MODEL

1 2 3 Inputs continued

WAREHOUSE AND DISTRIBUTION

After products are delivered to our brands' DCs, they are prepared for transport to stores, e-commerce fulfillment centers, HSCs, pick-up points and customers' homes. We continuously adapt our supply chain to better serve customers – for example, through automated warehouses and fulfillment centers that enable faster delivery. We develop innovative proprietary technology solutions and contribute to a healthier planet – for example, by converting transportation fleets to zero-carbon alternatives and reducing energy use through route optimization technology and improved fill mechanisms.

85

hubs / DCs operated by our brands

1,833

pick-up points operated by our brands

7.2%

online grocery penetration

5.9%

net consumer online sales growth (at constant rates)

RETAIL

Our well-known local brands serve 63 million customers weekly in more than 7,716 grocery, small-format and specialty stores and online, through our own and third-party apps and websites. Our brands include the top online retailer in the Benelux, bol. While the majority of our revenue comes from selling products to customers, growing complementary revenue streams driven by digital and in-store media allows us to save and reinvest across the value chain.

Our brands and businesses employ, in aggregate, 402 thousand associates worldwide, with 59% under collective labor agreements. These motivated and talented associates are key to our brands' success; they are committed to not only providing the best shopping experience, but also reducing its environmental impact – for example, by building and remodeling energy-efficient stores and replacing or retrofitting refrigerator systems with lower-GHG alternatives. Several of our brands already use renewable sources for a portion of their energy needs, and have plans to increase their renewable electricity use even further.

CUSTOMERS

Our value chain begins and ends with the customer. Ahold Delhaize has grown from two family-run grocery stores into an international family of local omnichannel brands. For over 150 years, our brands have been helping people eat well, and have remained grounded in service to customers and communities – which extend far beyond their own neighborhoods to families all around the world. As these communities have grown, so has our responsibility to protect people and the planet. Our brands are empowering customers to make better choices and help create a better world by providing more and more options, access to information on healthy living and well-being, making donations and partnering with others to create a better world. We aim to achieve a 5% reduction in primary virgin plastic in own-brand product packaging compared to our 2021 baseline by 2025 and to reduce food waste by 50% from 2016 to 2030.

71%

of net sales are generated by loyalty card members

~26.3 million

active loyalty card holders (4.2% decrease from 2022)

OUR VALUE CREATION MODEL

1 2 3 Impacts across our value chain

Material topics linked to our value chain

Tier 1
- 1 Climate change
- 2 Food Waste
- 3 Customers' health and nutrition

Tier 2
- 4 Sustainable products
- 5 Sustainable packaging
- 6 Animal welfare
- 7 Product affordability
- 8 Human rights in the supply chain
- 9 Workplace conditions
- 10 Diversity, equity and inclusion
- 11 Business ethics and compliance

Raw materials

Our brands source products from producers near and far, who grow and cultivate raw materials or raise livestock for commodity production.

We partner across the industry to create a more sustainable value chain.

Production and transport

Raw materials are harvested, and ingredients assembled, prepared and packaged before products are transported to our brands' warehouses.

While our brands sell a wide range of products, own-brands, in particular, help them offer great value across different price points and a relevant local assortment, while having greater control over product quality.

Warehouse and distribution

Products are delivered to our brands' DCs and prepared for transport to stores, e-commerce fulfilment centers, HSCs, pick-up points and customers' homes.

We are adapting our supply chain to better serve customers and contribute to a healthier planet.

Retail (in store and e-commerce)

Our well-known local brands, supported by 402,000 associates, serve 63 million customers each week, providing a leading local food shopping experience in stores and online.

We are also increasing our media and data insights sales activities, which include digital advertising opportunities for B2B partners that create more tailored and relevant customer experiences.

Customers

Products make their way to customers' homes through stores, pick-up points or online delivery. Our brands' customers enjoy safe food produced with respect for people, animals and the climate.

Our goal is to empower customers to make better choices and join us in creating a better world by helping them understand the impact of their shopping decisions on health and environment.

Value chain

Across Ahold Delhaize, each of our great local brands works hard to create sustainable long-term value and drive growth across our entire value chain. Our impact goes beyond what happens in stores and DCs; from farming to consumption, our brands work with suppliers and partners to make the supply chain more sustainable and provide customers with more of the meals they enjoy each day, and healthier choices to help them live better. In this overview, we have mapped our material impacts to our value chain.

1 In certain brands, we outsource our distribution and warehouse activities, which implies they are upstream instead of own operations.

2 Both tier 1 and 2 topics are materially important to Ahold Delhaize and our stakeholders, but tier 1 topics are also strategically important to Ahold Delhaize and linked to our remuneration incentives.

OUR VALUE CREATION MODEL

1 2 3 Value and impact created

The following explains how Ahold Delhaize and our brands create value. It lists the main outputs and outcomes that describe the economic, social and environmental value our activities create for our four main stakeholder groups.

OUR CUSTOMERS
Output

96%

of net sales from markets where our brands have a #1 or #2 position

5.9%

of net consumer online sales growth in 2023 (at constant rates)

Outcomes
- Customers' ability to shop wherever and whenever they want
- Enhanced omnichannel presence and improved customer experience

OUR ASSOCIATES
Output

78%

2023 associate engagement score (2022: 79%)

€13 billion

wages in 2023

52%

women in the workforce

5.2%

reduction in workplace injury absenteeism rate (number of injuries that result in lost days per 200,000 hours worked)

Outcomes
- Diverse, engaged and skilled workforce
- Safe place to work

OUR COMMUNITIES
Output

76 thousand

tonnes of food donated in 2023

2.7 million

tonnes CO_2-equivalent scope 1 and 2 emissions (reduction of 212 thousand tonnes compared to 2022)

225 thousand

tonnes of food waste (2 percentage points decrease compared to 2022)

78%

of production sites of own-brand products in high-risk countries audited against an acceptable standard with a valid audit report or certificate and no noncompliance on deal-breakers in 2023

Outcomes
- Food donations
- Acting to reduce environmental footprint and waste

OUR SHAREHOLDERS
Output

€1.10

per share dividend for 2023

€1 billion

returned to shareholders via share buyback program in 2023

Outcomes
- Strong balance sheet with attractive returns to shareholders through a sustainably growing dividend and the return of excess liquidity to shareholders
- Funding of growth in key retail and e-commerce channels – inorganic and organic
- Improved internal digital capabilities

ENGAGING WITH OUR STAKEHOLDERS

As leading global retailers, Ahold Delhaize and the brands take into account the needs of many different stakeholder groups in our day-to-day business. We define stakeholders as individuals, groups or organizations that can affect or be affected by our business. The four most impactful stakeholder groups to Ahold Delhaize are customers, associates, shareholders and communities.

The value we create for them depends not only on our own efforts, but also on factors in the external environment, market developments (see *Evolving market trends*) and the relationships we build with our stakeholders.

They make us better by challenging us, sharing insights into their concerns, offering feedback on how we are doing and collaborating with us to solve problems. This helps us understand which topics are most material and of greatest significance to stakeholders, to ensure that our strategy and reporting are in line with their expectations and our most significant impacts while focused on adding short-, medium-, and long-term value.

We proactively manage relationships to foster open dialogue with, and capture feedback from, our stakeholders in both formal and informal ways throughout the year. To enhance transparency on how we do this and to comply with the Dutch Corporate Governance Code, we have published our *Policy on Stakeholder Engagement*. The following table details the expectations, the means of engagement with each stakeholder group and what we discuss.

CUSTOMERS

EXPECTATIONS

- A seamless and easy shopping experience, enabled by technology
- High-quality products that are healthier, tasty and affordable
- Empowered customer choice through great value and easy access to affordable and healthy food options

HOW WE ENGAGE WITH THEM

- Customer service in stores, on the telephone and online
- Direct feedback to our brands' associates, websites and social media
- Customer surveys, studies and focus groups. We, for example, proactively engage with customers and support them in making low-emission choices.
- Communications campaigns to support customers in making local, affordable, healthy and sustainable food choices. For example, Hannaford introduced its Planet Hannaford initiative to help customers make local, eco-friendly shopping choices. Albert Heijn's free My Lifestyle Coach app helps participants eat better, exercise more, relax well and sleep better.

WHAT THEY TELL US

- Customers value products that are made with respect for people, animals and the planet, and they share our concerns about food and plastic waste. Key social and environmental topics that customers talk to us about include human rights, animal welfare and deforestation.
- Convenient online shopping with pick-up or delivery options became even more important to customers due to the pandemic, and remain important.

ASSOCIATES

EXPECTATIONS

- An inclusive and caring workplace, where everyone is heard, valued, finds purpose, feels a sense of belonging and has equitable access to opportunities
- The space to grow and develop both personally and professionally
- A safe and supportive environment with a focus on well-being

HOW WE ENGAGE WITH THEM

- Annual AES and pulse surveys. See *Cultivate best talent* for results.
- Continuous dialogue in stores, warehouses and support offices
- Frequent touchpoints, including performance review processes, recognition, rewards and benefits programs and training
- (Virtual) town halls, expert sessions and other meetings and events to facilitate connections
- Associate mental health initiatives
- Sponsorship and support of BRGs
- Community work
- Works councils

WHAT THEY TELL US

- Associates take pride in working for Ahold Delhaize and its brands and have access to support, resources and training to maximize their growth.
- Associates make their voices heard, and this helps us progress toward our 100/100/100 DE&I aspiration to be 100% gender balanced, 100% representative of the communities we serve and 100% inclusive, every day.

SHAREHOLDERS

EXPECTATIONS

- Delivery of consistent, stable earnings growth, strong free cash flow, dividends and share repurchase programs
- Being a sustainable food retailer through a best-in-class approach to minimize the material impacts on the business from environmental and social issues and through solid governance

HOW WE ENGAGE WITH THEM

- Annual and extraordinary General Meetings of Shareholders
- Quarterly disclosures on financial performance briefings and presentations
- Individual or group meetings with analysts and shareholders
- Regular regional roadshows and conferences
- Other meetings, such as our upcoming Strategy Day in May 2024. See our website at *www.aholddelhaize.com* for more details.
- Sustainability expert sessions

WHAT THEY TELL US

- We are transparent about our progress on our Leading Together strategy, including performance against our targets to build a more sustainable business.
- We engage on numerous topics impacting the food retail industry, including the growth of the online food channel, competitive market dynamics and the role of sustainability within our business model.

ENGAGING WITH OUR STAKEHOLDERS

COMMUNITIES

	CHARITIES AND CIVIC ORGANIZATIONS	GOVERNMENTS	NON-GOVERNMENTAL ORGANIZATIONS (NGOS)	SUPPLIERS
EXPECTATIONS	• Being an integral part of the communities our brands serve • Helping address broader societal challenges	• Respecting regulations • Adopting a stakeholder approach that takes into account society and the environment	• As a major global grocery retailer, helping resolve global challenges related to climate, health, human rights and other topics	• Long-term relationships that are mutually beneficial • Cooperation on important topics, such as health, human rights, product safety and climate

HOW WE ENGAGE WITH THEM	• Partnerships with local community organizations and charities. For example, Hannaford donates to local non-profit organizations such as the Simmering Pot, which provides 150 meals per week to those experiencing food insecurity. Another example, that kicked off in December 2023, is Alfa Beta's partnership to send products close to expiration from their HSCs to a local NGO restaurant in Athens.
	• The GIANT Company partners with the Rodale Institute, global leader in regenerative organic agriculture, to create a more sustainable food chain through education, research and training.
	• Brand-owned foundations. For example, bol's Bright Sparks ("bollebozen") initiative, contributes to creating equal opportunities for children in the Netherlands and Belgium by encouraging them to enjoy reading stories and helping them develop digital skills. Bertík Helps, the largest grant campaign of the Albert Foundation, supports 80-100 charity projects per year.
	• Sponsorships. For example, Albert Heijn works with the Dutch Food Bank, and donated more than four million products in 2023.
		• Engaging with public policymakers through industry associations, face-to-face meetings, written contact, information on our website and participation in public hearings or conferences
		• Ahold Delhaize cosigned an open letter from business to EU policymakers in support of the proposed EU Nature Restoration Regulation.
		• Advocating for Nutri-Score as an EU-wide food nutrition label and for completion of the EU internal market for food retail operators
		• Discussing efforts toward a more sustainable agricultural supply chain with the European Commission
		• The U.S. brands made commitments in service of the White House Challenge to End Hunger and Build Healthy Communities.
		• Albert Heijn held a meeting for industry associations, NGOs, scientists, government officials and business partners to launch its Sustainability Report.
			• Responding to requests from and reaching out to NGOs
			• Individual and group meetings as well as written communication and contact with NGOs
			• Being a founding partner and member of various ESG-related networks and institutions – for example:
			  • Founding partner of the LEAD network, which aims to attract, retain and advance women in Europe's Consumer Goods and Retail sector.
			  • Member of Network for Executive Women.
			  • Founding partner of the World Resources Institute's 10x20x30 initiative.
			  • Member of the Ellen MacArthur Foundation to mitigate the impact of plastics.
			  • Signatory of the UN Global Compact.
			  • Partner with WWF to support, for example, reducing our environmental footprint or improving a local fishery.
			• Providing input for and discussing results of benchmarks on ESG topics
				• Individual meetings and online communication. For example, we are working closely with our extensive supply chain to reduce GHG emissions.
				• Surveys: In 2023, for example, Albert Heijn conducted independent impact studies in high-risk chains, speaking to local workers and stakeholders and creating action plans with suppliers to improve conditions.
				• Supplier events
				• Partnerships, including the "Better for Nature and Farmer Program," Albert Heijn's cooperation with more than 1,200 farmers and growers, through which it makes agreements about sustainability, innovations and earning capacity within the food chain
				• ADvantage, ADUSA Supply Chain's industry-leading supplier collaboration program. One year after its launch, the program now includes more than 200 CPG suppliers partnering with Ahold Delhaize USA brands to innovate supply chain management practices and ensure customers can access the products they need, when they need them, through their channel of choice.

WHAT THEY TELL US	• Community stakeholders provide valuable feedback – for example, on how our brands can be stronger partners in creating healthier communities.	• We (are invited to) engage with public policymakers to share our views, strengthen the reputation of Ahold Delhaize and the brands and, where deemed appropriate, of our sector, and to create a favorable policy and regulatory framework for the company and society, the brands, and our sector in the long term. Our Ahold Delhaize strategy is central to our efforts in engaging with public policymakers.	• Opportunities to improve our performance and transparency on topics including human rights, climate change, deforestation and animal welfare • In some cases, NGOs expect us to change policies or work with our brands' suppliers to improve their ESG performance.	• Input on how our brands can create healthier and more sustainable products for customers • Finding new ways to reduce food waste and increase economic, social and environmental value for the communities our brands' suppliers source from throughout the supply chain • Discussing the impact of climate change on the supply chain and ways to mitigate the risks

ENGAGING WITH OUR STAKEHOLDERS

COMMUNITIES CONTINUED

	FRANCHISEES AND AFFILIATES	INDUSTRY ASSOCIATIONS	SCHOOLS AND RESEARCH INSTITUTES
EXPECTATIONS	• The opportunity to build a profitable business • Reliable supply of high-quality products at a competitive price • The ability to offer customers store options that rely on proximity and fast shopping • Community support	• Commitment by Ahold Delhaize and the brands to jointly address industry challenges, establish coalitions of action and drive implementation • Cooperation in shaping operational standards • Engagement with industry peers and external stakeholders	• Funding, (customer) insights and sponsorship for joint research projects
HOW WE ENGAGE WITH THEM	• Individual meetings. For example, in Belgium, store visits are made on a weekly basis by a Delhaize consultant and regularly by a representative of the Delhaize Affiliate Partnership department • Strategic business reviews • Simplification and acceleration of the store opening process • Joint meetings, including training sessions and product discovery days • Training courses specifically on sustainability, in different forums, including stand-up meetings, bilateral talks and classroom-like training • Best-practice sharing: We put forward affiliates that are best-in-class so they can share their experience with others	• Pre-competitive forums: Roundtable on Sustainable Palm Oil, Roundtable on Sustainable Soy, Retail Soy Group, Retailer Cocoa Collaboration, GLOBALG.A.P., Global Sustainable Seafood Initiative, Global Tuna Alliance, North Atlantic Pelagic Advisory Group, Palm Oil Transparency Coalition, Global Roundtable on Sustainable Beef, Sustainable Agriculture Initiative, Sustainable Rice Platform, Retailers Palm Oil Group • Industry association memberships, Chambers of Commerce and national retail federations: CGF(Global), Business association, VNO-NCW (Netherlands), Eurocommerce (European Union (EU)), FMI: The Food Industry Association (U.S.), National Retail Federation (U.S.), Dutch Food Retail Association, CBL (Netherlands), The Federation for Commerce and Services, Comeos (Belgium), The Association of Commerce and Tourism, SOCR CR (Czech Republic), The Association of Large Commercial Networks, AMRCR (Romania), Confédération Luxembourgeoise du Commerce – Fédération de l'Alimentation et de la Distribution, CLC-FLAD (Luxembourg)	• Responses to academic surveys • Joint industry labs with academic institutions, such as AIRLab, which drives innovation at the intersection of retail, AI and robotics • Sponsorships and scholarships. For example, Ahold Delhaize supports the Rotterdam Philharmonic Orchestra Academy, which offers young musicians an extensive orchestral program in a leading symphony orchestra • Educational initiatives. For example, in 2023, The GIANT Company committed to support agricultural education programs developing future food and agriculture leaders. Hannaford donated to The Ecology School in Saco, an environmental learning and living center that provides immersive education for students, schools and community groups. And lastly, the Albert Foundation organizes sustainable cooking courses for children through a new project linked to the company's zero-waste strategy
WHAT THEY TELL US	• Input on operating stores and engaging with local communities • Strategy around healthy products and sustainability • Competition in the brands' markets • Sustainable solutions, such as remodeling stores to shift to natural refrigerants, EV charging stations, ability to choose to have stores audited for energy efficiency, smart in-store metering	• Key industry challenges around climate, waste, health, human rights, supply chains and safety • The belief that change needs to be driven globally and top-down in order to be successful • Anticipating and understanding local, national and regional public policy developments – for example, the credit card network routing market in the U.S. and the role of supermarkets in making Dutch fresh food chains more sustainable	• Academic research on topics such as robotics is often very specific and theoretical. Collaboration with Ahold Delhaize helps universities find real-life use cases for their technologies and co-create scalable solutions

Top image: Robot, "Pepper," greeting customers at Alfa Beta

Bottom image: Associate from The GIANT Company talking to CEO Frans Muller during a local visit

PERFORMANCE REVIEW

LOCAL MATTERS

Tempo Serbia

Driving long-term value creation

JOLANDA POOTS-BIJL, CHIEF FINANCIAL OFFICER; MEMBER MANAGEMENT BOARD AND EXECUTIVE COMMITTEE

We are pleased that Jolanda Poots-Bijl joined Ahold Delhaize as CFO in 2023. With over 20 years of executive and supervisory board experience, Jolanda is a leader focused on making things better and helping colleagues succeed, as well as driving financial success. We talked to her about her first impressions, leadership philosophy and ambitions for Ahold Delhaize.

Q Jolanda, can you share some insights into your onboarding at Ahold Delhaize. What were your first impressions and learnings?

I had the pleasure of starting my time at Ahold Delhaize with an extensive six-week induction program. This gave me the opportunity to dive into the business and visit almost all of our great local brands, learning about what makes them unique and their histories and ambitions going forward. And, most importantly, meet many wonderful colleagues across the company.

I was struck by how many customers stopped us to share how positive they are about the role our brands' stores and associates play in their daily lives and their communities.

During these first months with the company, I have been impressed by my colleagues' dedication and passion, their agility in managing dynamic times and their pride in the strong results our businesses continue to deliver. We are a true people-for-people business, well positioned in the heart of society. I have found that the Ahold Delhaize team is not afraid to tackle challenges head on, take on difficult projects and make tough choices where they see benefits for the customer and the potential of sustainable long-term value creation – for example, with the transformation in Belgium and the divestment of FreshDirect.

Q&A WITH OUR CFO

As an experienced business leader, you bring a fresh, new perspective to Ahold Delhaize. What opportunities and challenges do you see for the business in the next few years?

At Ahold Delhaize, we have many things to be proud of. We are a robust company with a strong international presence, an industry-leading position, a strong balance sheet, many talented associates and a family of great local brands that are often number one or two in their countries or regions. This enables us to successfully navigate both the challenges and opportunities ahead.

Having said that, many of the markets we operate in are faced with geopolitical and macroeconomic uncertainty. While inflation has passed its peak, consumers' household budgets remain under pressure.

This requires our brands to be agile and adaptable to meet and exceed customer needs. Our brands are constantly looking for opportunities to further improve their Customer Value Propositions (CVP) and keep their assortments affordable and healthy.

> **While our strategy and financial strength are important for our future success, it is our people who make the real difference.**

We want to be a leader in ESG, invest in our people and be responsible operators, while also delivering a good performance for our shareholders. We will further invest in our technology landscape so we can continue to be a digital leader. The fast rate of change in tech provides many opportunities to serve customers, and, by leveraging our scale through smart convergence, we will be able to save as we innovate.

To structurally realize these ambitions and build a long-term, future-proof organization for all stakeholders, growth is important. Balancing all these topics is both our challenge and our opportunity going forward.

How can the Finance function support the company's sustainability ambitions?

Sustainability is embedded in Ahold Delhaize's DNA; we are one of the front runners in our industry. I am passionate about maintaining this position and proud of the commitments we have made around, for example, the reduction of GHG emissions and food waste.

I see an important role for the Finance function to help us realize these commitments by providing the focus and transparency that is needed to drive our sustainability journey. In 2023, we further increased the quality and accuracy of our ESG data – and will continue to improve it. We also made great strides to prepare for the implementation of the Corporate Sustainability Reporting Directive (CSRD). We also work closely together with our sustainability, commercial and operational teams to turn our long-term sustainability ambitions into detailed roadmaps. We must also continuously collaborate with our external partners across the value chain and use our scale to positively influence the food industry.

And even though we have already incorporated sustainability considerations into our investment decisions – for example, through the implementation of a carbon pricing model – we continue to enhance how we evaluate the cost, scope and phasing choices of sustainability investments. One concrete example of how we secure the necessary funds for our sustainability plans has been through our sustainable financing, such as the issuance of our Green Bond in March 2023 and our Sustainability-Linked Commercial Paper Program in September 2023.

What will be your key focus areas for 2024?

Optimizing and nurturing Ahold Delhaize's sustainable long-term value creation will be one of my top priorities, and I look forward to sharing more about our plans during our upcoming Strategy Day in May 2024. We are a well-invested company, and we continue to look for opportunities as we leverage our scale; optimize our supply chain; and innovate using new data capabilities, AI and machine learning.

Our brands are strong operators, well positioned to manage the volatility of today's world. The economic and geopolitical backdrop remains dynamic; therefore, another focus area will be to look for opportunities to further strengthen our brands' competitive positions and to operate even more efficiently. Our strong and consistent financial performance gives us a great platform to unlock the necessary funds to reinvest in our CVP, new growth areas and our priorities in technology and sustainability.

While our strategy and financial strength are important for our future success, it is our people who make the real difference, so we will also continue to invest in our great people.

> **Optimizing and nurturing Ahold Delhaize's sustainable long-term value creation will be one of my top priorities.**

PERFORMANCE REVIEW

TARGETS AND RESULTS

KEY FINANCIAL TARGETS[1]	TARGET 2023	RESULTS IN 2023
Group underlying operating margin	≥ 4.0%	4.1%
Diluted underlying EPS growth[2]	Around 2022 levels	(0.4)%
Net capital expenditures	Around €2.5 billion	€2.3 billion
Free cash flow[3]	Around €2.0 billion	€2.4 billion
Dividend payout ratio[4]	Absolute increase in dividend per share 40-50% payout ratio	€0.05 increase in dividend per share 43% payout ratio
Share buyback[5]	€1 billion	€1 billion

1 Targets 2023 based on original guidance as per Annual Report 2022; For definitions on KPIs, see *Definitions and abbreviations*.
2 At current rates
3 Target excludes M&A.
4 The dividend payout ratio for results in 2023 is calculated as a percentage of underlying income from continuing operations on a 52-week basis.
5 Management remains committed to the share buyback and dividend program, however the program is subject to material macroeconomic changes or changes in corporate activities, such as material M&A activity.

Note: Targets are based on the previous year's full year results unless stated otherwise.

PERFORMANCE REVIEW

TARGETS AND RESULTS

DRIVE OMNICHANNEL GROWTH	TARGET 2023	RESULTS IN 2023
Net consumer online sales growth	High single-digit growth	+5.9%
Loyalty sales growth [1]	Double-digit growth	+2%
Complementary revenue streams growth	≥ 20%	+13%
ELEVATE HEALTHY AND SUSTAINABLE	**TARGET 2023**	**RESULTS IN 2023**
Healthy own-brand sales [2]	54.6%	54.8%
Food waste reduction [3]	34%	37%
GHG-emissions reduction scope 1 & 2 [4]	Further reduction	35% (5pp improvement vs. LY)
CULTIVATE BEST TALENT	**ASPIRATIONS 2023**	**RESULTS IN 2023**
Associate engagement score	≥ 79%	78%
Inclusive workplace score	≥ 80%	81%
Associate growth [5]	New index, no aspiration set for 2023	75%
STRENGTHEN OPERATIONAL EXCELLENCE	**TARGET 2023**	**RESULTS IN 2023**
Save for Our Customers	≥ €1 billion	€1.3 billion
Supply chain initiatives	Two fully automated frozen facilities in the U.S. during 2023	Frozen facility in Mountville, Pennsylvania, in test mode; Plainville, Connecticut, facility planned to go live in H1 2024
Improving online productivity	Opening of the first mechanized HSC in Barendrecht in the Netherlands	Opened the first mechanized HSC in Barendrecht in the Netherlands in Q4 2023

1 Loyalty sales measures the sales generated by active addressable loyalty card holders. See *Definitions and abbreviations* for more information.
2 The 2023 target is restated due to the Guiding Stars algorithm change, which had -0.4pp impact on group level, changing the target from 55.0% per Annual Report 2022 to 54.6%.
3 The reduction is measured against the restated 2016 baseline: 4.99 t/€ million. See *ESG statements* for more information.
4 The reduction is measured against the restated 2018 baseline: 4,095 thousand tonnes CO2-equivalent emissions. See *ESG statements* for more information.
5 The associate growth index is driven by: perception of opportunity for personal development and growth, opportunities for career growth, feeling their job makes good use of their skills and abilities, and support from their manager for skill and career development. See *Definitions and abbreviations* for more information.

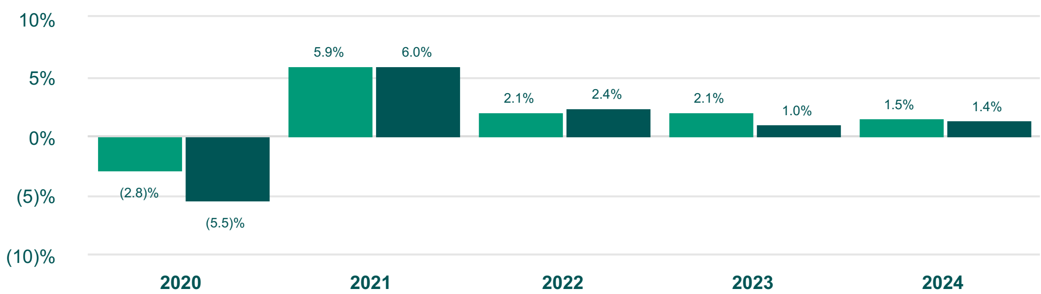
MACROECONOMIC TRENDS

Ahold Delhaize navigating through rising global tensions and economic pressure in 2023

GDP GROWTH STABILIZING IN U.S. AND SLOWING DOWN IN EUROPE

In 2023, the global economy continued to be challenged by persistent inflation and modest growth prospects. Gross domestic product (GDP) growth stabilized in the U.S. and slowed down in Europe versus the prior year, as it was impacted by tighter financial conditions, weaker trade growth and lower business confidence. GDP growth is projected to be mild in 2024, while various risks remain, such as potential disruptions to commodity markets and trade from growing geopolitical tensions, uncertainty around inflation and lower household savings (source: "Economic Outlook," OECD). GDP reached 3.0% globally in 2023: the U.S. showed growth of 2.1% and the Euro area growth of 1.0% (source: "Data mapper," International Monetary Fund (IMF)).

Real GDP growth[1] (%)

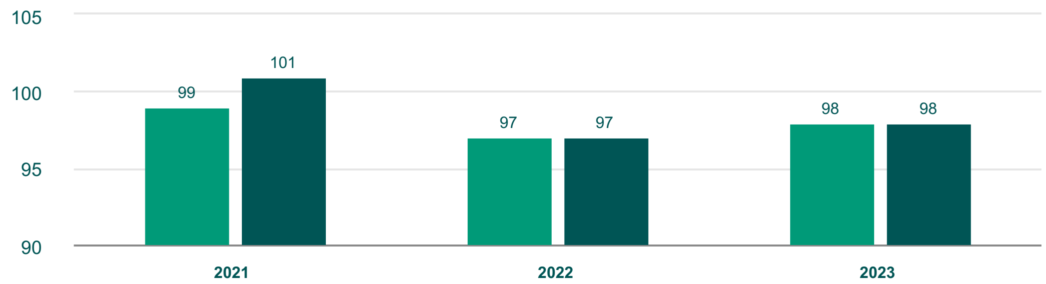


1 GDP (Gross Domestic Product) represents the total value at constant prices of final goods and services produced within a country within a specific time period.
Source: IMF (GDP reports: Annual percentage change, 2023)

CONSUMER CONFIDENCE SLIGHTLY INCREASING

Consumer confidence only slightly increased in 2023, as concerns about inflation diminished somewhat compared to 2022, but remained high. Confidence went up by 1 percentage point to 98% in both segments. Nonetheless, it was pressured, as consumers' concern about the overall economic outlook grew. In addition to inflation, consumers were faced with higher interest rates and ongoing geopolitical instability. In the United States, the resumption of student loan payments largely negatively influenced consumers' economic outlook in a largely negative way (source: "Main Economic Indicators," OECD). In Europe, the desire to save money increased as the abovementioned concerns were further pressured by the conflicts in Ukraine and Israel/Gaza.

Consumer Confidence Index (Long-term average = 100, yearly average)



Source: OECD: Main Economic Indicators: CCI, Amplitude adjusted, Long-term average = 100, yearly average change, 2022

HIGH LEVELS OF INFLATION MODERATING

Consumer Price Index (CPI) inflation in 2023 was still at elevated levels, reaching 8.6% for the OECD countries in Q1, but moderated toward the end of the year, mostly driven by lower energy prices, with OECD CPI rates below 6% in Q4. Food prices grew above historical-average rates in 2023, but at lower rates than in 2022. In order to control elevated inflation rates, central banks increased interest rates up until September 2023 to the highest levels in more than 20 years. After September, central banks maintained constant rates when they saw inflation moderating toward the end of the year (source: Statista and International Monetary Fund (IMF), various reports in December 2023).

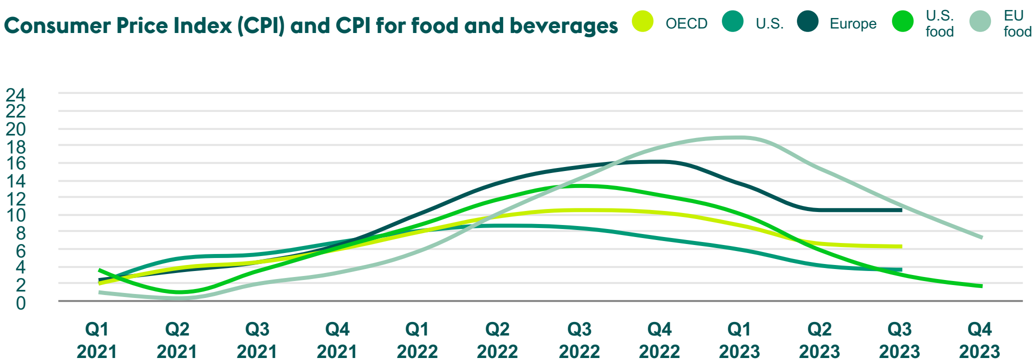
In the U.S., food inflation rates, similar to CPI rates, declined in the second half of 2023. Where food inflation was substantially higher compared to CPI in the beginning of 2023 (9.9% in Q1), this gap narrowed in the last quarter to 1.6%. The annual CPI rate amounted to 4.1% in 2023, a steep decrease versus 2022 (8.0%).

Inflation was especially persistent in Europe, and remained elevated there until Q4. With food inflation rates of 18.8% at the beginning of the year, European consumers continued to change their shopping habits. To alleviate the ongoing pressure on household income, European consumers started to focus on more value for money, including buying cheaper products and delaying purchases (source: "An update on European Consumer Sentiment," McKinsey). In Q4, European food inflation was down to 7.4%. In 2023, the annual CPI rate for the European Union went down from 9.2% in 2022 to 6.4% in 2023.

TARGETS AND RESULTS

MACROECONOMIC TRENDS

Consumer Price Index (CPI) and CPI for food and beverages



Source: OECD (Consumer Price Indices – Complete Database, 2023); the data for Europe Is not available yet for Q4 2023

GROCERY SPENDING CONTINUES TO GROW

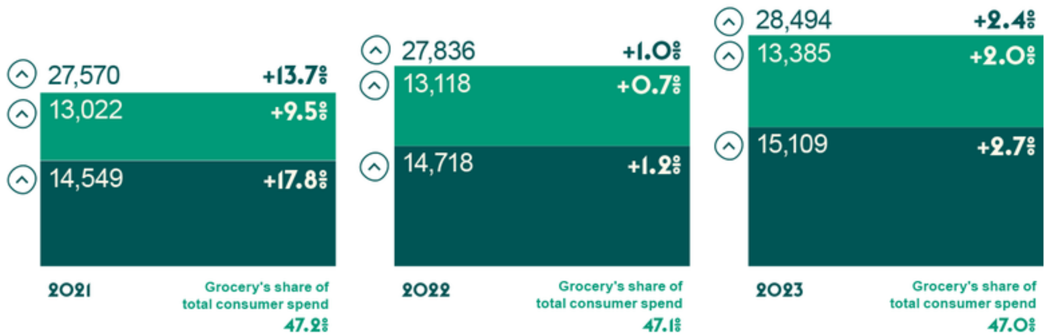
Grocery spending globally recovered to some extent in 2023, growing 2.0%, which was 1.3 pp higher than in 2022. Grocery spending increased by 4.4% in the U.S., while in Europe it rose modestly by 1.8%. Grocery share as a percentage of consumer spending in 2023 remained roughly stable at 34.5% in the U.S. and 42.7% in Europe (source: Flywheel Retail Insights – former Ascential).

CONSUMER SPENDING SPLIT 2023-2021	2023	2022	2021
World			
Growth in grocery spending	**2.0%**	0.7%	9.5%
Grocery as a % of total consumer spending	**47.0%**	47.1%	47.2%
United States			
Growth in grocery spending	**4.4%**	6.5%	7.3%
Grocery as a % of total consumer spending	**34.5%**	34.3%	34.4%
Europe			
Growth in grocery spending	**1.8%**	7.7%	5.8%
Grocery as a % of total consumer spending	**42.7%**	42.8%	42.7%

Source: Flywheel Retail Insights (various reports in 2023; the data for 2021-2023 has been restated by Flywheel; new methodology excludes services and B2B)

Overall consumer spending increased in 2023, although consumer behavior is diverging and somewhat ambiguous. One segment of consumers is looking to cut costs by saving more money on food and other categories. Another segment is shifting to higher-end options in categories such as travel and grocery. A similar trend can be observed in consumer preferences. While some consumers are increasingly focused on buying sustainable products, at the same time, the inflationary environment is leading other consumers to worry that these products will become unaffordable for them in the near future (source: McKinsey). In addition, Deloitte's Financial Well-being Index, published annually to track consumers' financial health and spending intentions, demonstrates a positive trend for retailers this year, compared to last year. The index reached 102.8 in December 2023 compared to 100.2 in 2022 (Source: Deloitte).

Global consumer spending development (grocery and non-grocery)

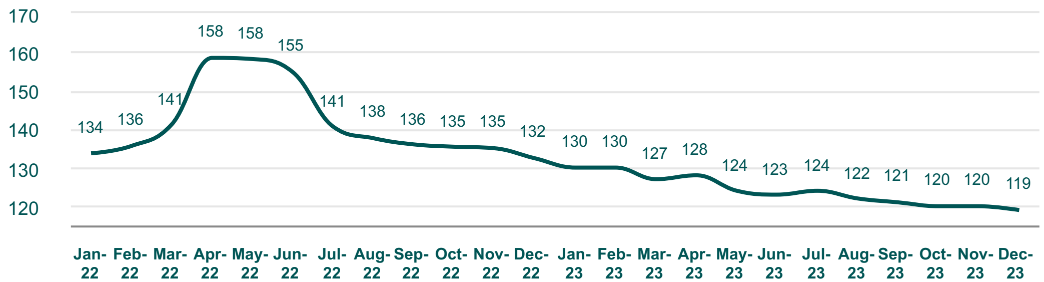


Source: Flywheel Retail Insights (Market – Global Consumer Trends in USD at 2023 exchange rate; the values for 2021-2023 have been restated by Flywheel; new methodology excludes services and B2B)

STABILIZATION OF PRODUCT COSTS; MAIN COMMODITIES DECREASING

Food commodity prices dropped gradually throughout 2023. The Food and Agriculture Organization of the United Nations (FAO) food price index is a good representation of this trend, showing that the prices for five main commodities (sugar, meat, dairy, vegetable oils and cereals) decreased by 12% on average in 2023 versus the prior year, reaching 118.5 in December 2023.

FAO food price index (2014-2016 = 100)



Source: Food and Agriculture Organization of the United Nations (2022-2023); FAO food price index consists of the average of five commodity group price indices: meat, dairy, cereals, vegetable oils and sugar.

MACROECONOMIC TRENDS

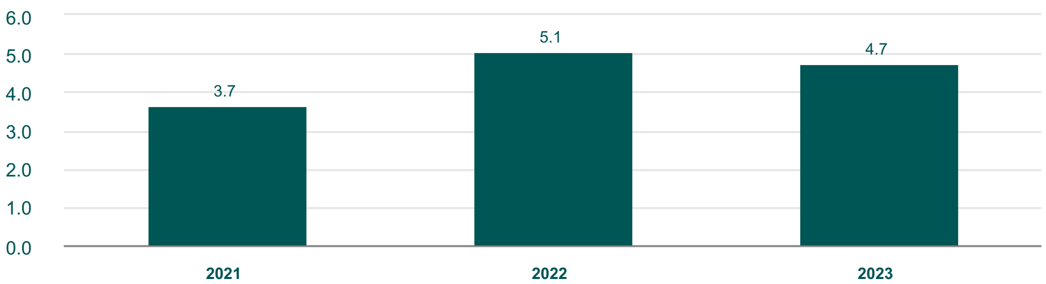
NOMINAL WAGES CONTINUE TO INCREASE SIGNIFICANTLY

Despite the fact that inflation rates moderated towards the second half of the year, nominal wages continued to increase in both segments.

The U.S. experienced a significant rise in wages and salaries, which grew by 4.7% in 2023. This was lower than in 2022 but significantly surpassed levels seen in previous years (source: U.S. Bureau of Labor Statistics, news release on Employment Cost Index, November 2023). Real wages started to increase as inflation declined from its peak in 2022, and workers received robust nominal wage gains. Seasonally adjusted, there was a 0.8% increase in real average hourly earnings from December 2022 to December 2023 (source: U.S. Bureau of Labor Statistics).

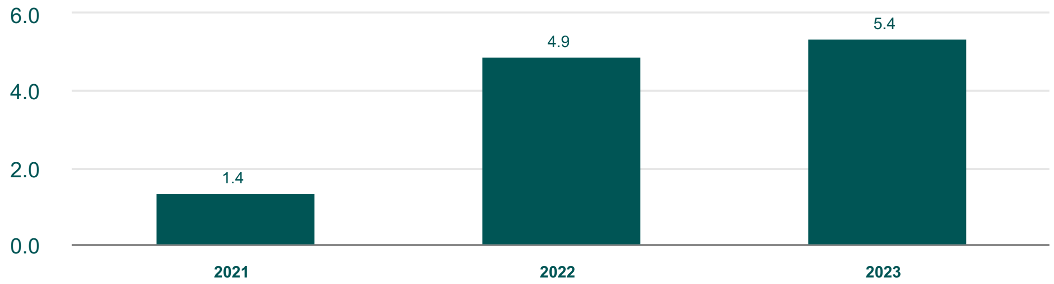
Wages and salaries also rose substantially in Europe, reaching a record high of 5.4% growth in 2023 (source: "Euro indicators," Eurostat). While wage growth has been strong in Europe, it has not been adequate to offset high inflation. Nominal compensation per employee increased by a significantly lower rate than inflation, resulting in a decline in real terms (source: "Labour market and wage developments in Europe 2023," Eurostat – EU commission).

Nominal wages and salaries for U.S. civilian workers (12-month % change)



Source: U.S. Bureau of Labor Statistics (Charts related to the latest "Employment Cost Index" news release)

Nominal wages and salaries for European workers (12-month % change)



Source: Eurostat (Labor cost index), data for prior years has been restated by the Eurostat

Unemployment rates remained stable in 2023 in both regions. In the U.S., job gains in 2023 maintained a robust pace, albeit at a slower rate compared to the exceptionally high levels observed in 2021 and 2022 following the recession caused by the pandemic. The unemployment rate slightly increased from 3.6% in Q4 2022 to 3.7% in Q4 2023, resulting in a total of around 6.3 million unemployed people throughout the year (source: "The Employment Situation – December 2023," U.S. Bureau of Labor Statistics). In Europe, the unemployment rate continued to decrease throughout 2023, from, on average, 6.1% in Q4 2022, to 6.0% in November 2023 (source: "Euroindicators November 2023," Eurostat).

Monthly unemployment rates (%)

Source: OECD (Labor market statistics 2021-2023); Europe data is still not available for Q4 2023

MACROECONOMIC TRENDS

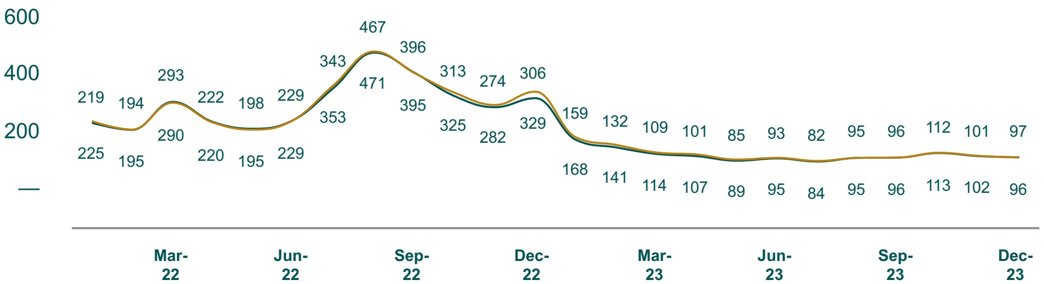
ELECTRICITY PRICES DECREASED SIGNIFICANTLY, YET REMAIN ELEVATED

Global electricity markets improved in 2023 compared to the previous year, as a result of gas demand reductions in Europe and Asia (source: International Energy Agency). In the Netherlands and Belgium, electricity prices decreased from €270/Mwh in 2022 to €98/Mwh in 2023 (see graph: "Futures prices for the Netherlands and Belgium (€/Mwh), ICE ENDEX"). The decrease in wholesale prices was registered in the first half of the year, alleviating the pressure on household electricity retail prices across Europe, and was accompanied by a fall in electricity consumption in the region. In addition, the share of electricity generated by renewables increased versus the share generated by fossil fuels (source: Directorate-General for Energy, European Commission).

In the U.S., electricity prices increased from €159/Mwh in 2022 to €168/Mwh in 2023 (source: U.S. Bureau of Labor Statistics). Energy generation also increased in the U.S., especially from renewable resources; in September, we saw 1.8% total net generation growth over last year (source: "Short-term Energy Outlook," U.S. Energy Information Administration).

Ahold Delhaize continues to work to secure its electricity supply and prices by purchasing electricity in advance where possible; this allows the company to manage the risks arising from the continued volatility in the energy market, locking in longer-term electricity prices to avoid excessive risks. The company also puts a lot of effort into prioritizing the use of green energy above other sources. In 2023, 52% of electricity used came from green sources, which was 12% higher than last year.

Futures prices for the Netherlands and Belgium (€/Mwh)

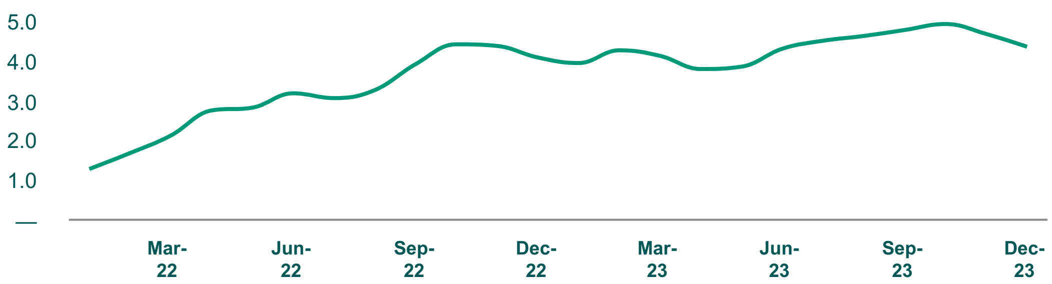


Source: ICE ENDEX (2022 data has been restated in 2023 by the ICE ENDEX

MODEST INCREASE IN INTEREST RATES

Our business is impacted by fluctuating interest rates. The three-year constant maturity market yield on U.S. Treasury securities modestly increased throughout 2023, favorably impacting the present value of our insurance liabilities.

Market yield on U.S. Treasury securities at three-year constant maturity



Source: Board of Governors of the Federal Reserve System (U.S.), Market yield on U.S. Treasury securities at three-year constant maturity, quoted on an investment basis [DGS3], retrieved from FRED, Federal Reserve Bank of St. Louis

FOREIGN EXCHANGE RATE FLUCTUATIONS

The majority of the Ahold Delhaize brands' operations are located in the United States and denominated in U.S. dollars, which is translated into euros for consolidated results. U.S. economic growth was stronger than predicted for 2023, backed by strong consumer spending, jobs and real wages growth (source: CEA, thewhitehouse.org). While economic growth initially resulted in U.S. dollar growth, it slowed down towards the end of 2023, influenced by the growing inflation and market expectations around interest rates decreases (source: Reuters). By the end of 2023, the U.S. dollar depreciated by 2.8% against the euro (source: Bloomberg). A weakening dollar impacted our consolidated financial results unfavorably. For more information, see *Note 2* to the consolidated financial statements.

CURRENCY		2023	2022	CHANGE IN THE AVERAGE ANNUAL VALUE OF THE CURRENCY
U.S. dollar	USD/EUR	0.9248	0.9515	(2.8)%
Czech crown	CZK/EUR	0.0417	0.0407	2.4%
Romanian leu	RON/EUR	0.2022	0.2028	(0.3)%
Serbian dinar	RSD/EUR	0.0085	0.0085	0.2%

Source: Average exchange rates 2022-2023, Bloomberg

TARGETS AND RESULTS

GROUP PERFORMANCE

NET SALES

€88.6bn 3.8%*

1.9% vs. 2022

COMPARABLE SALES GROWTH (EXCLUDING GASOLINE SALES)

3.9%

OPERATING INCOME

€2.8bn (22.9)%*

(24.5)% vs. 2022

UNDERLYING OPERATING INCOME

€3.6bn (1.2)%*

(3.3)% vs. 2022

UNDERLYING OPERATING MARGIN

4.1% (0.2)pp*

(0.2) pp vs. 2022

FREE CASH FLOW

€2.4bn €0.2bn

*At constant rates.

GROUP PERFORMANCE

€ MILLION	2023	2022	CHANGE	% CHANGE	% CHANGE AT CONSTANT RATES
Net sales	**88,649**	86,984	1,665	1.9%	3.8%
Of which: online sales	**9,015**	8,618	397	4.6%	6.1%
Cost of sales	**(64,880)**	(63,689)	(1,191)	1.9%	
Gross profit	**23,769**	23,295	474	2.0%	
Other income	**499**	663	(164)	(24.8)%	
Operating expenses	**(21,422)**	(20,190)	(1,232)	6.1%	
Operating income	**2,846**	3,768	(922)	(24.5)%	(22.9)%
Net financial expense	**(546)**	(552)	7	(1.2)%	
Income before income taxes	**2,300**	3,216	(916)	(28.5)%	
Income taxes	**(456)**	(714)	258	(36.1)%	
Share in income of joint ventures	**30**	44	(14)	(31.6)%	
Income from continuing operations	**1,874**	2,546	(672)	(26.4)%	
Income (loss) from discontinued operations	**—**	—	—	(87.7)%	
Net income	**1,874**	2,546	(672)	(26.4)%	(24.9)%
Operating income	**2,846**	3,768	(922)	(24.5)%	(22.9)%
Adjusted for:					
Impairment losses and reversals – net	**375**	235	140		
(Gains) losses on leases and the sale of assets – net	**180**	(198)	378		
Restructuring and related charges and other items	**202**	(78)	280		
Underlying operating income	**3,604**	3,728	(124)	(3.3)%	(1.2)%
Depreciation and amortization[1]	**3,462**	3,432	30		
Underlying EBITDA	**7,066**	7,161	(95)	(1.3)%	0.6%
Underlying operating income margin	**4.1%**	4.3%	(0.2) pp		
Underlying EBITDA margin	**8.0%**	8.2%	(0.3) pp		

1 The difference between the total amount of depreciation and amortization for 2023 of €3,469 million (2022: €3,433 million) in Note 8 and the €3,462 million (2022: €3,432 million) mentioned in the table relates to items that were excluded from underlying operating income.

TARGETS AND RESULTS

GROUP PERFORMANCE

SHAREHOLDERS

€ UNLESS OTHERWISE INDICATED	2023	2022	% CHANGE
Net income per share attributable to common shareholders (basic)	**1.95**	2.56	(23.9) %
Underlying income per share from continuing operations	**2.55**	2.56	(0.6) %
Dividend payout ratio	**43%**	40%	3.4 pp
Dividend per common share	**1.10**	1.05	4.8%

OTHER INFORMATION

€ MILLION	2023	2022	% CHANGE
Net debt[1]	**14,267**	14,416	(1.0)%
Free cash flow[2]	**2,425**	2,188	10.8%
Capital expenditures included in cash flow statement (excluding acquisitions)	**2,434**	2,490	(2.3)%
Number of employees (in thousands)	402	414	(2.9)%
Credit rating/outlook Standard & Poor's	**BBB+ / stable**	BBB / positive	—
Credit rating/outlook Moody's	**Baa1 / stable**	Baa1 / stable	—

Certain key performance indicators contain alternative performance measures. The definitions of these measures are described in the *Definitions and abbreviations* section of this Annual Report.
1 For reconciliation of net debt, see *Financial position* in this report.
2 For reconciliation of free cash flow, see *Cash flows* in this report.

INFLATION POSITIVELY IMPACTS SALES, BUT IMPACTS PROFITABILITY NEGATIVELY

Ahold Delhaize delivered robust results in 2023, with strong sales growth, while maintaining a strong underlying operating margin. Group net sales were positively impacted by continued comparable sales growth (excluding gasoline) in both regions and, to a lesser extent, Albert Heijn's cooperating agreement with Jan Linders, partially offset by negative growth in gasoline sales and unfavorable foreign exchange translation effects.

The divestment of FreshDirect in Q4 negatively affected net sales to a limited extent.

While inflation was moderating throughout 2023, food inflation remained high, particularly in Europe. The region continued to be affected by disruptions from the war in Ukraine, and high energy costs continued to affect the entire agri-food chain.

In 2023, foreign exchange translations had a negative impact on the financial results, as the majority of our brands' sales originate in the United States and are denominated in U.S. dollars.

Overall net sales increased by 1.9% to €88,649 million driven by higher prices in both the U.S. and Europe. Both regions experienced a decline in volumes due to reduced demand stemming from the strain on consumer spending.

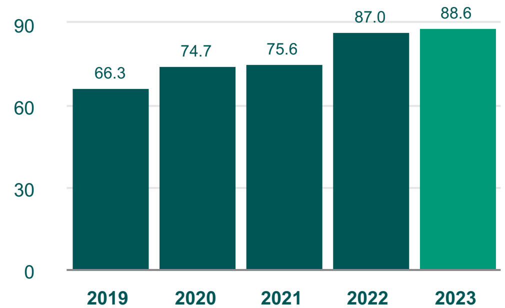
Net online sales grew at similar single-digit rates in both regions. In the U.S., Food Lion increased its online sales at high double-digit rates, while FreshDirect experienced single-digit decline. In Europe, both our non-food and food retail sales increased at single-digit rates, at both our food retail brands and bol.

During 2023, our brands' cost of sales continued to increase slightly, as well as other expenses, causing a continued pressure on the underlying operating margin. Nonetheless, our brands also continued to help customers navigate the inflationary environment through their personalized loyalty programs and our Save for Our Customers cost savings program and by leveraging the scale provided by our global portfolio.

Despite strong cost-saving programs, underlying operating margins ended up at 4.1%, a decrease of 0.2 percentage points compared to last year. Our margin based on (IFRS) reported operating income amounts to 3.2% of net sales, a decrease of 1.1 pp compared to last year. Operating margins were under pressure due to higher operating costs driven by inflationary pressures, predominantly in the U.S., and strikes at Delhaize Belgium after management announced its intention to transform all of its integrated supermarkets in Belgium to independently operated stores. Margin pressure was partly offset by continued efforts by our brands to deliver customers great value through our Save for Our Customers cost-savings program, as tight cost management continues to remain a core objective of our business model. Various one-offs during the year, as well as the cycling of prior year one-offs, balanced out in a slightly positive result.

Free cash flow increased year over year by €283 million at constant rates to €2,425 million. The increase was mostly driven by a positive development in working capital, due to improvements in Europe, and the recovery of an outstanding receivable related to an agreement with the Belgian tax authorities, partially offset by a lower operating cash flow and increased net investment.

Net sales over time (€ billion)



Net sales contribution by segment

The United States	**61.5%**
Europe	**38.5%**

TARGETS AND RESULTS
GROUP PERFORMANCE

MODERATE INCREASE IN NET SALES

Net sales for the financial year ending on December 31, 2023, were €88,649 million, an increase of €1,665 million, or 1.9%, compared to net sales of €86,984 million for the financial year ending on January 1, 2023. At constant exchange rates, net sales were up by €3,232 million or 3.8%.

Gasoline sales decreased by 19.9% in 2023 to €1,068 million. At constant exchange rates, gasoline sales decreased by 17.5%, as a result of moderating gasoline prices in 2023 compared to a spike in gasoline prices in 2022 driven by the war in Ukraine.

Net sales excluding gasoline increased in 2023 by €1,931 million, or 2.3%, compared to 2022. At constant exchanges rates, net sales excluding gasoline increased in 2023 by €3,459 million, or 4.1%, compared to 2022. The main driver of sales growth was inflation, due to its effect on shelf prices in our brands' stores, partially offset by unfavorable foreign currency translation effects, and a slight headwind resulting from the transformation of Belgian stores and strikes in Belgium. Moreover, in the U.S., the reduction of Supplemental Nutrition Assistance Program (SNAP) benefits compared to 2022 resulted in a headwind for sales growth.

In addition, comparable sales growth excluding gasoline sales increased by 3.9% in 2023 compared to 2022.

Net sales split by category

€ MILLION	2023	2022	CHANGE VERSUS PRIOR YEAR	% CHANGE	CHANGE VERSUS PRIOR YEAR AT CONSTANT EXCHANGE RATES	% CHANGE AT CONSTANT EXCHANGE RATES
Net sales	**88,649**	86,984	1,665	1.9%	3,232	3.8%
Of which gasoline sales	**1,068**	1,334	(266)	(19.9)%	(227)	(17.5)%
Net sales excluding gasoline	**87,580**	85,650	1,931	2.3%	3,459	4.1%
Of which online sales	**9,015**	8,618	397	4.6%	514	6.1%
Net consumer online sales	**11,865**	11,323	542	4.8%	660	5.9%

Healthy sales

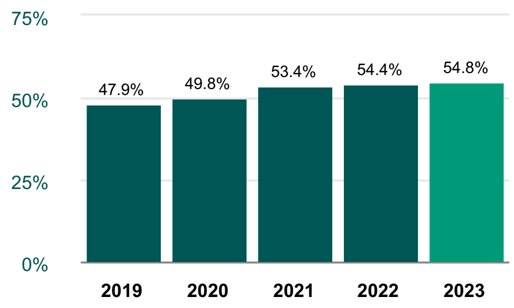
	2023	2022	CHANGE VS PRIOR YEAR
% of healthy own-brand food sales as a proportion of total own-brand food sales	**54.8%**	54.4%	0.4 pp

By 2023, 54.8% of own-brand food sales across our brands consisted of sales from healthy products – higher than our 54.6% ambition and an increase from 54.4% in 2022. Our ambition of 54.6% has been adapted to the Guiding Stars algorithm change in the U.S., following stricter dietary guidelines for Americans. This had a -0.4 percentage-point impact on a Group level, changing the target from 55.0%, as per our Annual Report 2022, to 54.6%.

The increase in our healthy sales percentage was achieved through many initiatives at our local brands. In the U.S., Giant Food offered a five-week "Healthier Together" series of free classes focussed on nutrition and healthy living and Stop & Shop held webinars with tips for grocery shopping and how to cook heart-healthy meals in support of American Heart Month. In Europe, we observed a shift in customer behavior towards more own-brand products; however, this was mostly observed in categories with relatively fewer healthy products, such as sweets and soft drinks. Despite this shift, our healthy sales percentage also increased in Europe, because of initiatives such as Mega Image's relaunch of its Nature's Promise own brand to help customers eat healthily in an affordable way.

See *ESG statements* for more information on how we measure the percentage of healthy own-brand sales.

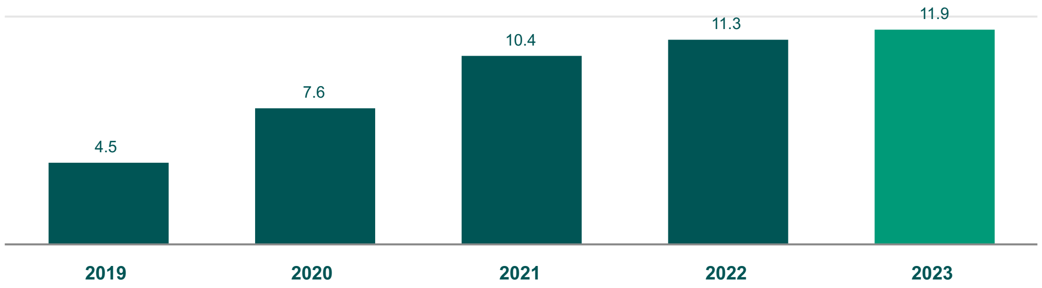
% Healthy own-brand food sales



TARGETS AND RESULTS

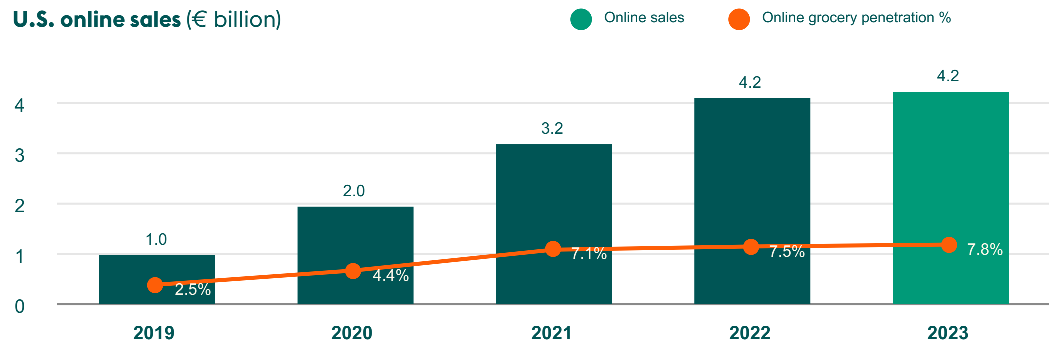
GROUP PERFORMANCE

Net consumer online sales (Group)[1] (€ billion)

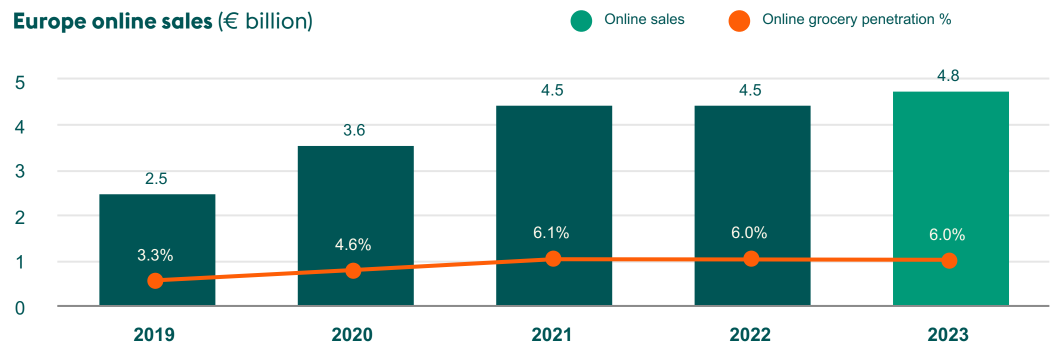


1 See *Alternative financial performance measures*.

U.S. online sales (€ billion)



Europe online sales (€ billion)



ONLINE SALES GROWTH CONTINUES

In 2023, we continued to deliver strong net consumer online sales, which amounted to €11,865 million, an increase of 5.9% at constant exchange rates. This was mostly driven by bol, which increased net consumer online sales by 6.2% over last year. This solid performance was helped by bol's well-performing logistics and advertising services. Online sales contributed €9,015 million to net sales (2022: €8,618 million).

The U.S. segment continued to see momentum in online sales. Net online sales increased by 5.1% in constant currency, also supported by an increased number of click-and-collect points (1,558 vs. 1,547 in 2022). We saw a double-digit increase in sales in this channel compared to last year, while home delivery sales decreased. Platform sales with third parties such as Instacart increased by single digits. Online penetration grew from 7.5% to 7.8%, led by Food Lion. Macroeconomic factors, including a reduction in SNAP benefits and constrained household budgets, led to a slowing in online growth during the latter part of the year. Against this backdrop, the U.S. brands focused on balancing growth, improving margin and investing for long-term success.

The U.S. brands invested in technology and data to offer richer and more seamless experiences for customers, create efficiencies at scale, and deliver greater ROI for our retail media and data partners. Notably, Food Lion began its migration onto PRISM (our proprietary e-commerce platform), with Hannaford to follow in 2024. The brands launched native mobile apps, which increased overall user engagement and performance, as well as an in-house recommendation engine to deliver a more personalized experience. And the brands' expanded retail media capabilities amplified the momentum with advertisers.

In addition, the U.S. brands are orienting fulfillment toward a store network that offers higher immediacy for customers and improves operational flexibility. The brands are well positioned to meet growing consumer preferences for pickup and faster delivery speeds (same-day delivery is now 74% of sales versus 40% in 2022). The U.S. brands continue to strengthen their execution and productivity metrics to improve the customer experience and unit economics.

In Europe, net consumer online sales increased by 6.3%. In addition to bol, all our European brands grew versus last year in the grocery e-commerce channel, with ah.nl as the main driver. Online grocery penetration remained constant at 6.0%, driven by a slight decrease at Albert Heijn that was offset by all of the other brands. Albert Heijn opened its innovative, sustainable and mainly mechanized e-commerce fulfilment center in Barendrecht. Across the Netherlands, the brand now processes 300,000 online orders per week.

The Europe segment also took big steps forward in strengthening its e-commerce foundations and increased execution and productivity by successfully scaling the e-commerce fulfillment model developed by Albert Heijn to Mega Image in Romania – a significant first phase in the European roll-out plan towards improved e-commerce profitability at the brands.

This was further supported by substantial progress in the digital advertising business across Europe, including enhanced self-service options and the scaling of our advertising technology with Adhese from the Netherlands to Alfa Beta in Greece this year – all of these developments driven by our passion to deliver the best customer experience every day. Albert Heijn grew to 3.3 million weekly app users and now has approximately 950,000 "AH Premium" members in its loyalty program. And bol launched a new payout model for sales partners, enabling further growth and improved partner Net Promoter Score (NPS) (see *Definitions and abbreviations*). Across Europe, the brands shared best practices and design foundations to offer the most impactful

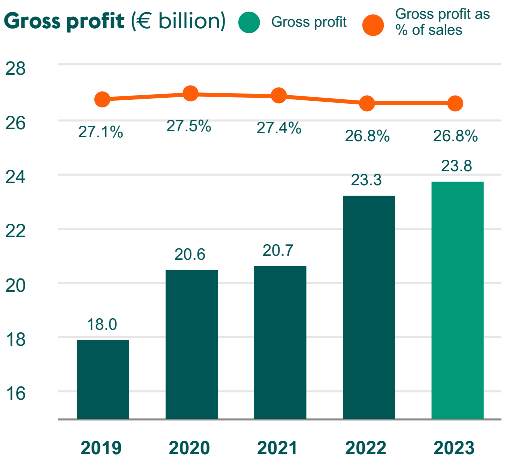
TARGETS AND RESULTS
GROUP PERFORMANCE

web and app experience, including new features, such as insights into savings, personal healthy meal ideas and relevant alternative product suggestions. Maxi in Serbia and Delhaize in Belgium launched a dedicated new web-based feature for their growing base of business-to-business customers, ensuring more ease and relevancy in online ordering. It will soon be rolled out to more of our brands in Europe.

GROSS PROFIT

Gross profit was up by €474 million, or 2.0%, compared to 2022. At constant exchange rates, gross profit increased by €908 million, or 4.0%. Gross profit margin (gross profit as a percentage of net sales) for 2023 was 26.8%, remaining equal compared to 2022. Continued margin pressure, driven by ongoing food inflation, has been fully offset, thanks to continued savings initiatives across the business, driven by our successful Save for Our Customers program, in particular, additional "Buy Better" initiatives and sourcing alliances.

Gross profit (€ billion)



Food waste

	2023	2022	CHANGE VS PREVIOUS YEAR
Tonnes of food waste per food sales (t/€ million)	**3.17**	3.29	
% reduction in food waste per food sales (t/€ million)[1]	**37%**	34%	2 pp

1 The reduction is measured against the restated 2016 baseline of 4.99 t/€ million. See *ESG statements* for more information.

Not only is reducing food waste an important ESG KPI, it is also a crucial tool to enhance our profit margins. In 2023, tonnes of food waste per food sales totaled 3.17, a notable 37% reduction compared to the 2016 baseline and a 2 percentage-point improvement compared to the preceding year.

This progress can be attributed to increased food sales as well as a reduction in overall food waste. Food sales increased by 1.5% compared to last year.

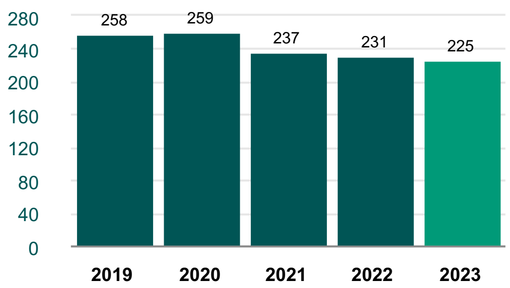
The absolute figure for food waste in 2023 amounted to 225 thousand tonnes, a decrease of 2.3% compared to last year. One way our brands contribute to food waste reduction is through food donations. We directed 25% of unsold food towards feeding those in need, demonstrating an improvement from the reported 22% in 2022.

In addition to more donations, our brands continued to find innovative ways to reduce food waste, such as by providing discounts during late store hours and educating employees on waste-reduction practices. For example, in the U.S., Giant Food works together with Divert to reduce the amount of organic waste going to landfill by marking down, repurposing or donating unsold but still edible food. Stop & Shop conducted training sessions for district leadership, during which they shared best practices on waste diversion and encouraged food donations.

In Europe, Delhaize Serbia strengthened cooperation with food banks on fruit and vegetable donations, and Albert donated multiple vans filled with fresh food to food banks across the Czech Republic. Another noteworthy initiative was undertaken by Alfa Beta, which is sending perishable products close to their expiration dates to a local restaurant that uses them to prepare delicious meals that day.

See *ESG statements* for more information on how we measure our performance on food waste.

Absolute food waste (in thousands of tonnes)[1]



1 Note that 2019 and 2020 figures were not restated to the same ESG reporting scope. See *ESG statements* for more information.

Plastic packaging

	2023	2022	CHANGE VS PRIOR YEAR
% virgin plastic packaging reduction vs. baseline	10.3%	(1.7)%	12.0 pp
% plastic packaging that is reusable, recyclable or compostable	28%	27%	1 pp

1 Reduction is from a restated 2021 baseline of 163 thousand tonnes. See *ESG statements* for more information.

Another important ESG KPI is our plastic packaging. Our brands are constantly working to improve their own-brand packaging by eliminating unnecessary plastic packaging, reducing the consumption of virgin plastic and increasing the use of recycled content.

By 2023, we had reduced our virgin plastic packing by 10.3% compared to our 2021 baseline, an improvement compared to the 1.7% increase vs. baseline last year. Total weight of virgin plastic packaging totaled 146 tonnes, which is 20 tonnes lower than the previous year. This reduction in virgin plastic packaging was mostly realized due to lower volumes of products containing plastic in the U.S., but was also impacted by many initiatives at our local brands, such as the elimination of plastic bags at Stop & Shop. In Europe, Alfa Beta introduced new packaging for organic tomatoes, apples and pears, saving 4,000 kg of plastic annually. At Albert Heijn, plastic bread clips were replaced by paper.

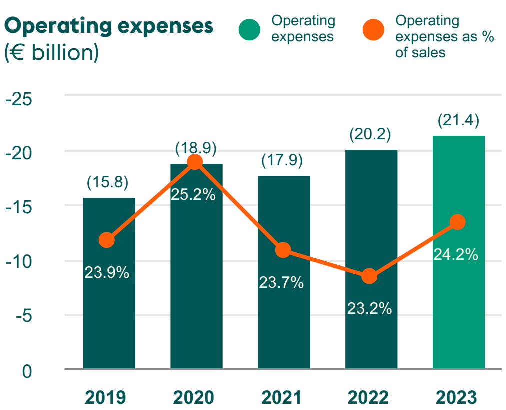
In 2023, 28% of our own-brand primary plastic packaging was reusable, recyclable or compostable, a 1 percentage-point improvement compared to 2022. See *ESG statements* for more information on how we measure our performance on plastic packaging.

GROUP PERFORMANCE

OPERATING EXPENSES

In 2023, operating expenses increased by €1,232 million, or 6.1%, to €21,422 million, compared to €20,190 million in 2022. At constant exchange rates, operating expenses increased by €1,603 million, or 8.1%. As a percentage of net sales, operating expenses increased by 1.0 percentage points to 24.2%, compared to 23.2% in 2022. Excluding gasoline sales and at constant exchange rates, operating expenses as a percentage of net sales increased by 0.9 percentage points. Operating expenses as a percentage of sales were considerably higher in 2023 compared to 2022, driven largely by the loss on divestment of FreshDirect and non-recurring restructuring costs related to our Accelerate program, partially offset by strong operational excellence and tight cost control, and moderating energy costs compared to 2022.

Operating expenses include impairments, gains (losses) on leases and the sale of assets, restructuring and related charges, and other items that management believes can distort an understanding of the trend related to the development of our underlying business. Impairment losses and reversals, gains (losses) on leases and the sale of assets – net, and restructuring and related charges are summarized on the next page.



Greenhouse gas (GHG) emissions (scope 1 and 2)

The primary sources of our scope 1 and 2 CO_2-equivalent emissions are refrigerant leakage, energy consumption, heating and transportation.

Compared to our 2018 baseline, GHG emissions decreased by 35% in 2023. The main driver for the higher reduction percentage compared to last year was our increased use of renewable energy, but emissions from heating and transport also decreased.

GHG emissions from refrigerant leakages are currently our largest source of emissions. In 2023, these emissions totaled 1,323 thousand tonnes, compared to 1,305 thousand tonnes in 2022. CO_2-equivalent refrigerant emissions per square meter were 153 kg, compared to 151 kg last year.

Our brands are working to reduce these emissions by using refrigerants with a lower Global Warming Potential (GWP) and through preventive refrigerant maintenance. The installation of natural refrigerants and low-GWP refrigeration systems during store remodeling caused a decline in average GWP, which reached 2,420 in 2023, compared to 2,475 last year. Our

Greenhouse gas (GHG) emissions (scope 1 and 2)

	2023	2022	CHANGE VS PRIOR YEAR
Absolute CO_2-equivalent emissions from own operations (scope 1 and 2) (thousand tonnes)[1]	**2,679**	2,891	(212)
% reduction in absolute CO_2-equivalent emissions from own operations (scope 1 and 2)[1]	**35%**	29%	5 pp

1 Reduction is from a restated 2018 baseline of 4,095 thousand tonnes CO_2-equivalent emissions. See *ESG statements* for more information.

U.S. brand Food Lion even received two awards from the U.S. Environmental Protection Agency for switching to these lower-GWP refrigerants and reducing emissions. Despite these initiatives, emissions have slightly increased, caused by more leakages in the U.S. brands' stores and at a DC in Mauldin, South Carolina.

Emissions from energy consumption were 1,103 thousand tonnes in 2023, compared to 1,326 thousand tonnes in 2022. This includes emissions from electricity, natural gas and propane. Emissions per square meter of sales area from energy consumption in 2023 were 128 kg compared to 153 kg in 2022.

Our brands continued to work on energy-efficiency measures to lower total electricity consumption – for example, through heat recuperation and by installing LED lights, cabinet doors, new refrigeration systems and improved insulation.

Since electricity consumption remains one of the largest causes of emissions from our own operations, we are sourcing more and more electricity from renewable sources and our brands are generating more of their own electricity by installing solar panels. In 2023, 40% of electricity consumed came from renewable sources, compared to 24% in 2022. Our brands generated 36,857 MWh of electricity by solar panels, compared to 30,484 MWh last year.

Another source of our scope 1 and 2 emissions is transportation. Some of the brands own trucks and delivery vans that deliver goods to stores and customers. The fuel these vehicles use also causes GHG emissions. Included in emissions from transportation is business travel made by our own fleet. Total emissions from transportation declined to 252 thousand tonnes compared to 259 thousand tonnes in 2022.

Two great examples of how our brands are lowering transport emissions are The GIANT Company's introduction of electric vehicles to its fleet to serve the Philadelphia area and Albert Heijn making transport 100% emissions-free in four cities in the Netherlands by the end of 2023.

See *ESG statements* for more information on how we measure GHG emissions for scope 1 and 2.

See the **updated Ahold Delhaize Climate Plan** issued in December 2023.

GROUP PERFORMANCE

IMPAIRMENT LOSSES AND REVERSALS – NET

Ahold Delhaize recorded the following impairments and reversals of impairments of assets – net in 2023 and 2022:

€ MILLION	2023	2022
The United States	**228**	212
Europe	**147**	24
Total	**375**	235

Impairment charges in 2023 were €375 million, up by €140 million compared to 2022. This is mainly attributable to FreshDirect impairment charges for property, plant and equipment and charges related to the transformation of integrated stores into independent affiliated stores in Belgium. To a lesser extent, the impairments related to the closure of fulfillment centers in Jersey City, New Jersey, and Hanover, Maryland, contributed to the Group's impairments.

(GAINS) LOSSES ON LEASES AND THE SALE OF ASSETS – NET

Ahold Delhaize recorded the following (gains) losses on leases and the sale of assets – net in 2023 and 2022:

€ MILLION	2023	2022
The United States	**220**	(181)
Europe	**(40)**	(17)
Global Support Office	**—**	—
Total	**180**	(198)

The losses on leases and the sale of assets in 2023 were €180 million, a €378 million unfavorable change compared to the €198 gain in 2022. This was largely due to the loss on the divestment of FreshDirect and partially offset by the sale of stores to franchisees, mainly related to Jan Linders stores in the Netherlands; gains related to the sale of investment properties and land in the U.S.; and the closure of the Jersey City fulfillment center. In 2022, the gain of €198 million was largely due to the sale of four U.S. warehouses to US Foods.

RESTRUCTURING AND RELATED CHARGES AND OTHER ITEMS

Restructuring and related charges and other items in 2023 and 2022 were as follows:

€ MILLION	2023	2022
The United States	**61**	(33)
Europe	**143**	(49)
Global Support Office	**(2)**	4
Total	**202**	(78)

Restructuring and related charges and other items in 2023 resulted in a €202 million net loss. This net loss is €280 million higher compared to 2022. In 2023, the U.S.-related charges were mostly driven by our Accelerate global restructuring program. In Europe, the net loss was mainly driven by the transformation of integrated stores in Belgium. In 2022, the restructuring and related charges in the U.S. were mainly driven by a net gain related to a further reduction of the defined benefit obligation of the the Food Employers Labor Relations Association and United Food and Commercial Workers Pension Fund ("FELRA") and the Mid-Atlantic UFCW and Participating Employers Pension Fund ("MAP"), related to the American Rescue Plan Act (see *Note 24*). In Europe, the net gain in 2022 was mainly driven by a release of a wage tax provision in Belgium, partially offset by one-off items in the Netherlands.

OPERATING INCOME

Operating income in 2023 went down by €922 million, or 24.5%, to €2,846 million compared to €3,768 million in 2022. This decrease of €922 million is mainly explained by unusual items, related to impairment, losses and restructuring charges, as described earlier in this section. At constant exchange rates, operating income was €846 million or (22.9)% lower than last year.

NET FINANCIAL EXPENSES

Net financial expenses in 2023 were down by €7 million, or 1.2%, to €546 million, compared to €552 million in 2022. The decrease is primarily due to higher interest rates on cash and short-term deposits, partially offset by higher interest expense on external debt and leases.

INCOME TAXES

In 2023, income tax expense was €456 million, down by €258 million, compared to €714 million in 2022. The main reason for the income tax decrease was lower income before income tax.

The effective tax rate, calculated as a percentage of income before income tax, was 19.8% in 2023 (2022: 22.2%). The details behind the effective tax rate decrease can be found in *Note 10*.

SHARE IN INCOME OF JOINT VENTURES

Ahold Delhaize's share in income of joint ventures was €30 million in 2023, or €14 million lower than last year.

Our share of JMR remained flat compared to last year. Our share of Super Indo's results in 2023 was €2 million higher than in 2022. Our share of individually immaterial joint ventures decreased by €16 million, compared to last year, due to the recycling of our share in the sale of property at one of our joint ventures in the U.S. in 2022. For further information about joint ventures, see *Note 15* to the consolidated financial statements.

TARGETS AND RESULTS

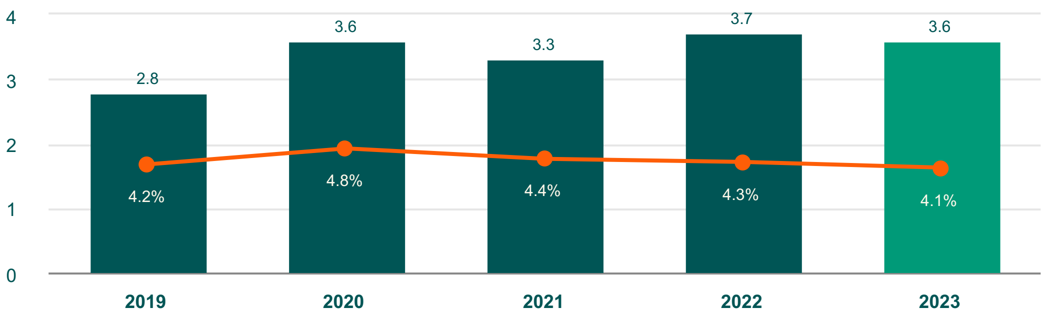
GROUP PERFORMANCE

UNDERLYING OPERATING INCOME AND UNDERLYING OPERATING INCOME MARGIN

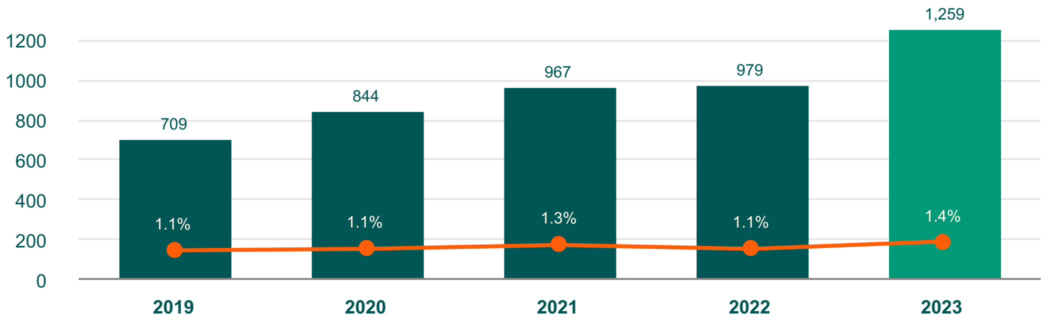
Underlying operating income was €3,604 million in 2023, down €124 million, or 3.3%, versus €3,728 million in 2022. At constant exchange rates, underlying operating income decreased by €45 million, or 1.2%, compared to 2022. The contribution by segment was 70% by the U.S., and 30% by Europe, respectively, which was the same as in 2022. Underlying operating income margin in 2023 was 4.1%, compared to 4.3% in 2022.

Our 2023 underlying operating margins were slightly under pressure versus the prior year, driven mainly by higher operational and administrative expenses that resulted from inflationary pressures, predominantly in the U.S., and strikes at Delhaize Belgium after management announced its intention to transform all of its integrated supermarkets in Belgium to independently operated stores. Margin pressure was partly offset by continued efforts to deliver on our Save for Our Customers cost-savings program. Various one-offs during the year, as well as the cycling of prior year one-offs, balanced out in a slightly positive result.

Underlying operating income (€ billion)



Save for Our Customers (€ million)



Our Save for Our Customers program delivered €1.3 billion in 2023, positively impacting our gross profit and operating expenses and yielding 28.5% more savings than in 2022, despite the challenging market environment. This result is partly due to our Accelerate initiative, launched in Q4 2022. Through Accelerate, we are evaluating additional savings and efficiency levers to streamline organizational structures and processes, optimize go-to-market propositions, increase joint sourcing and consolidate IT – with a clear priority to unlock resources to accelerate our Save for Our Customers program.

This program enables our great local brands to absorb cost increases, invest in better customer propositions and keep shelf prices as low as possible, to best serve customers and local communities, and ensure access to affordable and healthy food options in this inflationary environment.

Underlying operating income contribution by segment[1]

The United States	69.5%
Europe	30.5%

1 Before GSO costs.

FINANCIAL POSITION

FINANCIAL POSITION

€ MILLION	December 31, 2023	% OF TOTAL	January 1, 2023[1]	% OF TOTAL
Property, plant and equipment	**11,647**	**24.4%**	12,482	25.7%
Right-of-use asset	**9,483**	**19.8%**	9,607	19.8%
Intangible assets	**12,998**	**27.2%**	13,174	27.1%
Pension assets	**51**	**0.1%**	54	0.1%
Other non-current assets	**2,180**	**4.6%**	2,419	5.0%
Cash, cash equivalents and short-term deposits and similar instruments, and current portion investment in debt instruments[2]	**3,500**	**7.3%**	3,223	6.6%
Inventories	**4,583**	**9.6%**	4,611	9.5%
Other current assets	**3,380**	**7.1%**	2,984	6.1%
Total assets	**47,821**	**100.0%**	48,555	100.0%
Group equity	**14,755**	**30.9%**	15,405	31.7%
Non-current portion of long-term debt	**14,682**	**30.7%**	15,164	31.2%
Pensions and other post-employment benefits	**792**	**1.7%**	696	1.4%
Other non-current liabilities	**1,983**	**4.1%**	2,209	4.5%
Short-term borrowings and current portion of long-term debt and lease liabilities[2]	**3,085**	**6.5%**	2,476	5.1%
Payables	**8,278**	**17.3%**	8,162	16.8%
Other current liabilities	**4,248**	**8.9%**	4,444	9.2%
Total equity and liabilities	**47,821**	**100.0%**	48,555	100.0%

1 Balance sheet related to January 1, 2023 has been restated.
2 Short-term borrowings and current portion of long-term debt comprise €1,281 million lease liabilities, €250 million short-term borrowings, €767 million bank overdrafts and €787 million current portion loans (for more information, see *Note 26* to the consolidated financial statements).

Ahold Delhaize's consolidated balance sheets as of December 31, 2023, and January 1, 2023, are summarized as follows:

Total assets decreased by €734 million. Property, plant and equipment decreased by €836 million. Regular capital expenditures were offset by depreciation, impairment losses and exchange rate differences. The impairment losses were mostly recognized for FreshDirect and store assets related to Delhaize's transformation. For more information, see *Note 11* to the consolidated financial statements.

Right-of-use assets decreased by €124 million. The main drivers of this decrease were exchange rate differences, investments, reassessments and modifications to leases. For more information, see *Note 12* to the consolidated financial statements.

Intangible assets decreased by €176 million. This decrease was mostly due to lower goodwill, driven by exchange rate differences. For more information, see *Note 14* to the consolidated financial statements.

Other non-current assets decreased by €239 million, mostly driven by a decrease in receivables due to the recovery of a tax-related receivable from the Belgian tax authorities. For more information, see *Note 16* to the consolidated financial statements.

Cash, cash equivalents and short-term deposits and similar instruments, and current portion investment in debt instruments increased by €276 million, mainly driven by our strong free cash flow generation.

Other current assets increased by €396 million, driven by receivables and assets held for sale. For more information, see *Note 18* and *Note 5*.

Our pension and other post-employment benefits increased by €96 million to €792 million. For more information, see *Note 24*.

TARGETS AND RESULTS

FINANCIAL POSITION

DEBT

€ MILLION	December 31, 2023	January 1, 2023
Loans	**4,137**	4,527
Lease liabilities	**10,545**	10,637
Non-current portion of long-term debt	**14,682**	15,164
Short-term borrowings and current portion of long-term debt[1]	**3,085**	2,476
Gross debt	**17,766**	17,640
Less: cash, cash equivalents, short-term deposits and similar instruments, and short-term portion of investments in debt instruments[2,3,4]	**3,500**	3,223
Net debt	**14,267**	14,416

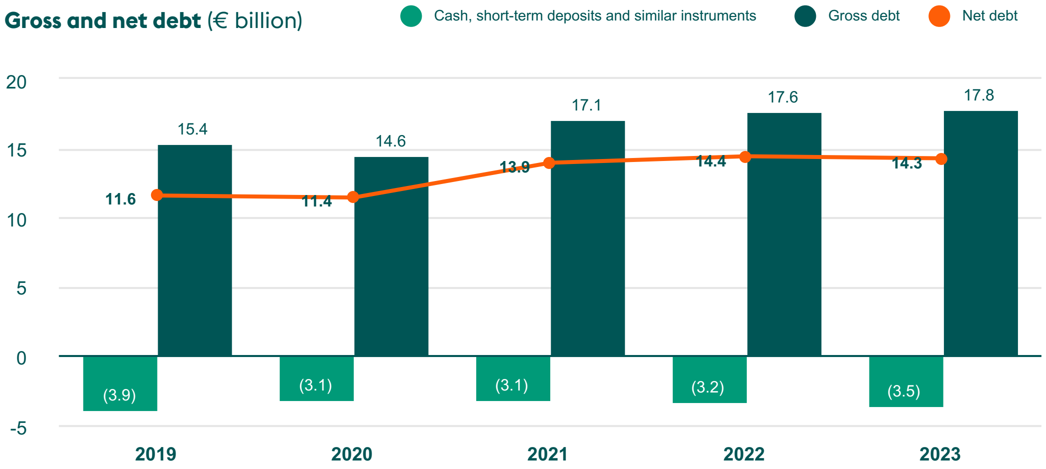
1 Short-term borrowings and current portion of long-term debt comprise €1,281 million lease liabilities, €250 million short-term borrowings, €767 million bank overdrafts and €787 million current portion loans (for more information see *Note 26* to the consolidated financial statements).

2 Short-term deposits and similar instruments include investments with a maturity of between three and 12 months. The balance of these instruments at December 31, 2023, was €15 million (January 1, 2023: €16 million) and is presented within Other current financial assets in the consolidated balance sheet.

3 Book overdrafts, representing the excess of total issued checks over available cash balances within the Group cash concentration structure, are classified in accounts payable and do not form part of net debt. This balance at December 31, 2023, was €335 million (January 1, 2023: €414 million).

4 Cash and cash equivalents include an amount held under a notional cash pooling arrangement of €767 million (January 1, 2023: €712 million). This cash amount is fully offset by an identical amount included under short-term borrowings and current portion of long-term debt.

Gross and net debt (€ billion)



In 2023, gross debt increased by €126 million to €17,766 million, primarily due to the issuance of a €500 million Green Bond, partially offset by exchange rate movements on the U.S. dollar-denominated liabilities.

Ahold Delhaize's net debt was €14,267 million as of December 31, 2023 – a decrease of €150 million from January 1, 2023. The decrease in net debt was mainly the result of the strong free cash flow generation (€2,425 million), partly offset by the payment of the common stock dividend (€1,044 million), the completion of the €1 billion share buyback program and an increase in lease obligations.

LIQUIDITY

LIQUIDITY POSITION

€ MILLION	December 31, 2023	January 1, 2023
Total cash and cash equivalents (*Note 20*)	**3,484**	3,082
Short-term deposits and similar instruments (*Note 19*)	**15**	16
Investments in debt instruments (FVPL) – current portion (*Note 19*)	**0**	125
Cash, cash equivalents, short-term deposits and similar instruments, and short-term portion of investments in debt instruments	**3,500**	3,223
Less: Notional cash pooling arrangement (short-term borrowings)	**767**	712
Liquidity position	**2,733**	2,511

Ahold Delhaize views available cash balances and funds from operating activities as its primary sources of liquidity, complemented by external sources of funds when deemed to be required. Ahold Delhaize manages short-term liquidity based on projected cash flows. As of December 31, 2023, the Company's liquidity position primarily comprised €2,733 million of cash (including short-term deposits and similar instruments and current portion of investments in debt instruments, adjusted for cash held under a notional cash pooling arrangement), and the undrawn portion of the €1.5 billion revolving credit facility.

Based on the current operating performance and liquidity position, the Company believes that cash provided by operating activities, the available cash balances and the undrawn portion of the revolving credit facility are sufficient to fund working capital needs, capital expenditures, interest payments, dividends, the announced €1 billion share buyback program, and scheduled debt repayments for the next 12 months. The Company entered into a €1.2 billion bridge facility to cover the funding of the announced acquisition of Profi in Romania. Finally, the Company has access to the debt capital markets based on its current credit ratings.

GROUP CREDIT FACILITY

Ahold Delhaize has access to a five-year €1.5 billion committed, unsecured, multi-currency and syndicated revolving credit facility, with two one-year extension options. In 2023, the Company agreed with the lenders to exercise the first option, extending the maturity to December 2028. This facility links the cost of borrowing to the Company's annual performance on sustainability KPIs that are aligned with its Grounded in Goodness strategy.

The credit facility contains customary covenants and a financial covenant that requires Ahold Delhaize, if its corporate rating from Standard & Poor's and Moody's is lower than BBB/Baa2, respectively, not to exceed a maximum leverage ratio of 5.5:1. The maximum leverage ratio was unchanged compared to the prior credit facility, dated 2020.

During 2023 and 2022, the Company complied with these covenants and was not required to test the financial covenant because its credit rating exceeded the thresholds. As of December 31, 2023, there were no outstanding borrowings under the facility.

CREDIT RATINGS

Maintaining investment grade credit ratings is a cornerstone of Ahold Delhaize's financial strategy because such ratings optimize the cost of funding and facilitate access to a variety of lenders and markets. Ahold Delhaize's current credit ratings from the solicited rating agencies are as follows:

- Standard & Poor's: corporate credit rating BBB+, with a stable outlook since March 2023 (2022: BBB with positive outlook).
- Moody's: issuer credit rating Baa1, with a stable outlook since February 2018 (2022: Baa1 with stable outlook).

CASH FLOWS

CONSOLIDATED CASH FLOWS

Ahold Delhaize's consolidated cash flows for 2023 and 2022 are as follows:

€ MILLION	2023	2022
Operating cash flows from continuing operations	**6,466**	6,110
Purchase of non-current assets (cash capital expenditure)	**(2,434)**	(2,490)
Divestment of assets/disposal groups held for sale	**136**	288
Dividends received from joint ventures	**22**	38
Interest received	**160**	56
Lease payments received on lease receivables	**117**	115
Interest paid	**(226)**	(174)
Repayments of lease liabilities	**(1,815)**	(1,755)
Free cash flow	**2,425**	2,188
Proceeds from long-term debt	**500**	—
Repayments of loans	**(291)**	(162)
Changes in short-term loans	**97**	(93)
Changes in short-term deposits and similar instruments	**—**	—
Dividends paid on common shares	**(1,044)**	(979)
Share buyback	**(999)**	(997)
Acquisition/(divestment) of businesses, net of cash	**(164)**	(7)
Other cash flows from derivatives	**—**	—
Other	**(49)**	(41)
Net cash from operating, investing and financing activities	**475**	(92)

Operating cash flows from continuing operations were higher by €356 million. At constant exchange rates, operating cash flows from continuing operations were higher by €463 million, or 7.7%. The purchase of non-current assets was lower by €57 million, or €12 million lower at constant exchange rates.

FREE CASH FLOW

Free cash flow, at €2,425 million, increased by €237 million compared to 2022, mainly driven by favorable operating cash flow from continuing operations of €356 million and favorable net interest of €52 million. This upside was partly offset by higher net investments of €96 million, unfavorable repayment of lease liabilities of €61 million and lower dividends received from joint ventures in 2023 compared to 2022 of €17 million.

The positive changes in operating cash flow resulted mainly from favorable changes in working capital in Europe and lower income taxes paid in 2023 versus 2022 (see *Note 10*). Favorable changes in working capital resulted from improvements in inventories and payables. The favorable difference in cash flows, related to income taxes, pertains to the agreement with the Belgian tax authorities and the recovery of the associated outstanding receivable. In March 2023, Ahold Delhaize signed an agreement with the Belgian tax authorities relating to its tax return over 2018. Based on this agreement, Ahold Delhaize fully recovered its associated outstanding receivable. The payment was received in May 2023.

In 2023, the main uses of free cash flow included:

- Share buyback program, for a total amount of €999 million.
- Common stock final dividend of €0.59 per share for 2022, paid in 2023, and common stock interim dividend of €0.49 per share for 2023, resulting in a total cash outflow of €1,044 million.

TARGETS AND RESULTS

CAPITAL INVESTMENTS AND PROPERTY OVERVIEW

Capital expenditure (CapEx), including acquisitions and additions to right-of-use assets, amounted to €4,099 million in 2023 versus €4,107 million in 2022. Total cash CapEx for the year amounted to €2,434 million in 2023, a decrease of €57 million compared to the previous year. Total regular CapEx was modestly lower than last year; the small decrease is the result of lower store investments in the U.S. in 2023.

Capital investments were primarily allocated to the expansion, remodeling and maintenance of our store network, online channel, supply chain and IT infrastructure, and the development of our digital capabilities.

A portion of our annual investments are focused on reducing our carbon footprint. These include the replacement of refrigeration systems to allow for the use of refrigerants with lower GWP, projects to reduce energy consumption in our facilities, the gradual phase-out of internal combustion vehicles with electric alternatives and other initiatives. In support of these efforts, we require investment proposals to be aligned with the latest company standards regarding energy consumption and the mitigation of potential harmful effects caused by refrigerants.

At the end of 2023, Ahold Delhaize brands operated 7,716 stores, compared to 7,659 in 2022. The Company's total sales area amounted to 9.9 million square meters in 2023, an increase of 0.8% over the prior year.

CAPITAL EXPENDITURES

€ MILLION	2023	2022	CHANGE VERSUS PRIOR YEAR	% OF SALES
The United States	**2,139**	2,283	(144)	3.9%
Europe	**1,889**	1,743	145	5.5%
Global Support Office	**23**	26	(4)	
Total regular capital expenditures	**4,051**	4,053	(2)	4.6%
Acquisition capital expenditures	**49**	54	(6)	0.1%
Total capital expenditures	**4,099**	4,107	(8)	4.6%
Total regular capital expenditures	**4,051**	4,053	(2)	4.6%
Right-of-use assets[1]	**(1,683)**	(1,591)	(92)	(1.9)%
Change in property, plant and equipment payables (and other non-cash adjustments)	**66**	28	38	0.1%
Total cash CapEx (cash capital expenditure)	**2,434**	2,490	(57)	2.7%
Divestment of assets/disposal groups held for sale	**(136)**	(288)	152	(0.2)%
Net capital expenditure	**2,298**	2,202	96	2.6%

1 Right-of-use assets comprises additions (€588 million), reassessments and modifications to leases (€1,080 million) (for more information see *Note 12* to the consolidated financial statements) as well as additions (€5 million) and reassessments and modifications to leases (€11 million) relating to right-of-use assets included within investment properties (for more information see *Note 13* to the consolidated financial statements).

CAPITAL INVESTMENTS AND PROPERTY OVERVIEW

NUMBER OF STORES

The total number of stores (including stores operated by franchisees) is as follows:

	OPENING BALANCE	OPEN/ ACQUIRED	CLOSED/ SOLD	CLOSING BALANCE
The United States	2,051	2	(5)	**2,048**
Europe	5,608	204	(144)	**5,668**
Total number of stores	7,659	206	(149)	**7,716**

	2023	2022	CHANGE VERSUS PRIOR YEAR
Number of stores operated by Ahold Delhaize	**5,618**	5,619	(1)
Number of stores operated by franchisees	**2,098**	2,040	58
Number of stores operated	**7,716**	7,659	57

Franchisees operated 2,098 stores in the Netherlands, Belgium, Luxembourg and Greece.

The total number of pick-up points is as follows:

	2023	2022	CHANGE VERSUS PRIOR YEAR
The United States	**1,564**	1,549	15
Europe	**269**	263	6
Total	**1,833**	1,812	21

At the end of 2023, Ahold Delhaize operated 1,833 pick-up points, which was 21 more than in 2022. These are either standalone, in-store or office-based and include 1,564 pick-up points in the U.S., of which 1,558 are click-and-collect points.

Ahold Delhaize also operated the following other properties as of December 31, 2023:

Warehouses/DCs/production facilities/offices	**184**
Properties under construction/ development	**97**
Investment properties	**651**
Total	**932**

Investment properties consist of buildings and land not employed in support of our retail operations. The vast majority of these properties were subleased to third parties. Of these, many consisted of shopping centers containing one or more Ahold Delhaize stores and third-party retail units generating rental income.

The total number of retail locations owned or leased by Ahold Delhaize was 6,358 in 2023. This total includes 729 stores subleased to franchisees and 11 pick-up points in stand-alone locations. Ahold Delhaize brands also operate 223 gas stations on the premises of some of their stores. The total number of retail locations owned or leased increased by 65 compared to 2022.

The following table breaks down the ownership structure of our 6,358 retail locations (inclusive of stores subleased to franchisees) and 932 other properties as of December 31, 2023.

	RETAIL LOCATIONS	OTHER PROPERTIES
Company owned % of total	19%	49%
Leased % of total	81%	51%

TAX TRANSPARENCY AND RESPONSIBILITY

TAX TRANSPARENCY AND RESPONSIBILITY

At Ahold Delhaize, we seek to make a positive impact in the communities where our brands operate and be good neighbors. We do this by paying taxes in a way that takes into consideration social and corporate responsibility and the interests of all our stakeholders. Our overall tax approach is in line with Ahold Delhaize's Business Principles, ESG strategy and Code of Conduct.

Our tax policy, which applies to all consolidated group entities, consists of five main tax principles: transparency, accountability and governance, compliance, relationships with authorities and business structure. Our tax principles are aligned with The B Team's Responsible Tax Principles, developed by a group of leading companies, with involvement from civil society, investors and representatives from international institutions. In 2017, The B Team brought together the heads of Tax from nine multinationals to develop the Responsible Tax Principles, which raise the bar on how businesses approach tax and transparency and help forge a new consensus around what responsible tax practice looks like.

Ahold Delhaize complies with the principles included in the VNO-NCW Tax Governance Code. For more information, see *compliance to the code* on the Ahold Delhaize website at *www.aholddelhaize.com*.

Transparency

By paying our share of taxes in the countries where we have operations, we contribute to economic and social development in these countries. Also, with our total tax contribution, we support the UN SDGs.

In 2023, Ahold Delhaize collected and bore many types of taxes: payroll tax, corporate income tax, net-value-added tax (VAT), sales and use (S&U) tax, property tax and real estate tax, dividend tax, excise and customs duties and others (e.g., packaging tax), for a total amount of €5.9 billion. Approximately €1.7 billion of the company's total tax contribution in 2023 was taxes borne.

The total tax contribution and corporate income tax payments that were reported per country are summarized below.

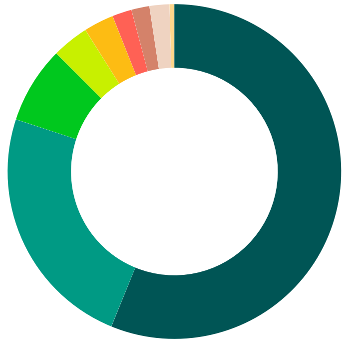
Our effective income tax rate (ETR) over 2023 was 19.8%. This is our worldwide income tax expense for the financial year 2023, amounting to €456 million, shown as a percentage of the consolidated income before income taxes.

For more details on our corporate income tax financial position see **Note 10** to the consolidated financial statements.

Ahold Delhaize 2023 total tax contribution by type €5.9 billion (€ million)

Payroll tax	3,121
VAT and S&U tax	1,594
Corporate income tax	200
Excise and customs duties	399
Property and real estate tax	321
Dividend tax	157
Other	95

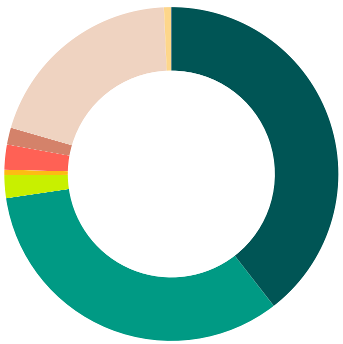
Ahold Delhaize 2023 total tax contribution by country €5.9 billion (€ million)



The United States	3,307
The Netherlands	1,405
Belgium	438
Czech Republic	210
Greece	172
Serbia	111
Romania	103
Switzerland	113
Luxembourg	28

TAX TRANSPARENCY AND RESPONSIBILITY

Ahold Delhaize 2023 corporate tax paid per country €200 million
(€ million)



The United States	224
The Netherlands	188
Belgium	(367)
Czech Republic	13
Greece	3
Serbia	14
Romania	9
Switzerland	112
Luxembourg	4

Tax incentives

We define tax incentives as fiscal measures designed by governments to stimulate investment and encourage growth or a change in behavior by providing more favorable tax treatment to some activities or sectors.

For some of the activities that Ahold Delhaize and the brands undertake as part of our efforts to positively impact communities, there are tax incentives available, as described below.

Ahold Delhaize does make limited use of tax incentives. The main tax incentives applied by Ahold Delhaize in the various jurisdictions where our brands operate are:

Wage tax credits

Certain wage tax credits are available to companies that give opportunities to people who normally face difficulties finding employment, such as individuals with physical disabilities, as local governments seek to stimulate work participation in the labor market for these employees.

Capital investment credits

Local governments sometimes provide capital investment credits to stimulate investment (e.g., in warehouses or stores) in certain areas, to stimulate economic growth in their local communities.

Research and development (R&D) incentives

Local governments sometimes provide R&D incentives to companies undertaking certain activities that increase the level of innovation and economic growth in their communities. We are always striving to innovate as we drive operational excellence, for instance, by optimizing stock in our brands' DCs and stores. We receive R&D incentives for some of these activities.

Accountability and governance

Ahold Delhaize has a well-equipped and professional Tax function. It reports directly to the CFO and has direct access to the Management Board and the Supervisory Board. At least once a year, the function presents a tax update, including the implementation and execution of the tax strategy, to the Audit, Finance and Risk Committee of the Supervisory Board. The global tax policy is approved by the Management Board.

Our tax risk appetite is based on Ahold Delhaize's overall compliance-related risk appetite, which is very low. We recognize the risk that non-compliance with applicable tax laws and regulations could result in damage to Ahold Delhaize's reputation or to the relationship with our host countries. For more information, see *Risk management*.

Tax in control statement:

Being in control in relation to taxes and responsible taxation is an important objective for our Tax department and our Company. We have certain activities in place to support this, including:

- We have a tax control framework to assess and control tax risks for the various taxes and jurisdictions.
- We define, implement and test tax controls resulting from our risk assessment exercises through our various monitoring functions – comprising senior management and the Risk & Controls (second line of defense) and Internal Audit teams – making use of specific Ahold Delhaize tools developed for this purpose.
- Based on the annual internal audit plan, we audit selected taxes and/or jurisdictions. This results in an audit report rating the design and operating effectiveness of our tax controls.
- We have a separate control framework for responsible taxation in place.
- (Local) management signs a letter of representation on a quarterly basis stating, among other things, that they are in compliance with all (tax) controls and policies.
- We hold frequent update meetings with local CFOs and business teams.
- We produce a tax compliance report.
- We organize continuous education for the Tax team and related functions.

Each quarter, our brands sign a letter of representation, which includes an approval and a confirmation on the accuracy and completeness of our tax position. We have a tax strategy in place that is proactively communicated throughout the Company, and we organize training for selected brands and jurisdictions, during which the tax policy and its main principles are explained through tax risk workshops.

On a regular basis, we monitor whether our tax strategy is aligned with the Ahold Delhaize Business Principles, ESG strategy and Code of Conduct. For example, the Tax department's annual objectives are based on the abovementioned principles and strategy and cascaded to individual associates' goals. Department and associate performance compared to these objectives is measured at least once per year.

TAX TRANSPARENCY AND RESPONSIBILITY

Ahold Delhaize associates have access to a whistle-blower line for reporting any ethical or compliance concerns related to company practices, including tax matters.

We are also actively involved in the field of tax technology. We have drafted a global tax technology strategy and roadmap based on five pillars: insights, data driven, automation, risk management and future proof. We set up various initiatives within our direct tax disciplines (such as country-by-country reporting automation, Pillar 2 calculations and a tax reporting engine) and indirect tax disciplines (such as a VAT solution and tax engine), to optimize and upgrade our tax processes. We closely align with broader finance implementations, such as a new core finance system, and our IT function assists us with our tax technology projects.

Compliance

Our tax compliance is based on the following examples of good tax practices:

- We aim to file our taxes in full compliance with local laws and regulations.
- We base our tax compliance on a reasonable and responsible interpretation of tax laws.
- We aim to comply with the letter as well as the spirit of the law.
- We attempt to discuss and clarify uncertainties about the tax treatment upfront with the tax authorities.
- We only seek rulings from tax authorities to confirm the applicable treatment of laws and regulations based on full disclosure of the relevant facts.
- We only make use of tax incentives when they are aligned with our business and operational objectives, follow from the tax law and are generally available to all market participants.

Relationships with tax authorities

Ahold Delhaize engages with tax authorities based on mutual trust, and we seek open and transparent working relationships with them. We provide the tax authorities with any information they require within a reasonable timeframe. This helps both the tax authorities and Ahold Delhaize to foster timely and efficient compliance. In the Netherlands, we have an individual monitoring plan in place with the Dutch tax authorities. In Belgium, we successfully finalized the Co-operative Tax Compliance Program (CTCP) pilot project in 2023.

Stakeholder engagement

As a company close to society, we value constructive dialogue on taxes with the governments in the countries where our brands operate and we respond to government consultations on proposed changes to legislation with the aim to achieve sustainable legislation.

In addition to the tax authorities, our stakeholders also include investors, customers, business partners, non-governmental organizations, employees and the broader communities in which we operate. We are an active member in a number of stakeholder representation groups such as the VNO-NCW and Nederlandse Orde van Belastingadviseurs. We also participate and provide active feedback in the Dutch Association of Investors for Sustainable Development (VBDO) tax transparency initiative. We actively participate in the European Business Tax Forum (EBTF) Total Tax Contribution Study.

Business structure

We have a physical presence in all jurisdictions where we operate and we follow internationally accepted norms and standards (e.g., OECD)/ Action Plan on Base Erosion and Profit Shifting/ EU).

In anticipation of new EU and OECD regulations (e.g., Pillar 2), we ceased operations in Curacao at the end of 2023 and transferred the remaining activities in Curacao to other Ahold Delhaize operations at the first day of the new financial year 2024. We do not expect material changes for any of our other operations with respect to Pillar 2 implementation. See *Note 10* for more information.

Our tax decision-making process is based on the following examples of good tax practices:

- We do not transfer value created to jurisdictions listed on the EU "blacklist" of non-cooperative jurisdictions for tax purposes updated by the Council of the European Union on October 17, 2023, or (low-tax) jurisdictions listed on the Netherlands' blacklist published in the Government Gazette on December 15, 2023.
- We pay tax on profits according to where value is created within the normal course of business.
- We base our transfer pricing policy on the arm's length principle.
- We do not use opaque corporate structures or those situated in low-tax jurisdictions to hide relevant information from the tax authorities.
- We do not operate in countries listed in low-tax jurisdictions.
- We are transparent about the entities we own (see *Note 35* to the consolidated financial statements).
- We will not engage in arrangements with any employee, customer or contractor whose sole purpose is to create a tax benefit in excess of what is reasonably understood to be intended by relevant tax rules.

For more information, see the Ahold Delhaize website at *www.aholddelhaize.com*.

TARGETS AND RESULTS

EARNINGS AND DIVIDEND PER SHARE

Income from continuing operations per common share (basic) was €1.95, a decrease of €0.61, or 23.9%, compared to 2022. The main drivers of this decrease were unfavorable foreign currency translation impacts related to a weaker U.S. dollar in 2023 versus 2022 and higher operating expenses, driven by inflationary pressures, predominantly in the U.S. Costs related to the aforementioned Delhaize Belgium transformation program and the divestment and impairment of FreshDirect also had a significantly unfavorable impact. The decline was partially offset by the decrease in the number of outstanding shares as a result of a €1 billion share buyback program carried out in 2023 (see Note 21 to the consolidated financial statements for more information on the share movements). Underlying income from continuing operations per common share (diluted) was €2.54, a decrease of €0.01, or 0.4%, compared to 2022, also driven by unfavorable foreign currency translation.

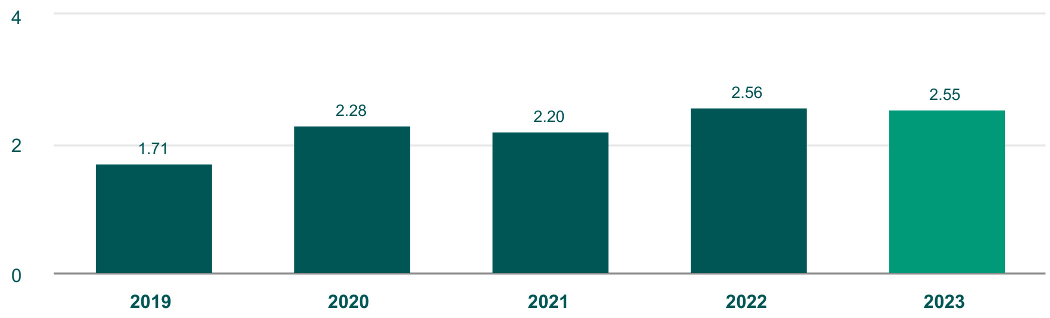
Ahold Delhaize's policy is to target a dividend payout ratio range of 40-50% of its underlying income from continuing operations. Underlying income from continuing operations for 52 weeks amounted to €2,451 million in 2023 and €2,551 million in 2022. As part of our dividend policy, we adjusted income from continuing operations, as shown in the table *Underlying income from continuing operations.*

We propose a cash dividend of €1.10 per share for the financial year 2023, an increase of 4.8% compared to 2022, reflecting our ambition to sustainably grow dividend per share. This represents a payout ratio of 43% of underlying net income from continuing operations for 52 weeks.

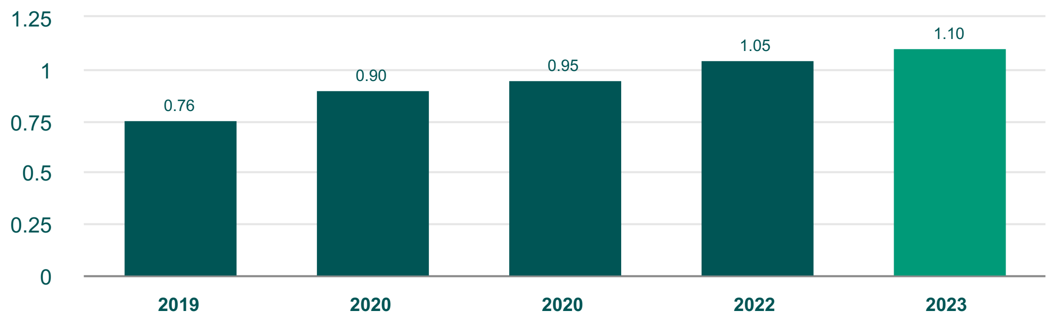
If approved by the General Meeting of Shareholders, a final dividend of €0.61 per share will be paid on April 25, 2024. This is in addition to the interim dividend of €0.49 per share, which was paid on August 31, 2023. In 2023, dividend payments totaled €1,044 million (vs. €979 million in 2022).

UNDERLYING INCOME FROM CONTINUING OPERATIONS € MILLION	2023 (BASED ON 52 WEEKS)	2022 (BASED ON 52 WEEKS)
Income from continuing operations	**1,874**	2,546
Adjusted for:		
Impairment losses and reversals – net	**375**	235
(Gains) losses on leases and the sale of assets – net	**180**	(198)
Restructuring and related charges and other items	**202**	(78)
Unusual items in net financial expense	**—**	—
Tax effect on adjusted and unusual items	**(181)**	44
Underlying income from continuing operations	**2,451**	2,551
Income from continuing operations per share attributable to common shareholders	**1.95**	2.56
Underlying income from continuing operations per share attributable to common shareholders	**2.55**	2.56
Diluted underlying income per share from continuing operations	**2.54**	2.55

Underlying income from continuing operations per common share (basic)



Dividend per common share



See **Information about Ahold Delhaize shares** for further details.

FINANCIAL REVIEW BY SEGMENT

KEY FINANCIAL AND NON-FINANCIAL INFORMATION

The segmental key financial and non-financial information per region for 2023, 2022, 2021 and 2020 is presented below:

	THE UNITED STATES				EUROPE			
	2023	2022	2021	2020	2023	2022	2021	2020
Net sales (€ millions)	**54,536**	55,218	45,455	45,470	**34,113**	31,767	30,147	29,266
Net sales ($ millions)	**58,976**	57,959	53,699	51,838				
Of which: online sales (€ millions)	**4,247**	4,157	3,228	1,968	**4,768**	4,461	4,477	3,579
Of which: online sales ($ millions)	**4,592**	4,367	3,814	2,259				
Net sales growth in local currency	**1.8%**	7.9%	3.6%	15.6%	**7.2%**	5.0%	2.8%	12.1%
Comparable sales growth[1]	**1.8%**	7.4%	2.6%	13.3%	**6.5%**	2.9%	2.8%	9.5%
Comparable sales growth (excluding gasoline sales)[1]	**2.3%**	6.8%	1.9%	14.4%	**6.5%**	2.9%	2.8%	9.6%
Net consumer online sales (€ millions)	**4,247**	4,157	3,228	1,968	**7,618**	7,166	7,173	5,608
Net consumer online sales ($ millions)	**4,592**	4,367	3,814	2,259				
Operating income (€ millions)	**2,044**	2,605	2,231	1,006	**870**	1,173	1,209	1,380
Operating income ($ millions)	**2,210**	2,733	2,631	1,064				
Underlying operating income (€ millions)	**2,553**	2,603	2,150	2,466	**1,120**	1,131	1,306	1,325
Underlying operating income ($ millions)	**2,761**	2,727	2,543	2,789				
Underlying operating margin	**4.7%**	4.7%	4.7%	5.4%	**3.3%**	3.6%	4.3%	4.5%
Number of employees/headcount (at year-end in thousands)	**229**	239	239	239	**173**	175	174	175
Number of employees/FTEs (at year-end in thousands)[2]	**140**	155	160	158	**91**	94	99	91
Contribution to Ahold Delhaize net sales	**61.5%**	63.5%	60.1%	60.8%	**38.5%**	36.5%	39.9%	39.2%
Contribution to Ahold Delhaize underlying operating income[3]	**69.5%**	69.7%	62.2%	65.0%	**30.5%**	30.3%	37.8%	35.0%

1 For the year 2023, 2022 and 2021, comparable sales growth is presented on a comparable 52-week basis. In the year 2020, comparable sales growth is presented on a 53-week basis.
2 Included in the 91,000 FTEs in Europe in 2023 (2022: 94,000; 2021: 99,000; 2020: 91,000) are 39,000 FTEs in the Netherlands (2022: 40,000; 2021: 40,000; 2020: 32,000).
3 Before GSO costs.

THE UNITED STATES

NET SALES

€54.5bn 1.8%*

2022: €55.2bn (1.2)% vs. 2022

COMPARABLE SALES GROWTH (EXCLUDING GASOLINE SALES)

2.3%

OPERATING INCOME

€2.0bn (19.1)%*

2022: €2.6bn (21.5)% vs. 2022

UNDERLYING OPERATING INCOME

€2.6bn 1.3%*

2022: €2.6bn (1.9)% vs. 2022

UNDERLYING OPERATING MARGIN

4.7% — pp*

2022: 4.7% — pp vs. 2022

NET CONSUMER ONLINE SALES

€4.2bn 5.1%*

2022: €4.2bn 2.2% vs 2022

*At constant rates.

THE UNITED STATES SEGMENT

€ MILLION	2023	2022	CHANGE VERSUS PRIOR YEAR	% CHANGE	% CHANGE AT CONSTANT RATES
Net sales	**54,536**	55,218	(681)	(1.2)%	**1.8%**
Of which online sales	**4,247**	4,157	**90**	2.2%	**5.1%**
Comparable sales growth	**1.8%**	7.4%			
Comparable sales growth excluding gasoline	**2.3%**	6.8%			
Operating income	**2,044**	2,605	(561)	(21.5)%	(19.1)%
Adjusted for:					
Impairment losses and reversals – net	**228**	212	16		
(Gains) losses on leases and the sale of assets – net	**220**	(181)	401		
Restructuring and related charges and other items	**61**	(33)	94		
Underlying operating income	**2,553**	2,603	(50)	(1.9)%	**1.3%**
Underlying operating income margin	**4.7%**	4.7%			

In 2023, net sales were €54,536 million, a decrease of €681 million or 1.2% compared to 2022. At constant exchange rates, net sales showed an increase of 1.8%, mainly driven by inflation. Sales growth was positively impacted by strong pharmacy sales growth, partially offset by lower gasoline sales. The moderation of inflation rates compared to last year and the reduction in federal SNAP benefits had an unfavorable impact on sales growth. Through our strong value propositions and ongoing momentum in online sales, we were able to offset a large portion of these headwinds. The Food Lion and Hannaford brands led performance for the U.S. segment. Food Lion has achieved uninterrupted positive sales growth for 11 consecutive years.

Online sales were €4,247 million, up by 5.1% compared to the prior year at constant exchange rates. The U.S. brands set in motion initiatives that drove higher sales, supported by strong performance and the development of partnerships with third-party delivery services; reduced customer lead and wait times; improved customer value through reduced fees and reduced minimum order values, service and delivery fees; and continued to work on product launches and new releases. This year, the U.S. brands also invested in improving the digital experience and modernizing technology to support peak traffic.

FINANCIAL REVIEW BY SEGMENT

THE UNITED STATES

Own-brand food sales (%)

Own-brand food sales	31.5%
Branded food sales	68.5%

Net sales by category (%)

Fresh	44.6%
Non-perishables	38.2%
Non-food	9.6%
Pharmacy	5.6%
Gas	2.0%

The Ahold Delhaize USA brands continue to strengthen their value propositions by expanding their leading own-brand offerings. In 2023, own-brand food sales accounted for 31.5% of total food sales, down by 0.6 percentage points compared to 2022. This decline was driven by lower fresh product sales and, in particular, meat sales. Nonetheless, the unit penetration of own brands went up in total.

Fresh remained the biggest category in terms of net sales, despite the relative loss of share as a percentage of total sales compared to last year. Non-perishables increased most in terms of relative share, followed by pharmacy. Conversely, the relative share of non-food and gas decreased, with non-food being the category with the highest loss.

Comparable sales excluding gasoline for the segment increased by 2.3%, positively affected by food inflation and a strong sales performance by, most notably, Food Lion and Hannaford. In addition, sales in the U.S. benefited this year from 180 remodels and two new stores.

Operating income decreased by €561 million, or 21.5%, compared to 2022. Underlying operating income was €2,553 million and is adjusted for the following items:

- Impairment losses and reversals – net: In 2023, impairment charges amounted to €228 million, versus €212 million in 2022. In the U.S., these impairments mostly related to property, plant and equipment impairments for FreshDirect and, to a much smaller extent, an impairment on leasehold improvements for the Jersey City, New Jersey, and Hanover, Maryland, fulfillment centers. In 2022, the impairment losses related mostly to the goodwill and other intangible assets of FreshDirect.
- (Gains) losses on leases and the sale of assets – net: In 2023, this total net loss was €220 million, mainly attributable to the loss on the divestment of FreshDirect. In 2022, a €181 gain was recorded that mainly related to the sale of four investment properties to US Foods.
- Restructuring and related charges and other items: In 2023, the net loss amounted to €61 million, mainly driven by the Accelerate restructuring program. As part of this initiative, additional severance provisions and other related costs were included for the closure of the fulfillment centers in Jersey City and Hanover. In 2022, the net gain was mainly related to a reduction of the defined benefit obligation of the FELRA and MAP, related to the American Rescue Plan Act (see *Note 24*).

In 2023, underlying operating income was €2,553 million, down by €50 million or 1.9% compared to last year. At constant exchange rates, underlying operating income increased by 1.3%.

The United States' underlying operating margin in 2023 was 4.7%, flat compared to 2022. The cycling of an insurance reserve release in 2022 and the unfavorable effect of a change in sales mix, as well as higher operating costs and higher shrink, resulted in pressures on the operating margin. A favorable reserve release and one-off settlements in Q4, as well as a modest margin mix benefit from the divestment of FreshDirect, offset the unfavorable effects on margin.

THE UNITED STATES

GROWTH DRIVERS IN ACTION

Drive omni-channel growth

The Ahold Delhaize USA brands have continued to strengthen their market positions through investments into their stores, digital offerings and e-commerce. They continued to invest in remodels, completing over 180 across all brands this year. Food Lion completed 53 remodels, continuing to integrate stores that were acquired from Southeastern Grocers, and also invested into eastern North Carolina with an additional 76 remodels completed in the Wilmington and Greenville markets.

All the U.S. brands have continued to invest in the e-commerce channel, with over 1,558 click-and-collect points across the store footprint and further investments into the supporting infrastructure to improve efficiencies in picking and last mile. Over 11 billion personalized offers were delivered to customers, creating additional value for them and enhancing their overall experience, while strengthening their relationships with the brands.

Elevate healthy and sustainable

In 2023, Ahold Delhaize USA and its brands continued to demonstrate and be recognized for progress on their healthy and sustainable ambitions. They joined ReFED and World Wildlife Fund in launching the U.S. Food Waste Pact to better advance our focus on reducing food waste and eliminating hunger in local communities. This national voluntary agreement helps food businesses advance on their food waste reduction goals. The brands have made great progress; for instance, The GIANT Company reached 110 zero-waste stores, and its partnership with Feeding America has grown across brands.

Reducing plastic packaging is another key focus area. Stop & Shop eliminated front-end carrier bags from all its stores, while Hannaford partnered with a local startup to pilot a fiber-based alternative to certain plastic packaging in the bakery department.

The brands continue to aim to make healthier eating easier. At Giant Food, the Healthy Living Team is testing new technology to better enable Produce Prescriptions and other nutrition incentive programs.

Ahold Delhaize USA's commitment to reducing emissions is evident in Food Lion's 22 years of consecutive Energy Star POTY, Green Chill Superior and Exceptional Goal Achievement awards. The U.S. brands also developed a regenerative agriculture strategy together with The Nature Conservancy.

Cultivate best talent

In 2023, care for associates remained of paramount importance, as workforce, social, and economic environments continued to experience unprecedented demands. This made each U.S. brand's continued commitment to bringing our DE&I aspiration to life even more important, as a way to strengthen associate engagement and each brand's position as an employer of choice.

For example, Giant Food launched a new EVP focused on Grow, Care and Belong, as the brand works to build an organization where associates can develop skill sets, have meaningful rewards and always feel valued and heard. The GIANT Company prioritized expanding the dimensions of diversity and is optimizing employment experiences for neurodiverse team members. Food Lion continued its extensive network of BRGs and actively connected associates to brand business initiatives to provide support, expertise and development opportunities for them.

These are just a few examples of a wide variety of people-centric focus areas across our brands. Each brand brings its own unique people strategy to life and believes that associates are a key differentiator for its business strategy.

Strengthen operational excellence

Ahold Delhaize USA continued to find opportunities to create efficiencies and cost savings and optimize operations. The ADUSA Supply Chain transformation continued with the transition of our self-managed warehouse network – 95% of center store volume is now distributed through one of our facilities.

The Supply Chain teams delivered continued operational improvements to reduce costs, raise service levels to the stores and strengthen partnerships with suppliers. The Save for Our Customer program has continued to deliver savings and efficiencies across the brands, enabling them to improve the overall value proposition to customers and providing opportunities to redeploy savings.

The U.S. teams have also continued to improve their support areas by implementing enterprise-wide systems that create efficiencies in the corporate offices to help support the brands' stores. The further implementations of our SAP finance and HR systems are examples of where the U.S. businesses have been able to provide more standardization and improved processes.

EUROPE

NET SALES

€34.1bn 7.2%*

2022: €31.8bn 7.4% vs. 2022

COMPARABLE SALES GROWTH (EXCLUDING GASOLINE SALES)

6.5%

OPERATING INCOME

€0.9bn (26.0)%*

2022: €1.2bn (25.9)% vs. 2022

UNDERLYING OPERATING INCOME

€1.1bn (1.2)%*

2022: €1.1bn (1.0)% vs. 2022

UNDERLYING OPERATING MARGIN

3.3% (0.3) pp*

2022: 3.6% (0.3) pp vs. 2022

NET CONSUMER ONLINE SALES

€7.6bn 6.3%*

2022: €7.2bn 6.3% vs. 2022

*At constant rates.

EUROPE SEGMENT

€ MILLION	2023	2022	CHANGE VERSUS PRIOR YEAR	% CHANGE	% CHANGE AT CONSTANT RATES
Net sales	**34,113**	31,767	2,346	7.4%	**7.2%**
Of which online sales	**4,768**	4,461	306	6.9%	**6.9%**
Net consumer online sales	**7,618**	7,166	452	6.3%	**6.3%**
Comparable sales growth	**6.5%**	2.9%			
Comparable sales growth excluding gasoline	**6.5%**	2.9%			
Operating income	**870**	1,173	(303)	(25.9)%	**(26.0)%**
Adjusted for:					
Impairment losses and reversals – net	**147**	24	124		
(Gains) losses on leases and the sale of assets – net	**(40)**	(17)	(23)		
Restructuring and related charges and other items	**143**	(49)	191		
Underlying operating income	**1,120**	1,131	(11)	(1.0)%	**(1.2)%**
Underlying operating income margin	**3.3%**	3.6%			

In Europe, inflation remained elevated in 2023, although it decreased versus last year. To help customers manage through these economic times, our great local brands were agile in expanding their assortments with high-quality own-brand products and swiftly reflected price reductions where possible. These efforts continued to build customers' trust in our brands, which was clearly reflected in positive market share growth this year. With our strong portfolio of international brands, we grew our net sales by €2,346 million up to €34,113 million in 2023 or 7.4% compared to 2022. At constant exchange rates, net sales were up by 7.2%. Sales growth was driven by price inflation, continued investment in strong customer value propositions and multiple store openings and remodels throughout the region. This year has been transformational for Ahold Delhaize's brands in Europe. The team at Delhaize Belgium has been busy transitioning to one aligned operating model with all stores operated by local entrepreneurs, which will allow the brand to respond to local market conditions better. By the end of 2023, 89 stores had signed agreements with independent buyers. In the Netherlands, after signing a cooperation agreement with Jan Linders Supermarkets in late 2022, Albert Heijn finalized the conversion of 44 of the Jan Linders stores to its format in 2023. We also announced the planned addition of local Romanian supermarket chain Profi to the Ahold Delhaize family, aiming to strengthen our footprint in the Romanian market. As we continue our journey towards higher value creation by optimizing our value chain, Ahold Delhaize has recently joined the European retail alliance joint venture EURELEC, in addition to our existing AMS and Coopernic buying alliances, to help us address persistent price differences between European markets.

EUROPE

Net consumer online sales were €7,618 million, up by 6.3% compared to last year with strong performance in both food and non-food online retail in the European region. Bol reached 6.2% growth in 2023. The brand's GMV sales from its circa 51,000 third-party sellers grew by 4.9% to €5.8 billion. In addition, bol was able to increase its market share in a declining market, powered by its successful customer proposition, including its popular loyalty program, expansion into new product categories, strong promotional campaigns and new logistics service proposition that enabled the brand to build stronger relationships with suppliers and Partner Platform network partners. The European brands' robust online grocery offering also continued to serve consumers well. Albert Heijn crossed the mark of having approximately 950,000 members in its AH Premium program and continued to see improvements in e-commerce profitability. Our brands continued to leverage the power of their digital capabilities to provide customers with meaningful, highly personalized discounts tailored to their needs and wallets.

Own-brand food sales (%)

Own-brand food sales	49.4%
Branded food sales	50.6%

Net sales by category (%)

Fresh	44.2%
Non-perishables	32.0%
Non-food	23.9%

Part of our focus remains on the continuous growth of our brands' own-brand offerings. During the year, our brands expanded their own-brand assortments even further, from 49.2% of total food sales in 2022 to 49.4% in 2023.

As a percentage of total sales, the relative share of fresh increased from 44.1% in 2022 to 44.2% in 2023, and the relative share of non-food decreased from 24.5% to 23.9%, while the share of non-perishables increased from 31.4% in 2022 to 32.0% in 2023.

Comparable sales excluding gasoline increased by 6.5%, mainly driven by higher prices and partly offset by lower volumes. Strong growth resulted in market share gains in the majority of the European brands this year. Albert Heijn and our brands in Serbia, Romania and the Czech Republic contributed the most to this comparable sales increase.

Operating income decreased by €303 million, or 25.9%, to €870 million, affected by the following items that Ahold Delhaize adjusts to arrive at underlying operating income:

- Impairment losses and reversals – net: In 2023, impairment charges amounted to €147 million, mainly related to the transitioning of own stores into affiliates in Belgium and impairments for underperforming stores in the Netherlands and other European brands. In 2022, impairment charges amounted to €24 million. Belgium, the Netherlands and Serbia account for the majority of impairment charges, most of which were related to underperforming stores.
- Gains (losses) on leases and the sale of assets – net: In 2023, the total net gain was €40 million, arising from the sale of stores to franchisees related to the agreement with Jan Linders and sale of assets in Europe, partly offset by a loss on the sale of stores to affiliates in Belgium. In 2022, the total net gain was €17 million, mainly related to the Netherlands (€10 million) and the Czech Republic (€6 million).
- Restructuring and related charges and other items: In 2023, the charges amounted to a net loss of €143 million, mainly driven by restructuring-related costs pertaining to Belgium. In 2022, the charges amounted to a net gain of €49 million, mainly driven by a release of a wage tax provision in Belgium, partially offset by one-off items in the Netherlands.

In 2023, underlying operating income in Europe was €1,120 million, down by €11 million, or 1.0%, compared to 2022 in actual rates. Underlying operating margin was 3.3% in 2023, down 0.3 percentage points compared to 2022. Margins in Europe were adversely impacted by the impact of the strike in Belgium and other Accelerate initiatives, as well as escalating energy costs, commodity, transport and labor costs. This was offset by a decrease in non-cash service charge for Ahold Delhaize's employee pension plan of €68 million, mainly in the Netherlands, but also in the rest of Europe, due to higher discount rates in the Netherlands, and by increased savings from our brands' Save for Our Customers programs.

The European brands' net sales consist of sales to consumers and to franchise stores. Franchise stores operate under the same format as Ahold Delhaize-operated stores. Franchisees purchase merchandise primarily from Ahold Delhaize, pay a franchise fee and receive support services.

EUROPE

GROWTH DRIVERS IN ACTION

Drive omni-channel growth

In Europe, our brands further expanded their retail ecosystem with increasing options, value and convenience. In 2023, the brands invested in strengthening their store bases, with 286 remodels and 204 new stores, boosted value for customers with the rollout of "Price Favorites" now to nearly 7,000 SKUs, and with innovative promotional campaigns, such as "Little Lions" at Delhaize. The brands deepened their digital relationships with customers by scaling technology and digital solutions, resulting in 6.9% growth in net online sales and a base of loyalty card holders that increased to 12.1 million. Albert Heijn's "Mijn Bonus" was declared the best loyalty program in the Netherlands. Albert also launched an omnichannel website, Mega Image integrated "My Savings" into its app and Delhaize launched meal planning tool "Meal boost." In addition, most brands built out their B2B propositions and improved logistical efficiency, with Maxi and Mega Image opening the first dedicated online DCs. Our brands continued to offer more personalized relevance to customers via digital marketing and started scaling advertising technology with Adhese from the Netherlands to Alfa Beta in Greece. Albert Heijn and bol again substantially moved forward in their digital advertising business with enhanced self-service options, supporting online profitability.

Elevate healthy and sustainable

In 2023, our European brands again made good progress in elevating health and sustainability.

As a part of reducing its carbon footprint, Albert Heijn achieved 100% electric transportation in the largest cities in the Netherlands, stopped using air transportation for goods transport and signed a long-term deal with energy supplier Eneco, guaranteeing 100% green energy from Dutch windmill farms for years to come. Mega Image offset part of its carbon footprint by planting 12,000 trees in a "Mega Forest" in Romania.

To help customers eat well, save time and live better, Albert introduced convenient and healthy meal boxes and Alfa Beta handed out free fruit to kids.

In a milestone event, bol obtained B Corp certification. Meeting B Lab's standards is a great recognition of bol's efforts toward a more sustainable world.

To further lower food waste, Albert Heijn, Delhaize, Albert, Mega Image and Maxi have adapted and stepped up dynamic pricing for products close to their expiry date. Alfa Beta has entered into agreements with food banks and restaurants to increase donations. Our brands also reduced plastic use with initiatives such as Super Indo and Albert significantly increasing recycled plastic in their bags.

Cultivate best talent

The European brands completed the go-live of their unified HR and payroll SAP SuccessFactors platform across all brands in 2023.

During the year, we put in place a Central and Southeastern Europe region made up of Alfa Beta, Maxi, Mega Image and Albert, to enable successful collaboration intended to unlock scale and synergies.

Our European brands also focused on further progressing towards our DE&I aspirations. All of the brands completed a pay equity multiple regression analysis and invested to reduce any unexplainable pay inequities. Our brands also doubled the number of BRGs in place since 2022 – there are now 22 of these groups, covering topics related to generations, LGBTQ+, disabilities, volunteer work and women in leadership, among others.

The brands also invested further in cross-brand manager- and director-level development programs in line with our "Everybody Grows" people pillar. This year saw the inclusion of both topic-specific masterclasses and a mentorship program, which will be further developed in 2024.

Strengthen operational excellence

In a year with high inflation and significant pressure on consumer purchasing power, the European brands managed to accelerate savings as part of our Save for Our Customers program to almost €0.7 billion, in order to support competitive pricing. Key components of the Save for Our Customers agenda are fact-based negotiations with suppliers of branded goods, continued volume aggregation and harmonization of own-brand portfolios to reduce costs and investments in our stores to increase productivity – for example in electronic shelf labels, self-scan and self-checkout processes. Our brands also continue to roll out fully automated HSCs, and to focus on brand-specific actions to reduce overhead costs across Europe.

As announced in September 2023, Ahold Delhaize joined European retail alliance EURELEC to help us realize fair prices for consumers. Established in 2016, EURELEC combines the negotiation and purchasing of large multinational manufacturers of A-brand products in Europe. We believe this promotes the open and fair price negotiation of the largest fast-moving consumer goods brands across Europe to ultimately benefit the brands' customers.

GLOBAL SUPPORT OFFICE

GLOBAL SUPPORT OFFICE

€ MILLION	2023	2022	CHANGE VERSUS PRIOR YEAR	% CHANGE
Global Support Office costs	**(68)**	(10)	(58)	576.6%

Ahold Delhaize's Global Support Office (GSO) consists of functions that help the Company's brands improve the quality of their services.

This includes functions – such as Finance, Legal, Communications and Health & Sustainability – that set functional strategies, provide subject matter expertise, facilitate best practice sharing, and provide policies and guidelines where they add value.

In 2023, GSO costs amounted to €68 million, up €58 million compared to the previous year. This net increase was primarily driven by lower gains on self-insurance activities of €75 million. Discount rates in 2023 increased by 169 basis points, resulting in an insurance result of €77 million, while, in 2022, discount rates increased by 325 basis points, which led to a result of €152 million.

Excluding self-insurance, underlying GSO costs were €146 million, which is €12 million lower than the previous year. This decrease in costs was mainly driven by Accelerate initiatives and increased cost awareness.

GLOBAL SUPPORT OFFICE

GROWTH DRIVERS IN ACTION

Drive omni-channel growth

We continue to draw on the extensive expertise across our organization to support our Leading Together strategy.

Through our group focus areas (GFAs), we strive to increase cross-brand collaboration and knowledge sharing in key strategic areas, such as mechanization and last mile fulfillment, monetization, and payments. Our dedicated teams are amplifying the ongoing initiatives in each of these areas to increase efficiency while also developing new global opportunities.

In addition to the GFAs, our Accelerate initiative, launched last year, further supports the Save for Our Customers program, to drive additional cost savings and value on a global scale.

Elevate healthy and sustainable

During 2023, we further enhanced our ESG efforts. We published our updated Climate Plan including our existing SBTi-validated scope 1 and 2 targets, and re-submitted our 1.5° C-aligned scope 3 targets to SBTi for validation, in line with their latest guidance on FLAG and E&I sector GHG emissions. We also reviewed and updated our approach on nature and biodiversity, and developed a plan to guide our activities, which was approved by the Executive Committee.

Not only have we remained committed to contributing to a healthier planet, but our brands continued their commitment to healthier people. To maintain a focus on this topic and ensure it remains a driving force behind both global and local business priorities, we organized an internal health summit for our U.S. brands and strategic partners, which was attended by over 100 leaders from across all our brands and support organizations.

In 2023, we co-created and launched an executive leadership program with the Cambridge Institute for Sustainability Leadership. It is aimed at further developing a well-informed and proactive senior leadership team that can lead and inspire the organization in achieving its health and sustainability goals while considering long-term impact and societal responsibilities.

Cultivate best talent

People's well-being is a fundamental aspect of our workplace and crucial for our collective success. This year we formed Wellbeing Friends, a group of associates who organize events throughout the year focused on improving mental and physical health. We also held a mental health awareness month in October where we hosted numerous activities, information sessions and discussions to promote mental health and well-being. These efforts and others had a visible impact, as measured by our 2023 AES, which showed that overall engagement for GSO is at 89% and 79% of associates feel Ahold Delhaize provides them with adequate resources for mental health support.

To build upon our culture of fostering an inclusive and supportive workplace, GSO introduced our Gender Transition Policy. We are committed to creating an environment where every individual feels respected, valued and able to bring their authentic selves to work.

Finally we implemented the Working from Abroad policy, to provide flexibility and support for associates. Its aim is to enhance their individual work experience and continue to empower them to embrace new opportunities while maintaining our high standards of productivity and collaboration.

Strengthen operational excellence

The GSO's Global Technology Sourcing & Vendor Management team continued to work on maximizing the Company's scale in 2023. In line with Ahold Delhaize's global technology strategy, we entered into multiple new technology agreements that can be leveraged across regions and brands. While this delivers further synergies and cost benefits to the organization, it also intensifies our relationships and priority with some of the most important global technology companies in the world, giving us access to the latest innovations.

While the availability of IT products improved in 2023 and supply chains seem to be more stable, the availability of technology skills and knowledge remains scarce. During the year, the Global Technology Sourcing & Vendor Management team continued to support the local brands in gaining and securing access to the capabilities they require through the close relationships they have built within our technology partner ecosystem.

OUTLOOK

SUMMARY

	KEY FINANCIAL TARGETS[1]	RESULTS IN 2023	OUTLOOK 2024
	Group underlying operating margin	4.1%	≥ 4.0%
	Diluted underlying EPS growth	(0.4)%	Around 2023 levels
	Net capital expenditures[1]	€2.3 billion	Around €2.2 billion
	Free cash flow[1]	€2.4 billion	Around €2.3 billion
	Dividend payout ratio[2,3]	€0.05 increase in dividend per share 43% payout ratio	Absolute increase in dividend per share and 40-50% payout ratio
	Share buyback	€1 billion	€1 billion
	DRIVE OMNICHANNEL GROWTH	RESULTS IN 2023	OUTLOOK 2024
	Net consumer online sales growth	+5.9%	High single-digit growth
	Loyalty sales growth[4]	+2%	High single-digit growth
	Complementary revenue streams growth	+13%	Double-digit growth
	ELEVATE HEALTHY AND SUSTAINABLE	RESULTS IN 2023	OUTLOOK 2024[5]
	Healthy own-brand food sales	54.8%	Further improvement
	Food waste reduction	37%	> 38%
	GHG-emissions reduction (scope 1 & 2)	35% (5pp improvement vs. 2022)	Further reduction
	CULTIVATE BEST TALENT	RESULTS IN 2023	OUTLOOK 2024
	Associate engagement score	78%	≥ 78%
	Inclusive workplace score	81%	≥ 81%
	Associate growth score	75%	≥ 75%
	STRENGTHEN OPERATIONAL EXCELLENCE	RESULTS IN 2023	OUTLOOK 2024
	Save for Our Customers	€1.3 billion	≥ €1 billion
	Supply chain initiatives	Frozen facility in Mountville, Pennsylvania, in test mode; Plainville, Connecticut, facility planned to go live in H1 2024	Go-live of all facilities that enable fully self-managed U.S. supply chain
	Improving online productivity	Opening of the first mechanized HSC in Barendrecht in the Netherlands in Q4 2023	Opening of second mechanized HSC in Zwolle, the Netherlands

1. Excludes M&A.
2. Calculated as a percentage of underlying income from continuing operations.
3. Management remains committed to the share buyback and dividend program, but given the uncertainty caused by the wider macroeconomic consequences due to increased geopolitical unrest, they will continue to monitor macro-economic developments. The program is also subject to changes in corporate activities, such as material M&A activity.
4. Loyalty sales measures the sales generated by active addressable loyalty card holders.
5. The healthy own-brand food sales target has been adjusted to reflect the impact of Nutri-Score 2.0 in our European brands. The 2024 target of further improvement should be aligned to performance including Nutri-Score 2.0 at Albert Heijn and Delhaize. Other European brands will follow in 2025. Targets for food waste and GHG-emissions reduction have been increased based on 2023 performance. More information on our elevate healthy and sustainable targets is reported in the *materiality assessment* section of this report.

OUTLOOK

NOTEWORTHY CHANGES TO OUR BUSINESS IN 2024

The acquisition of Profi is expected to close in the second half of 2024, and will double the size of operations in Romania. As the timing of the closing is uncertain, our 2024 Outlook on performance measures excludes any impact from this transaction.

The following are changes in the business that will impact comparable performance for 2024 and have been incorporated into our Outlook:

- The divestment of FreshDirect will reduce the amount of 2024 net and online sales for the U.S. region.
- Albert Heijn will stop selling tobacco in 2024.

In addition to updating our stakeholders as part of our regular quarterly reporting procedures, we are also pleased to be holding a Strategy Day in May 2024, during which we will present additional insights on our strategic ambitions.

MARKET CONDITIONS BETWEEN REGIONS CONTINUE TO DIVERGE

On a macro level in the U.S., the Conference Board, which tracks U.S. consumer confidence, expects that the first half of 2024 will remain challenging before confidence normalizes in 2025. The 2024 outlook forecasts weak real GDP growth of +0.9% and +1.7%, and real disposable income growth of +0.6% and +1.6%, in 2024 and 2025, respectively.

Although U.S. consumer spending has remained resilient over the past two years, it is uncertain how long this can last. Personal savings are declining, household debt is growing and real disposable income growth has not kept pace with inflation.

In Europe, the European Central Bank (ECB) expects growth starting in early 2024, as declining inflation, strong wage growth and stable employment drives real disposable income growth and improved consumer confidence. If trends hold, consumer spending should also further improve. The ECB forecasts real GDP growth of +0.8% in 2024 and +1.5% in 2025.

Looking specifically at food inflation, the U.S. Department of Agriculture (USDA) predicts that, as of January 2024, food-at-home prices will decrease by 0.4% in 2024, driven primarily by further declines in egg prices. The ECB projects food inflation to fall to 2.6% by the end of 2024, reflecting easing food and energy commodity prices.

While the USDA predicts a decline in food-at-home prices, food-away-from-home prices are expected to increase by 4.7% in 2024. USDA research indicates that income-induced changes and the relative affordability of food-at-home products is causing demand for food-away-from home to fall. This should foster resilient food-at-home demand in the coming year, as customers seek value and a cheaper alternative to eating out.

CONTINUED SALES GROWTH IN 2024

Keeping prices as low as possible is a cornerstone of our customer value proposition, regardless of the state of the consumer environment. Our brands' own-brand assortments continue to be a central part of our portfolio and help ensure there is a basket that meets the needs of every wallet size. In 2024, our brands will further expand their own-brand assortments with a focus on high-quality, innovative offerings. In Europe, our brands will also increase the number of products that qualify as “Price Favorites” to 8,500 products across the European brands. With this, we expect to grow own-brand sales as a percentage of our overall Group sales.

Consistent demand from the food-at-home market, in conjunction with moderating inflation rates and rising promotion levels, should drive a positive trend in volumes and continued comparable sales growth for our business, albeit at percentages closer to our historical levels.

Our position as a leading omnichannel supermarket should also serve us well as customers search for omnichannel solutions. In the U.S., we will see the impact from the changes made in the e-commerce operating model to orient our brands' online fulfillment capabilities toward same-day delivery models and expansion of pick-from-store locations, particularly at Food Lion. In Europe, we will continue to expand access to our omnichannel offerings with additional service locations and new delivery centers in Vorst, Belgium and Zwolle, the Netherlands, as well as innovative propositions for business customers. Our continued investments should foster over-proportionate sales growth in this channel during 2024.

EVOLVING OUR STORE PORTFOLIO IN 2024

We continue to invest in our brands' brick-and-mortar store locations, which we believe will continue to drive sequential improvement in volume and market share trends at the brands.

The U.S. brands will perform a fresh assessment of the entire store portfolio to determine the best path forward. Food Lion will renovate an additional 167 stores as part of its omnichannel remodel program.

In Europe, Belgium will complete the transformation of all stores to independent buyers, allowing the brand to better serve customers. Following regulatory approvals, we will also start the integration of Profi into our existing Romanian footprint.

MAINTAIN HEALTHY MARGINS IN 2024

Our 2024 margins will encounter additional pressures from higher expenses related to labor and product costs, although we should see some relief from energy prices in Europe.

In 2024, we expect to sustain our industry-leading underlying margins of at least 4%. This outlook reflects a balanced approach, with strong cost savings largely offsetting cost pressures.

Our Save for Our Customers program is expected to yield at least €1 billion in 2024, as we continue along the path towards our target of a cumulative €4.0 billion in cost savings over the four-year period ending in 2025. Our Save for Our Customers program will be aided by other drivers, including automation, machine learning and data and media monetization, among others.

With the completion of two automated frozen facilities, the U.S. supply-chain transformation will be complete in 2024. With its completion, the U.S. can focus on optimizing processes to leverage the full capabilities of the network.

In Europe, we continue to identify opportunities to drive synergies and scale across our businesses. such as beginning to harmonize end-to-end processes across departments within our CSE markets. In the Benelux, we will work with our partners in the European retail alliance joint venture EURELEC to set up a single sourcing platform, through which we will start seeing sourcing benefits from 2025.

OUTLOOK

SUSTAINED STRONG FREE CASH FLOW GENERATION

Our operational outlook for 2024 translates into strong cash flow generation, which is reflected in our 2024 free cash flow forecast of around €2.3 billion[1]. This starts with our expectation of strong 2024 operating cash flows, predicated on stable sales growth and consistent margins.

Overall, we expect our free cash flow generation to remain strong over the upcoming years as well, in line with our medium-term cumulative free cash flow forecast of €7.5 billion over the four-year period from 2022 to 2025.

NET CAPITAL EXPENDITURE OF AROUND 2.2 BILLION[1]

We anticipate 2024 net capital expenditures of around €2.2 billion[1], which includes the divestment of facilities in the U.S. Overall, we will maintain strong levels of reinvestment back into our businesses, with continued investments into our omnichannel capabilities and healthy and sustainable initiatives.

RETURNING CAPITAL TO SHAREHOLDERS CONTINUES

The strong level of free cash flow embedded in our 2024 outlook supports our €1 billion share repurchase authorization announced in November 2023, as well as our dividend policy, which calls for sustainable growth in our annual cash dividend and a 40-50% payout ratio from underlying net income.

We propose a cash dividend of €1.10 for the financial year 2023, an increase of 4.8% compared to 2022. If approved by the General Meeting of Shareholders, a final dividend of €0.61 per share will be paid on April 25, 2024. This is in addition to the interim dividend of €0.49 per share, which was paid on August 31, 2023.

1 Excludes M&A

FOCUS ON OUR PEOPLE

High engagement and inclusion helps drive business, professional and personal growth. In 2024, we will continue to pursue our aspirations across the following metrics: an associate engagement score of 78% or greater and an inclusive workplace score equal to or greater than 81%. Because the growth and development of associates is also at the core of our commitment to cultivate best talent, in 2024, we will add an additional aspiration related to this topic: an associate growth score of 75% or greater.

HEALTH AND SUSTAINABILITY AMBITIONS

Health and sustainability will remain a key focus area of our Leading Together strategy. We will continue to focus on healthier lives and reducing Ahold Delhaize's impact on the climate. We will also start the process of identifying updated targets for our health and sustainability targets that currently reach their completion date in 2025.

Health

Health remains a priority for Ahold Delhaize. In 2024, our brands will continue to promote healthy and affordable products and focus on further increasing the percentage of healthy own-brand food sales as a portion of total own-brand food sales.

In 2023, Nutri-Score updated its algorithm to better align with dietary guidelines in the countries that use the system and released Nutri-Score 2.0. When Albert Heijn and Delhaize implement the new algorithm in 2024, and our CSE brands in 2025, their own-brand healthy sales will be negatively impacted since the new algorithm takes a stricter approach. This development is integrated into the 2024 and 2025 healthy own-brand food sales target.

In 2024, we will continue working on our ambition towards 2030, as our current target on healthy food sales ends in 2025. Our brands in Europe continue to work on their protein baseline, which not only will support healthier lifestyles but is also a driver to reduce our scope 3 GHG emissions.

Climate

At the end of 2023, we published an update of our Climate Plan. During 2024, we will remain focused on implementing the identified actions shared in the plan, with the goal to reduce GHG emissions from our own operations (scope 1 and 2) as well as in our value chain (scope 3).

We continue working to reduce food waste in our own operations as well as throughout our value chain. We remain committed to reducing our use of absolute virgin own-brand plastic packaging and to increasing the percentage of recycled plastic packaging in own-brand products. Our target of 100% recyclable, reusable and/or compostable content will not be achieved by 2025, but this will remain a metric we continue to report our progress on.

In 2023, we identified four focus areas for our nature approach and, in 2024, we plan to conduct an assessment to understand our impact, dependencies and risks in more detail.

ESG REPORTING

We recognize the importance of transparency and accountability in reporting and are in the process of implementing the requirements and guidance set forth by the European Union, such as the CSRD, draft Corporate Sustainability Due Diligence Directive (CSDDD) and EU Deforestation-free Regulation.

In 2024, we will update our overview of material topics, in line with the double materiality requirements from the CSRD, and share the outcomes of our CSDDD project and our final Human Rights Report. As of 2025, the Human Rights Report will be integrated into Ahold Delhaize's CSRD reporting updates.

We have selected four main ESG benchmarks: MSCI, Sustainalytics, ISS and the Carbon Disclosure Project (CDP), and will share our performance on these benchmarks annually through our website and annual report.

OUTLOOK

Key healthy and sustainable performance indicators

More information on all of the targets related to our material topics is included in the *Materiality assessment* section of this report.

We have split our scope 3 GHG-emissions reduction target into a FLAG target and an Energy and Industrial GHG-emissions target. This target split is based on the SBTi methodology, and in line with a 1.5º C trajectory. For more information, see *Elevate healthy and sustainable*.

PERFORMANCE INDICATOR DESCRIPTION	2024 TARGET	2025 TARGET[1]	2030 TARGET	2040 TARGET	2050 TARGET[3]
% of healthy own-brand food sales as a proportion of total own-brand food sales	Further improvement[2]	52.3%			
% reduction in tonnes of food waste per food sales (t/€ million) against 2016 baseline	>38%	>40%	50%		
% reduction of absolute CO_2-equivalent emissions from own operations (scope 1 and 2) (thousand tonnes) against 2018 baseline	Further reduction	>38%	50%	Net zero (90% reduction, 10% removals)	
FLAG emissions: % reduction of scope 3 FLAG GHG emissions from a 2020 baseline (SBTi methodology).			30.3%		72%
Energy and Industrial emissions: % reduction of scope 3 Energy and Industrial GHG emissions from a 2020 baseline (SBTi methodology).			42.0%		90%

1 We decreased the 2025 target for healthy own-brand food sales to 52.3% from 55.6% last year to account for the expected impact of the amended Nutri-Score algorithm, to be implemented in 2024. The 2025 target for food waste was increased to more than 40% from more than 38% last year to align future ambitions with 2023. The 2025 target for scope 1 and 2 CO_2-equivalent emissions was increased to more than 38% from 34% to align future ambitions with 2023 performance.
2 The 2024 target of further improvement should be aligned to performance including the impact of the amended Nutri-Score algorithm at Albert Heijn and Delhaize.
3 We commit to reach net-zero GHG emissions across our own operations and the value chain by 2050, see *Scope 3 setting targets for SBTi*. See *Definitions and abbreviations* for the definition of net zero. We plan to utilize removals to the extent permitted by SBTi.

PERFORMANCE REVIEW

INFORMATION ABOUT AHOLD DELHAIZE SHARES

SHARES AND LISTINGS

Koninklijke Ahold Delhaize N.V. is a public limited liability company registered in the Netherlands with a listing of shares on Euronext's Amsterdam Stock Exchange (AEX) and Euronext Brussels (Ticker: AD, Bloomberg code: AD NA, ISIN code: NL0011794037, CUSIP: N0074E105, Reuters code: AD.AS).

Ahold Delhaize's shares trade in the United States on the over-the-counter (OTC) market (www.otcmarkets.com) in the form of American Depositary Receipts (ADRs) (ticker: ADRNY, Bloomberg code: ADRNY US, ISIN code: US5004675014, CUSIP: 500467501).

The ratio between Ahold Delhaize ADRs and the ordinary Netherlands (euro-denominated) shares is 1:1 – i.e., one ADR represents one Ahold Delhaize ordinary share.

Structure: Sponsored Level I ADR

J.P. Morgan (the Depositary) acts as the depositary bank for Ahold Delhaize's ADR program. Please also see *Contact information* for details on how to contact J.P. Morgan regarding the ADR program.

SHARE PERFORMANCE IN 2023

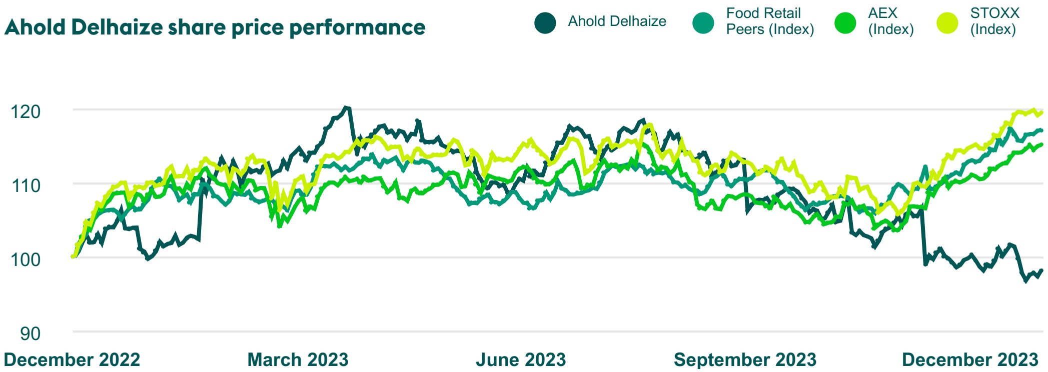
On December 29, 2023, the closing price of an Ahold Delhaize ordinary share on Euronext Amsterdam was €26.02, a 3.1% decrease compared to €26.84 on December 30, 2022. During the same period, the Euro STOXX 50 index increased by 19.2% and the AEX index increased by 14.2%.

During 2023, Ahold Delhaize shares traded on Euronext Amsterdam at an average closing price of €29.27 and an average daily trading volume of 2.1 million shares. Ahold Delhaize's market capitalization was €24.6 billion at year-end 2023. The highest closing price for Ahold Delhaize's shares on Euronext Amsterdam was €32.27 on April 11, 2023, and the lowest was €25.98 on December 14, 2023.

The complete list of the select peer group includes: Walmart Inc., Kroger Co., Tesco Plc., Costco Wholesale Corporation, Carrefour SA, J Sainsbury Plc., Target Corporation and Albertsons Companies, Inc. The chart represents the performance of Ahold Delhaize shares, along with the AEX, Euro Stoxx 50 and our peer group, on an equal weighted basis. The price performance of our shares shown in the graph above is not necessarily indicative of future stock performance.

On December 29, 2023, the closing price of Ahold Delhaize's ADR was 0.3% higher than the closing price on December 30, 2022 ($28.65). In the same period, the Dow Jones Index increased by 13.7% and the S&P 500 increased by 24.2%. In 2023, the average daily trading volume of Ahold Delhaize ADRs was 76,056.

Ahold Delhaize share price performance



Ahold Delhaize share price (€)

PERFORMANCE REVIEW

INFORMATION ABOUT AHOLD DELHAIZE SHARES

Performance of Ahold Delhaize's common shares on Euronext Amsterdam

	2023	2022
Closing common share price at calendar year-end (in €)	**26.02**	26.84
Average closing common share price (in €)	**29.27**	27.53
Highest closing common share price (in €)	**32.27**	31.09
Lowest closing common share price (in €)	**25.98**	24.21
Average daily trading volume	**2,074,697**	2,902,713
Market capitalization (€ million)	**24,615**	26,232

Source: FactSet

EARNINGS PER SHARE

During 2023, Ahold Delhaize realized basic income from continuing operations per share of €1.95 and diluted income from continuing operations per share of €1.94. Basic underlying income from continuing operations was €2.55 per share, and diluted underlying income from continuing operations was €2.54 per share. This difference between our reported and underlying income from continuing operations is related to a net €576 million of one-time charges, largely driven by costs related to the aforementioned Delhaize Belgium transformation program to affiliates and the divestment and impairment of FreshDirect.

SHARE CAPITAL

During 2023, Ahold Delhaize's issued and outstanding share capital decreased by approximately 31 million common shares to 946 million common shares. This decrease resulted mainly from the share buyback of €1 billion as announced on November 9, 2022, marginally offset by the issuance of shares for the Company's share-based compensation program.

The common shares issued decreased by 41 million to 952 million at the end of 2023. The difference between the common shares outstanding and common shares issued are the treasury shares.

As of December 31, 2023, there were 6,352 thousand shares held in treasury, the majority held by Ahold Delhaize to cover the equity-based long-term incentive plan.

Ahold Delhaize's authorized share capital as of December 31, 2023, comprised the following:

- 1,923,515,827 common shares at €0.01 par value each
- 326,484,173 cumulative preferred financing shares at €0.01 par value each
- 2,250,000,000 cumulative preferred shares at €0.01 par value each

For additional information about Ahold Delhaize's share capital, see *Note 21* to the consolidated financial statements.

Distribution of shares

Shareholders by region[1]

%	JANUARY 2024	JANUARY 2023
U.K./Ireland	**17.6**	19.1
North America	**32.4**	30.3
Rest of Europe	**11.7**	10.9
France	**8.0**	8.6
The Netherlands[2]	**5.2**	5.3
Rest of the world	**2.5**	2.5
Germany	**5.2**	5.5
Undisclosed[2]	**17.4**	17.8

1 Source: CMi2i.
2 The Netherlands excludes the percentage of shareholdings of all retail holdings and treasury shares, which are included in Undisclosed.

PERFORMANCE REVIEW

INFORMATION ABOUT AHOLD DELHAIZE SHARES

Significant ownership of voting shares

According to the Dutch Financial Markets Supervision Act, any person or legal entity who, directly or indirectly, acquires or disposes of an interest in Ahold Delhaize's capital or voting rights must immediately give written notice to the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten or AFM) if the acquisition or disposal causes the percentage of outstanding capital interest or voting rights held by that person or legal entity to reach, exceed or fall below any of the following thresholds:

3%	5%	10%	15%	20%
25%	30%	40%	50%	60%
75%	95%			

The obligation to notify the AFM also applies when the percentage of capital interest or voting rights referred to above changes as a result of a change in Ahold Delhaize's total outstanding capital or voting rights. In addition, local rules may apply to investors.

The following table lists the shareholders on record in the AFM register on February 21, 2024, that hold an interest of 3% or more in the share capital of the Company.[1]

- BlackRock, Inc. – 5.63% shareholding (6.91% voting rights) disclosed on August 11, 2023
- Goldman Sachs Group Inc. – 3.42% shareholding (3.42% voting rights) disclosed on December 15, 2023
- Amundi Asset Management – 3.04% shareholding (3.04% voting rights) disclosed on August 25, 2023

1 In accordance with the filing requirements, the percentages shown include both direct and indirect capital interests and voting rights and both real and potential capital interests and voting rights. Further details can be found at www.afm.nl.

For further details on the number of outstanding shares, and the percentages of the issued share capital they represent, see Note 21 to the consolidated financial statements.

Shareholder returns

On April 12, 2023, the General Meeting of Shareholders approved the dividend over 2022 of €1.05 per common share. The interim dividend of €0.46 per common share was paid on September 1, 2022. The final dividend of €0.59 per common share was paid on April 27, 2023.

We propose a cash dividend of €1.10 for the financial year 2023, an increase of 4.8% compared to 2022, reflecting our ambition of sustainable growth of the dividend per share. This represents a payout ratio of 43%, based on the expected dividend payment on 52 weeks of underlying income from continuing operations.

If approved by the General Meeting of Shareholders, a final dividend of €0.61 per share will be paid on April 25, 2024. This is in addition to the interim dividend of €0.49 per share, which was paid on August 31, 2023.

Share buyback

On November 9, 2022, Ahold Delhaize announced it would return €1 billion to shareholders by means of a share buyback program, which was completed on November 24, 2023. An additional €1 billion share buyback program was announced on November 8, 2023, which is expected to be completed before the end of 2024. Maintaining a balanced approach between funding growth in key channels and returning excess liquidity to shareholders is part of Ahold Delhaize's financial framework to support our Leading Together strategy. The purpose of the program is to reduce Ahold Delhaize's capital, by canceling all or part of the common shares acquired through the program.

Shareholders key performance indicators 2019-2023

	2023	2022	2021	2020	2019
Dividend per common share[1]	**1.10**	1.05	0.95	0.90	0.76
Final dividend	**0.61**	0.59	0.52	0.40	0.46
Interim dividend	**0.49**	0.46	0.43	0.50	0.30
Dividend yield	**4.2%**	3.9%	3.2%	3.9%	3.3%
Payout ratio	**43%**	40%	42%	40%	44%

1 2023 dividend subject to the approval of the AGM.

PERFORMANCE REVIEW

MULTIPLE-YEAR OVERVIEW

The multiple-year overview is provided for 10 years, except for ESG information. However, the figures prior to 2018 are not comparable because they have not been restated for the impact of IFRS 16. In addition, it should be noted that years prior to 2016 only relate to the former Ahold business. The former Delhaize business is included as of July 24, 2016.

RESULTS, CASH FLOW AND OTHER INFORMATION

€ MILLION EXCEPT PER SHARE DATA, EXCHANGE RATES AND PERCENTAGES	2023	2022	2021	2020	2019	2018 restated[1]	2017[1]	2016[1,2]	2015[1]	2014[1]
Net sales	**88,649**	86,984	75,601	74,736	66,260	62,791	62,890	49,695	38,203	32,774
Of which online sales	**9,015**	8,618	7,704	5,547	3,493	2,817	2,393	1,991	1,646	1,267
Net sales growth at constant exchange rates[3]	**3.8%**	6.9%	5.0%	12.3%	2.3%	2.5%	28.9%	32.3%	2.3%	0.8%
Operating income	**2,846**	3,768	3,320	2,191	2,662	2,623	2,225	1,584	1,318	1,250
Underlying operating income margin	**4.1%**	4.3%	4.4%	4.8%	4.2%	4.4%	3.9%	3.8%	3.8%	3.9%
Net financial expense	**(546)**	(552)	(517)	(485)	(528)	(487)	(297)	(541)	(265)	(235)
Income from continuing operations	**1,874**	2,546	2,246	1,397	1,767	1,797	1,817	830	849	791
Income (loss) from discontinued operations	**—**	—	—	—	(1)	(17)	—	—	2	(197)
Net income	**1,874**	2,546	2,246	1,397	1,766	1,780	1,817	830	851	594
Earnings and dividend per share										
Net income per common share (basic)	**1.95**	2.56	2.18	1.31	1.60	1.51	1.45	0.81	1.04	0.68
Net income per common share (diluted)	**1.94**	2.54	2.17	1.30	1.59	1.49	1.43	0.81	1.02	0.67
Income from continuing operations per common share (basic)	**1.95**	2.56	2.18	1.31	1.60	1.53	1.45	0.81	1.04	0.90
Income from continuing operations per common share (diluted)	**1.94**	2.54	2.17	1.30	1.59	1.51	1.43	0.81	1.02	0.88
Dividend per common share	**1.10**	1.05	0.95	0.90	0.76	0.70	0.63	0.57	0.52	0.48
Cash flow										
Free cash flow	**2,425**	2,188	1,618	2,199	1,843	2,165	1,926	1,441	1,184	1,055
Net cash from operating, investing and financing activities	**475**	(92)	(218)	(383)	535	(1,587)	827	2,114	73	(1,005)
Capital expenditures (including acquisitions)[4]	**4,099**	4,107	5,776	4,456	3,604	2,838	1,822	16,775	1,172	1,006
Capital expenditures as % of net sales	**4.6%**	4.7%	7.6%	6.0%	5.4%	4.5%	2.9%	33.8%	3.1%	3.1%
Regular capital expenditures[5]	**4,051**	4,053	4,187	4,448	3,512	2,772	1,723	1,377	811	740
Regular capital expenditures as % of net sales	**4.6%**	4.7%	5.5%	6.0%	5.3%	4.4%	2.7%	2.8%	2.1%	2.3%
Average exchange rate (€ per $)	**0.9248**	0.9515	0.8461	0.8770	0.8934	0.8476	0.8868	0.9038	0.9001	0.7529

1 2018 figures have been restated to reflect the impact of the implementation of IFRS 16 Leases. Financial information prior to 2018 has not been restated for the impact of the implementation of IFRS 16 Leases.
2 Included former Delhaize business as of July 24, 2016.
3 Net sales growth in 2021, 2020, 2016 and 2015 is adjusted for the impact of week 53 in 2020 and 2015. Net sales growth in 2021 and 2016 is calculated based on a 52-week comparison to 2020 and 2015 respectively. Net sales growth in 2020 and 2015 is calculated based on a 53-week comparison to 2019 and 2014, respectively.
4 The amounts represent additions to property, plant and equipment; right-of-use assets; investment property; and intangible assets. The amounts exclude discontinued operations.
5 The amounts represent additions to property, plant and equipment; right-of-use assets; investment property; and intangible assets, excluding the impact from acquisitions. The amounts exclude discontinued operations.

PERFORMANCE REVIEW

MULTIPLE-YEAR OVERVIEW

BALANCE SHEET AND OTHER INFORMATION

€ MILLION, EXCEPT FOR NUMBER OF STORES AND OTHERWISE INDICATED	December 31, 2023	January 1, 2023	January 2, 2022	January 3, 2021	December 29, 2019	December 30, 2018, restated[1]	December 31, 2017[1]	January 1, 2017[1]	January 3, 2016[1]	December 28, 2014[1]
Group equity	**14,755**	15,405	13,721	12,432	14,083	14,205	15,170	16,276	5,621	4,844
Share buyback[2]	**(999)**	(998)	(995)	(1,001)	(1,002)	(1,997)	(998)	—	(161)	(1,232)
Gross debt	**17,766**	17,640	17,089	14,554	15,445	14,485	7,250	7,561	3,502	3,197
Cash, cash equivalents, and short-term deposits and similar instruments and investments in debt instruments – current portion	**3,500**	3,223	3,143	3,119	3,863	3,507	4,747	4,317	2,354	1,886
Net debt	**14,267**	14,416	13,946	11,434	11,581	10,978	2,503	3,244	1,148	1,311
Total assets	**47,821**	48,555	45,712	40,692	41,490	39,830	33,871	36,275	15,880	14,138
Number of stores	**7,716**	7,659	7,452	7,137	6,967	6,769	6,637	6,556	3,253	3,206
Number of employees (in thousand FTEs)	**232**	250	259	249	232	225	224	225	129	126
Number of employees (in thousands headcount)	**402**	414	413	414	380	372	369	370	236	227
Common shares outstanding (in millions)[2]	**946**	977	1,011	1,047	1,088	1,130	1,228	1,272	818	823
Share price at Euronext (€)	**26.02**	26.84	30.14	23.11	22.75	22.07	18.34	20.03	19.48	14.66
Market capitalization[2]	**24,615**	26,232	30,482	24,197	24,751	24,938	22,508	25,484	15,944	12,059
Year-end exchange rate (€ per $)	**0.9059**	0.9341	0.8795	0.8187	0.8947	0.8738	0.8330	0.9506	0.9208	0.8213

1 December 30, 2018, figures have been restated to reflect the impact of the implementation of IFRS 16 Leases. Financial information prior to December 30, 2018, has not been restated for the impact of the implementation of IFRS 16 Leases.
2 In the financial years ended January 1, 2017, and December 28, 2014, an additional €1,001 million and €1,007 million, respectively, were returned to shareholders through a capital repayment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE INFORMATION

	2023	2022 restated	2021 restated	2020	2019
Healthy own-brand food sales (€ million)[1]	**14,854**	14,475	12,293	11,516	9,982
% of healthy own-brand food sales of total own-brand food sales[1]	**54.8%**	54.4%	53.4%	49.8%	47.9%
% reduction in tonnes of food waste per food sales (t/€ million)[2]	**37%**	34%	21%	17%	9%
% reduction in absolute CO_2-equivalent emissions from own operations (scope 1 and 2)[3]	**35%**	29%	31%	23%	8%

1 2022 and 2021 figures are restated. Note that the 2020 and 2019 figures were not restated to the same ESG reporting scope.
2 The reduction is measured against the restated 2016 baseline: 4.99 t/€ million. Note that the 2020, 2019 figures were not restated to the same ESG reporting scope and are still reported against the baseline used in 2021, which was 5.48 t/€ million.
3 The reduction is measured against the restated 2018 baseline: 4,095 thousand tonnes CO_2-equivalent emissions. See *ESG statements* for more information. Note that the 2021, 2020 and 2019 figures were not restated to the same ESG reporting scope and are still reported against the baseline used in 2022 (for 2021 reporting year, as restated in 2022), which was 4,164 thousand tonnes, and, respectively, the baseline used in 2021 (for 2020 and 2019 reporting years), which was 4,073 thousand tonnes.

RISKS AND OPPORTUNITIES

LOCAL MATTERS

Albert
Czech Republic

ERM PRINCIPAL RISK PROFILE

Our Enterprise Risk Management (ERM) program has been created in line with our values and ethical principles. Our ERM assessment is designed to identify, assess and take action on risks and opportunities in line with our strategic, operational, financial, compliance and ESG-related business objectives. All of the most significant, or "principal" risks identified are considered to present a material financial risk.

The principal risks have been categorized by their relationship to strategic, operational, financial, compliance or ESG-related business objectives and linked to the related growth driver. We further differentiate these principal risks by the severity of the net risk (e.g., "critical" or "high") to the organization and how it has changed over the course of the year. The severity categorization is based on our assessment of the likelihood of the risk occurring, the potential financial and/or reputational impact, and the relevant mitigating actions we have in place.

Although the principal risks reported are largely similar compared to what was disclosed in our Annual Report 2022, in line with the principal risk profile diagram on the previous page and as described in the *Principal risks and uncertainties* section that follows, we have made some adjustments to the principal risk descriptions and there has been a general heightening of the severity of a significant number of the risks.

The challenging macroeconomic and sociopolitical environment, including inflationary and deflationary pressures as well as geopolitical instability, have implications on our risks and drive increases in our Competitive environment and Macroeconomic and sociopolitical developments risks. Ensuring the development and maintenance of an effective and cost-efficient IT framework is a crucial component of our brands' operations and, as our legacy systems continue to age over time, the related Supply chain and business continuity risk is increasing. Largely due to cost-of-living pressures and increasing societal polarization on social and political topics, which are impacting the psychological well-being of associates, we have noted an increase in our People risk. Although our related capabilities continue to improve, the inherent risk related to cybersecurity continues to rise, particularly when also taking into consideration the implications of security breach incidents at any of our third-party vendors. As the retail environment evolves further in the field of alternative monetization streams, the effective mitigation of the related increasing Data privacy risk continues to be a critical priority for Ahold Delhaize. Finally, the Insurance risk reported last year has been downgraded and removed as an individual principal risk. Nonetheless, insurance risk is recognized in the Additional risks and uncertainties section and is a risk factor embedded within a number of other relevant principal risks.

The diagram to the right provides an overview of the principal risks identified by the company, which are inherent to the brands' operations. You can find more detailed information, including a reference to the time horizon of each risk, and a description of the actions taken to manage them, under *Principal risks and uncertainties*.

See also the definition of risk appetite and risk categories in *Risk Management*.

It is important to note that these categorizations and how they are assigned to each risk are subjective in nature, and the actual materialization and impact of a risk may differ from what is disclosed here.

The assessment of the potential net risk severity and 2023 risk trend categorizations are defined as follows:

Critical: Permanent reduction of global or local brand reputation and/or monetary loss greater than €100 million.

High: Long-term impairment of global or local brand reputation and/or monetary loss less than €100 million.

Risk trend increasing

Risk trend flat

Risk trend decreasing

ERM PRINCIPAL RISK PROFILE

We have linked the most significant ESG topics identified, as per the *Materiality assessment*, with the related principal risks under *Our integrated approach*. The materiality assessment process enables us to identify and prioritize our most relevant ESG topics based on their impact and importance to Ahold Delhaize as well as their importance to stakeholders. The outcomes of both our ERM assessment and ESG materiality assessment serve as key inputs to our annual strategy and to identifying tangible actions and risk-mitigation processes that drive the formation of policies, procedures and controls; the scope of internal audit activities; and our business planning and performance process. We use performance targets to monitor the implementation of the identified actions.

See **Our Leading Together strategy** for more information.

The following section, *Principal risks and uncertainties*, provides an overview of the principal risks identified, including a description of each risk, developments noted during 2023, and a brief description of the primary mitigating actions in place to manage each risk.

The overview of risks should be read carefully when evaluating the Company's business, its prospects and the forward-looking statements contained in this Annual Report. These risks are not the only risks that the Company faces that may or may not actually materialize and/or have a material adverse effect on Ahold Delhaize's financial position, reputation, results of operations and liquidity or cause actual results to differ materially from the results contemplated in the forward-looking statements contained in this Annual Report, as further set out in the *Cautionary notice*.

See *Risk Management* for more information about our Governance, Risk and Compliance (GRC) Framework, ERM program and risk appetite. See *Materiality assessment* and *Our integrated approach* sections for details on the material ESG topics and how they are related to our risk profile.

DRIVE OMNICHANNEL GROWTH

- Growth potential in existing and adjacent markets
- Investment in AdTech resources
- Development of digital wallet functionality
- Last-mile delivery innovation
- Increased value through merchandising
- Improved value perception

ELEVATE HEALTHY AND SUSTAINABLE

- Accelerated renewable energy transition
- Supplier engagement towards supply chain decarbonization
- Technology and infrastructure development to support net-zero operations
- Making healthy choices easier

OPPORTUNITIES

In conjunction with the annual strategic planning and ERM exercises, our brands identify and assess local opportunities in line with our Leading Together strategy. The opportunities that are identified, some of which are described here under each of our growth drivers, are discussed by global and local management through our strategic business planning and performance cycle and translated into brand strategies.

See *Our Leading Together strategy* for more information.

CULTIVATE BEST TALENT

- Stimulation of culture and collaboration to enable our strategy
- Align incentive and reward system to strategic priorities
- Creation of industry-leading talent acquisition and development pipeline
- Continued improvement of associate safety and well-being

STRENGTHEN OPERATIONAL EXCELLENCE

- Accelerated Save for Our Customers program
- Initiatives to increase collaboration and leverage scale
- Strengthened internal mechanization capabilities
- Leveraging of global scale to optimize payment costs
- Integrated U.S. commercial and supply chain operating model

PRINCIPAL RISKS AND UNCERTAINTIES

STRATEGIC RISKS

COMPETITIVE ENVIRONMENT

Changes to the competitive landscape relating to non-traditional competition, competitor actions on pricing and assortment, material changes in customer preferences in the brands' markets (e.g., an increased focus on healthier products) could result in a loss of competitive advantage, decrease in sales, erosion of margins and an inability to deliver on our strategic objectives.

SEVERITY

TREND

TIME HORIZON

<1 year and 1-3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2023

Weak economic conditions are leading to a greater emphasis on price and increasing competitive pressure from discounters. Changes in the retail landscape, particularly relating to consumer shopping preferences around value and assortment, continue to pose both challenges and opportunities. Traditional and non-traditional retailers have responded by adjusting product assortments, pricing and promotional offerings.

HOW WE MANAGE THIS RISK

We have continued to implement our Leading Together strategy during 2023. Our four key growth drivers are designed to ensure that our brands continue to meet the changing needs and expectations of consumers while offering a competitive value proposition in the markets they serve. For more details on our Leading Together strategy and growth drivers, see Our Leading Together strategy and Our growth drivers. For details on our management approach to ESG topics, see Introduction to ESG, as well as the management actions described in relation to the *Stakeholder expectations on material topics* principal risk.

OMNICHANNEL AND DIGITAL GROWTH

Our ability to drive omnichannel growth and expand our brands' offerings is dependent upon whether we can strike a balance between growth and profitability, which relies on our brands' capacity to meet demand while maximizing cost efficiency. Our brands have many initiatives underway to better leverage our scale and drive operational improvements. Failure to successfully execute these initiatives may prevent us from realizing our growth ambitions or keeping pace with our competition and consumer expectations. This risk is broken out separately from the competitive environment risk given its importance to our overall strategy.

SEVERITY

TREND

TIME HORIZON

1-3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2023

Further increases in out-of-home eating have been limited by the challenging macroeconomic conditions, which are impacting consumers' disposable income. This, coupled with the changes in consumers' shopping habits established during the pandemic, has meant that the demand for home delivery and click-and-collect offerings has remained strong. Convenience and service levels continue to be important elements of competitiveness and retailers have partnered with home delivery companies to ensure same-day-delivery capabilities. Our brands will continue to monitor and respond to these evolving consumer habits and adjust their omnichannel offerings accordingly.

HOW WE MANAGE THIS RISK

Omnichannel and digital growth is at the core of our Leading Together strategy, and we have prioritized investments in our omnichannel offering, capacity and internal capabilities. This has included additional investments into our platforms and supply chain capabilities. For more information on the progress we have made, see Drive omnichannel growth.

PRINCIPAL RISKS AND UNCERTAINTIES

OPERATIONAL RISKS

SUPPLY CHAIN AND BUSINESS CONTINUITY

Disruption to our supply chain or critical business processes, due to a long-term or permanent loss of key suppliers, logistics, facilities, utilities, IT infrastructure, personnel, or commodity shortages, may result in non-availability of products for customers and have a significant adverse impact on commercial operations, revenues, reputation and customer perception.

SEVERITY

TREND

TIME HORIZON

1-3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2023

The ongoing conflicts in Ukraine and Israel/Gaza and other geopolitical tensions across the globe entail supply chain risks for commodities and for products that our brands offer to customers. Any further escalation could increase the related impacts significantly. High energy costs and the risk of future availability restrictions resulting from the ongoing conflicts pose threats to operations, particularly in Europe. The diverse IT landscape throughout our brands' operations, with dependency on aging legacy systems and third-party service providers, continues to pose challenges and risks to business continuity.

HOW WE MANAGE THIS RISK

We have established a global business continuity strategy, policy and governance structure and framework for ensuring the continuity of operations. This program is supported by dedicated business continuity managers globally and within each of our brands, who activate crisis response protocols and reporting, and provide regular training (including simulations) to senior leadership on crisis management and response to high-impact events. Our business continuity program includes insurance coverage in key areas and monitoring of vendors and third-party service providers. We closely monitor relevant commodity markets and develop plans to mitigate any related risks and ensure the continuity of supply. With regard to our IT landscape, we have developed a multi-year roadmap to ensure the effective upgrade and replacement of our legacy technology systems and infrastructure.

CYBERSECURITY

Our brands' business operations are dependent on the uninterrupted operation of IT systems. Information security threats or the malicious exploitation of a system vulnerability may result in a compromised IT system, system failure or a breach of sensitive company information.

SEVERITY

TREND

TIME HORIZON

<1 year

GROWTH DRIVERS

DEVELOPMENTS IN 2023

Our focus on omnichannel and digital transformation has continued during 2023, increasing our "attack surface." We continue to see increasing levels of malicious attempts to access our networks, internet-facing sites and applications. And, although there has been no direct impact on our organization to date, there has been a continued increase in the frequency and size of payouts by companies whose systems and data have been exploited by malicious hackers.

HOW WE MANAGE THIS RISK

We have in place a global Information Security organization and policy and control framework across all our regions and brands that governs and defines our procedures for mitigating risks to information systems. They include a variety of prevention and detection measures, including, but not limited to, associate training and monitoring of third-party service providers. We consistently improve, tighten and invest in our cyber-defense capabilities to keep pace with the evolving threats facing our company.

PRINCIPAL RISKS AND UNCERTAINTIES

OPERATIONAL RISKS

ORGANIZED LABOR

Our unionized brands may not be able to negotiate acceptable terms for extensions and replacements of contracts as a result of increased demands and/or expectations with regard to compensation and benefits from unions, which may lead to organized work stoppages or other operational, legal, financial or reputational impacts.

SEVERITY

TREND

TIME HORIZON

<1 year

GROWTH DRIVERS

DEVELOPMENTS IN 2023

Inflationary pressures during 2023 are also leading to increased demands from unions and rising labor costs. There were some organized work stoppages following the announcement of the changes to the business model in Belgium. In addition, following strike action in the Netherlands during the year, the respective labor agreements have been successfully renegotiated.

HOW WE MANAGE THIS RISK

The HR function in each of the brands manages the relationship with associates and, where applicable, the unions that represent them. Efforts are made to ensure an early bargaining approach is in place to actively manage collective bargaining agreement negotiations and contingency plans are in place to manage the impact of potential union activity. The brands also listen to and act upon associates' feedback on labor and working conditions through our annual AES and regular pulse surveys.

PEOPLE

Ahold Delhaize and its brands may not be able to attract, develop and retain top talent in support of current and long-term needs and capabilities.

Additionally, existing associates may be exposed to workplace hazards, situations or incidents that could impact their health, safety and well-being.

SEVERITY

TREND

TIME HORIZON

<1 year and 1-3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2023

While investment in skills is vital for inclusive and sustainable growth, addressing the broader issues of job quality and migration is also important, as is attracting suitable groups of potential employees that may currently be outside the labor market. On the supply side, during 2023, labor availability continued to pose challenges but largely stabilized.

Cost-of-living pressures, social issues and geopolitical tensions are causing an increase in stress and mental well-being issues among associates. There have also been incidents of conflict and violence throughout our brands' store networks. This has the potential to cause additional negative impacts on associates' physical and psychological safety, as well as the Company's reputation.

HOW WE MANAGE THIS RISK

The brands are committed to embedding our shared values, capabilities and behaviors within their workforces. They deploy many measures to achieve this, including, but not limited to, developing competitive employee value propositions to attract the best talent in line with their strategic capability plans and needs, implementing a formal talent management cycle and development conversations, and putting in place DE&I initiatives to drive our aspiration to have a workforce that is gender-balanced, representative of the markets our brands serve and inclusive. They also listen to and act upon associates' feedback through our annual AES and regular pulse surveys.

Associate safety is of paramount importance, and the brands have established processes and controls to effectively manage safety risks. Ahold Delhaize also ensures that associates' psychological well-being is considered and hosts various well-being events throughout the course of the year. For more information on the commitment to associate well-being, health and safety, and DE&I, see *Fair and safe workplace* and *Diversity, equity and inclusion*.

PRINCIPAL RISKS AND UNCERTAINTIES

FINANCIAL RISKS

MACROECONOMIC AND SOCIOPOLITICAL DEVELOPMENTS

Ahold Delhaize and its brands may face challenges, uncertainties and potential adverse impacts stemming from a combination of economic, political and social factors, encompassing the dynamic interplay of macroeconomic variables, such as overall economic growth, inflation, consumer confidence, fiscal policies, and sociopolitical factors, including geopolitical events, shifting demographics, political stability and social cohesion.

SEVERITY

TREND

TIME HORIZON

<1 year and 1-3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2023

Difficult macroeconomic conditions, including high inflation, increasing energy prices and rising borrowing costs, are eroding households' purchasing power and pose significant challenges to our business. Inflationary pressures have broadened beyond food and energy almost everywhere, with businesses throughout the economy passing on higher energy, transportation and labor costs. Cost-of-living increases and competitive pressure may, however, make it increasingly difficult to pass on further cost increases to consumers. See *Macroeconomic trends* for further details.

On the geopolitical front, conflicts in Ukraine and Israel/ Gaza are disrupting prices, product availability, supply chains and energy markets.

There has been a notable increase in society's polarization on social topics and political viewpoints, and the prominent geopolitical conflicts have divided opinion. Ahold Delhaize's position, or perceived position, in relation to any of these increasingly significant sociopolitical factors entails reputational and other risks.

HOW WE MANAGE THIS RISK

Ahold Delhaize and its brands monitor closely and act upon macro-economic and sociopolitical developments as part of the bi-annual strategic planning process. In addition, the Communications team regularly assesses consumer perceptions of our brands and, in conjunction with the Public Affairs team, monitors all external communications for alignment with our values. We closely monitor commodity price volatility and availability and develop plans to mitigate any related risks and ensure the continuity of supply. Through our Save for Our Customers program, our brands are focused on keeping prices as low as possible and ensuring that customers have access to affordable and healthy choices. We also implement measures to increase efficiency and scale, such as joining the EURELEC retail alliance and the enhancement of joint sourcing and product harmonization initiatives.

For a summary of other financial risks identified through our annual ERM assessment, see *Additional risks and uncertainties*.

PRINCIPAL RISKS AND UNCERTAINTIES

COMPLIANCE RISKS

DATA PRIVACY

A lack of security around, or non-compliance with, privacy requirements relating to the capture, usage, processing and retention of customer and associate data may lead to the exposure, misuse or misappropriation of data, which could have a significant legal, financial or reputational impact.

SEVERITY

TREND

TIME HORIZON

<1 year

GROWTH DRIVERS

DEVELOPMENTS IN 2023

With continued increases in online and mobile purchasing and media monetization, as well as increased social expectations and regulations regarding data privacy, the risks relating to the use and protection of associate and consumer data have also intensified.

HOW WE MANAGE THIS RISK

We manage and maintain up-to-date mitigating measures across the organization, including a global Personal Data Protection policy and procedures, Code of Ethics training, our "Living Data" (data protection) awareness program, the application of various ethics committee reviews of new projects and the rollout of data privacy principles aligned with consumer expectations around the ethical use of data. We extend these measures to key third parties who agree with and are obligated to abide by our Standards of Engagement and to certain vendors who are required to provide regular internal control assurance reports. In addition, we conduct a variety of data breach simulations across all levels of the organization, and have conducted a sensitivity analysis of a data breach scenario. See *Sensitivity analysis* for more on the results.

LEGISLATIVE ENVIRONMENT

Changes in, or failure to comply with, laws and regulations could impact the operations and reduce the profitability of Ahold Delhaize or its businesses, affecting its financial condition, reputation or results of operations. In addition, Ahold Delhaize and its businesses are subject to a variety of antitrust and similar laws and regulations in the jurisdictions in which they operate that may impact or limit their ability to realize certain acquisitions, divestments, partnerships or mergers.

SEVERITY

TREND

TIME HORIZON

1-3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2023

In conjunction with an increased focus on people's health and safety, there is an increasing concern about the health and safety of the planet. Discussions have intensified over climate change and other sustainability topics (e.g., sustainable packaging), and expectations from consumers, investors, legislators and other key stakeholders have increased significantly in recent years. Changes in the political framework in some countries of operation have the potential to bring changes in regulatory priorities which may require attention and management.

HOW WE MANAGE THIS RISK

We manage and regularly update a global policy framework with procedures and internal controls that are designed to ensure compliance with certain critical company standards and regulations. Our global policies are supported by brand-level policies tailored to maintain compliance with local regulations. Our global and brand-level Legal, Tax and Compliance teams also maintain real-time knowledge about proposed, upcoming or new legislation through participation in industry associations and lobbying industry bodies. We estimate the exposure to any legal proceedings and record provisions for these liabilities where it is reasonable to estimate and where the potential realization of a loss contingency is more likely than not. For more information on contingencies see *Note 34*.

During 2023, our brands and support organizations continued with company-wide measures to ensure the health, safety and well-being of associates and customers, while maintaining compliance with local laws and government restrictions. With regard to human rights, Ahold Delhaize has developed a methodology to help each brand explore how it impacts associates, customers, communities and people in its supply chains. We are in the process of broadening this due diligence assessment to include additional social and environmental impacts, again with the engagement of a broad range of internal and external stakeholders. For more information, see *Human rights in the supply chain*.

PRINCIPAL RISKS AND UNCERTAINTIES

COMPLIANCE RISKS

PRODUCT SAFETY

There is a risk that customers may become injured or ill from the use or consumption of products sold by Ahold Delhaize brands, whether they are contaminated or defective, intentionally tampered with, or impacted by food fraud in the supply chain.

In addition, negative impacts on human rights or the environment during the production of our products (e.g., human rights violations by suppliers) may negatively impact the reputation or results of Ahold Delhaize and the brands.

SEVERITY

TREND

TIME HORIZON

1-3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2023

We continue to maintain focus not only on the health and safety of associates and customers, but also on hygiene and the safety of the products our brands sell. Difficult macroeconomic conditions during 2023 and inflationary pressures have the potential to increase cost pressures on our suppliers, with resulting impacts on food standards and fraud.

HOW WE MANAGE THIS RISK

We have implemented a global Product Safety organization, policies, control framework and standard operating procedures at all of our brands. Our brands perform a variety of quality assurance reviews and audits in stores, DCs, and at key suppliers and preferred alternative suppliers. We further mitigate our risks in this area through different types of insurance coverage within our brands.

ESG RISKS

CLIMATE AND NATURE-RELATED

Climate- and nature-related risk concerns the potential for adverse effects on lives, livelihoods, health, assets, services, biodiversity, ecosystems, supply chain and infrastructure resulting from changes in climate norms, increasing temperatures and other nature-related issues. Physical risks concern the increasing severity and frequency of climate- and weather-related events, such as increased incidents of flood, droughts and tropical storms, as well as issues related to nature, such as soil degradation and the collapse of pollinator populations. Transition risks concern structural changes made in the transition to a low-carbon, nature-conscious economy, such as shifts in consumer behavior, technological change and climate and nature-related policy and regulation. Regulatory actions to mitigate and/or adapt to climate change, such as the introduction of carbon taxes, land use and transportation regulations or other limitations on GHG emissions, may negatively affect our business through higher costs or operational restrictions while physical climate events may result in losses arising from asset damage or operational disruption. See *Environmental* for further details on our climate-related risk assessment.

SEVERITY

TREND

TIME HORIZON

1-3 years and >3

GROWTH DRIVERS

DEVELOPMENTS IN 2023

A significant number of countries registered record temperatures during 2023, and areas in both Europe and North America experienced more intense drought and summer wildfires. There is a high level of focus on climate change, and, following the agreement reached at COP28, governments and regulators around the world are expected to drive related regulatory change and increased reporting requirements. In addition to climate risks, we are also facing other nature-related risks, such as biodiversity loss and soil degradation, which have the potential to significantly affect food supply and other vital resources such as water. We continue to report on the impact of climate change, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and align with EU Taxonomy reporting requirements. See *Environmental*, *TCFD index* and *EU Taxonomy* sections for further details.

HOW WE MANAGE THIS RISK

During 2023, we updated and enhanced our Climate Plan and we continue to develop and enhance our GHG reduction roadmaps with the ambition of becoming net zero across our own operations (scope 1 and 2) by 2040 and across our entire value chain by 2050. We have engaged the services of a third-party consultant to develop a customized climate risk assessment tool to utilize detailed physical climate data and scenario analysis for the execution of climate-risk assessments at a facility level Actions to address the risks related to the transition to a lower-carbon economy and related to the physical impacts of climate change are outlined in detail within the risk management section of *Environmental*. To inform and develop our approach to actions on nature, we have also commenced work to better understand interdependencies and risks related to nature across our supply chain.

PRINCIPAL RISKS AND UNCERTAINTIES

ESG RISKS

STAKEHOLDER EXPECTATIONS ON MATERIAL TOPICS

Ahold Delhaize and its brands are subject to external scrutiny from various stakeholders and internal scrutiny from associates on ESG topics, such as plastic packaging; GHG emissions; labor practices and human rights; DE&I; and sustainable agriculture. There is a risk that, should we not effectively meet stakeholders' expectations by demonstrating that we are making a positive contribution and taking actions to mitigate any negative impacts our business may have on society or the environment, we may be exposed to reputational damage or litigation actions. See *Environmental, Social and Governance* for further information on material ESG topics.

SEVERITY

TREND

TIME HORIZON

1-3 years and >3

GROWTH DRIVERS

DEVELOPMENTS IN 2023

Following the trend of increased scrutiny on ESG topics in recent years, we have continued to receive requests for information on our sustainability initiatives and performance metrics from investors and other key stakeholders. Customers and associates have high expectations on topics such as animal welfare and investors have shown a strong interest in our Climate Plan and in the development of a more extensive range of sustainability metrics, including on healthy foods, biodiversity and regenerative agriculture. There are increasingly demanding sustainability and supply chain due diligence reporting requirements and, in general, there is an expectation that companies will provide transparent insight into the impact they have on people and the environment. During 2023, we initiated a due diligence assessment to understand and update the range of topics that are material to our stakeholders. We also released our updated Climate Plan which provides quantified potential emission reductions from the decarbonization levers related to our own operations and our value chain.

HOW WE MANAGE THIS RISK

Elevate healthy and sustainable is one of the four growth drivers of our Leading Together strategy. We are committed to maintaining our position as an industry leader on sustainability and to achieving our ambition with regard to the decarbonization of our operations and value chain to contribute to a 1.5°C future. Our funding strategy is aligned to our ESG ambitions, as demonstrated by the Green Bond issued by Ahold Delhaize in 2023 and our sustainability-linked credit facility. See *Note 22 Loans and credit facilities* for further details. Our CSO, holding a position on the Executive Committee, has accountability for developing a clear, integral and coherent vision in line with our Group strategy, for providing thought leadership, expertise and support to the brands in delivering our ambition and for ensuring focus and collaboration across the organization. The CSO is supported by a cross-functional Sustainability Leadership Team (SLT) representing all aspects of sustainability. As part of our integrated approach, we regularly perform an assessment of the material topics facing the organization according to our stakeholders and develop targets and KPIs to measure our performance and ensure actions are being taken to address the most pertinent stakeholder expectations.

ADDITIONAL RISKS AND UNCERTAINTIES

In addition to the principal risks identified, the following risks were identified and considered in conjunction with our annual ERM assessment:

PENSIONS AND OTHER POST EMPLOYMENT BENEFITS

Pensions and healthcare funding obligations may be impacted by interest rate fluctuations, stock market performance, changing pension laws, longevity of participants, and increased costs in specific markets. In addition, some of our brands participate in multi-employer plans (MEPs) that are underfunded, and may be required, in certain circumstances, to increase their contributions to fund the payment of benefits to the MEP. For more information on the financial risks related to the MEPs; see *Note 24* to the consolidated financial statements.

Our governance structure includes a pension committee responsible for monitoring pension plan funding as well as the status of our MEPs. Management of each MEP is administered by a board of trustees appointed by the management of the participating employers (plan sponsors) and unions. The relevant Ahold Delhaize brands have been represented as a board of trustee member on several MEP boards and, through these positions, manage and monitor the MEPs' funding.

OTHER FINANCIAL RISKS

Other financial risks include foreign currency translation risk, credit risk, interest risk, liquidity risk, tax-related risks, liabilities to third parties relating to lease guarantees, contingent liabilities and risks related to the legislative and regulatory environment, including litigation. For information on these financial risks, see *Note 25*, *Note 30* and *Note 34* to the consolidated financial statements.

INSURANCE

Ahold Delhaize manages its insurable risks through a combination of self-insurance and commercial insurance coverage for workers' compensation, general liability, property, cybersecurity, vehicle accident and certain healthcare-related claims. Risk transfer to insurers is dependent upon insurance market dynamics and, as a result, new or renewed insurance policies may be subject to increases in premiums and decreases in coverage limits. Our self-insurance liabilities are estimated based on actuarial valuations. While we believe that the actuarial estimates are reasonable, they are subject to changes caused by claim reporting patterns, claim settlement patterns, regulatory changes and economic conditions, including interest rate volatility and adverse litigation results. Our process enables us to monitor claim and settlement patterns and evaluate third-party risk.

ARTIFICIAL INTELLIGENCE

The evolution of AI and machine learning has been gaining speed in recent years, and the emergence of generative AI in late 2022 is creating emerging risks and opportunities for Ahold Delhaize. Benefits include speed, efficiency, customization and ease of use for a variety of different functions, both for internal purposes and customer-facing applications. At the same time, the technology entails substantial risks around proper and ethical usage, data privacy, cybersecurity, complexity and cost. Ahold Delhaize has initiated a robust plan to manage the related risks and ensure that we take advantage of the related opportunities. Our actions to develop an AI policy and establish effective governance and control frameworks are ongoing.

PRINCIPAL RISKS AND UNCERTAINTIES

SENSITIVITY ANALYSIS

At Ahold Delhaize, we closely follow the impact of different internal and external risk factors on operations, including our principal risks and uncertainties. The purpose of our sensitivity analysis is to assess these risks in the context of the Company's current strategy and to determine their impact on our business and the viability of our business model, as well as on our ability to meet our financial liabilities and other obligations.

Our strategy is based on assumptions relating to: the global economic climate, changes in consumer behavior, competitor actions, market dynamics and our current and planned structure, among other factors.

From the sensitivity analysis we performed of our principal risks and uncertainties, we found the compound impact of the two risk scenarios described here to be the most severe stress scenario.

SCENARIO	ASSOCIATED PRINCIPAL RISKS	DESCRIPTION
Significant deterioration of the macroeconomic or sociopolitical environment	Competitive environment Macroeconomic and sociopolitical developments	Failure to effectively adjust components of our Leading Together strategy in the event of a deteriorating macroeconomic or sociopolitical environment, materializing in economic recession or sustained periods of low economic growth across all or some areas of operation, could lead to an inability to adapt to various dynamics affecting our performance. Unpredictable cycles of inflation or deflation may result in a change in customer behavior, particularly down-trading to value competitors/discounters, as well as additional pressure on our supply chain and cost base, including labor and energy needs, and the inability to pass on costs into retail prices may put pressure on our margins. Combined, these effects could result in a loss of market share to other market participants and/or may have a material adverse effect on the Company's financial position, operations and liquidity.
Information security and/or data breach and related business disruption	Supply chain and business continuity Cybersecurity Data privacy	In the event of a successful cyber-attack or data breach, the Company or the brands could be subject to material monetary penalties, loss of customers and damage to our corporate reputation; it could also lead to potential litigation. A serious breach could also impact the operation of significant business processes and result in non-availability of products for customers and the inability to operate the day-to-day business at brand level, including stores and DCs.
Materialization of extreme climate events	Climate and nature-related risks	As global climate change continues to evolve, businesses such as ours are confronted with an escalating array of physical risks and environmental hazards, with extreme weather events at the forefront. Based on the analysis of a number of climate change scenarios utilizing detailed climate data for the locations in which our brands operate, flooding and heatwaves are the two climatic phenomena that, over time, can have the most significant implications for Ahold Delhaize. If these or other extreme climate events materialize at our locations, it could significantly impact the operation of store and distribution networks, result in damage to our fixed assets or inventory, and may have a material adverse effect on the company's financial performance and position.

Top image: Mega Image customer

Bottom image: Delhaize's Fresh Atelier

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

LOCAL MATTERS

The GIANT Company
United States

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

INTRODUCTION TO ESG

At Ahold Delhaize, we use the term environmental, social and governance (ESG) to explain our impact on the world around us and how we work on eliminating, avoiding or reducing our negative impacts, mitigating risks and harnessing opportunities. In this introduction, we outline how we manage ESG topics and performance.

In the next sections, we describe how we assess materiality, to help us understand which ESG topics are most relevant to our stakeholders, and define our material topics, linked to our growth drivers and the United Nations Sustainable Development Goals (SDGs). Under the Environmental, Social and Governance sections, we detail our impact, our approach and progress, as well as our performance and targets relating to these topics.

OUR APPROACH TO ESG

Our approach to ESG starts with our efforts to better understand the world we live in; the challenges we face in the short, medium and long term; and what our stakeholders expect of us. Using this knowledge, we determine the topics where we have, or can have, the most impact or that impact us the most. See *Materiality assessment* and *Our material topics* for more information.

Our ESG ambitions are further shaped by the UN SDGs; ESG benchmarks, such as MSCI and Sustainalytics; and input received through stakeholder engagement. We work with frameworks, such as the TCFD, the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) standards. We also look at future developments and how these could potentially impact Ahold Delhaize – for example, the implementation of the CSRD. For information on the progress we're making on our implementation, see *Our CSRD journey*.

Through the mapping of these external requirements to our Leading Together strategy and growth drivers, we made commitments, and set targets, ambitions and aspirations, in several focus areas, such as reducing our carbon footprint and food waste, further increasing healthy sales of own-brand products, reducing our own-brand virgin plastic product packaging and aiming for 100% diverse and inclusive workplaces. We recognize that our ambitions and aspirations are challenging, but we strive to reach them over time. Our targets drive our day-to-day actions and performance. See *Elevate healthy and sustainable* and *Cultivate best talent* for more information.

How we manage ESG

The Executive Committee, supervised and advised by the Supervisory Board (and its Audit, Finance and Risk Committee and Health and Sustainability Committee), has accountability for approving strategy and driving performance. See *Corporate governance* and the *Supervisory Board report* for more information on the Health and Sustainability Committee and topics discussed.

In August 2022, Ahold Delhaize appointed a Chief Sustainability Officer (CSO), giving sustainability a dedicated seat at the Executive Committee table. The CSO is accountable for the success of Ahold Delhaize's integral vision, strategy and goals relative to all aspects of environmental sustainability, social impacts (including human rights) and governance. On November 6, 2023, the company announced that Jan Ernst de Groot, Ahold Delhaize's CLO and CSO, has decided to retire, effective May 31, 2024. Following Jan Ernst's decision, the Company decided to create a dedicated role for the CSO in the Executive Committee, separate from the CLO role, and announced in December 2023 that Alex Holt will join our Executive Committee as the new CSO. Alex is currently CSO and member of the Executive Committee at Woolworths Group, Australia and New Zealand's largest retailer, a role she has held since June 2021. Alex will join Ahold Delhaize by the end of May 2024.

A cross-functional SLT, chaired by the CSO, was created in 2022 to represent the main dimensions of environmental and social impacts and governance in the organization. It includes support functions such as Finance, Communications, Legal, Health & Sustainability, HR and Public Affairs.

The Health & Sustainability (H&S) function at Ahold Delhaize's GSO reports directly to our CSO, while the Chief Human Resources Officer (CHRO) remains functionally responsible for HR aspects, including DE&I and associate well-being. The global Compliance & Ethics function, which includes human rights, is responsible for aspects of the social and governance elements of ESG and reports to the CLO.

Brand leadership is responsible for establishing and resourcing implementation plans and monitoring performance around locally relevant ESG topics.

The H&S, HR and Compliance & Ethics functions, together with the Finance department's External Reporting team, determine the ESG indicators to be collected and reported to the Finance team at Ahold Delhaize's GSO and included in the Annual Report and on our website. Guidance on these ESG indicators is summarized in an ESG Accounting Manual, updated on an semi-annual basis and part of Ahold Delhaize's Accounting and Procedures Manual (ADAPM). The ESG Accounting Manual is approved by the ESG sub-committee of the cross-functional ADAPM committee, which includes representatives from support functions such as Finance, HR, Legal and H&S, as well as from the brands.

Ahold Delhaize's ESG information, as set out in the *ESG statements*, is subject to limited assurance by our external independent auditor. See the *Assurance report on the ESG information* for the opinion and the exact scope of the assurance provided. The external independent auditor is appointed by the AGM on the recommendation of the Audit, Finance and Risk Committee of the Supervisory Board. See *Corporate governance* for more information.

Our journey of continuous improvement

In our Annual Report 2022, we reported on our ESG data collection and reporting improvement journey that started in 2021 and continues today. As we see increased regulatory requirements; a continued focus from stakeholders; and the benefits of better understanding our own ESG actions, impacts and performance, it confirms for us that this journey is useful and necessary.

In 2023, we continued to improve our data collection, controls and processes. We increased the involvement of the Finance team in the data collection and reporting process and are now branching out to other indicators, utilizing the knowledge we have gained to date to bring improvements in other areas, such as our GHG emissions scope 3 reporting.

As we embark on the CSRD implementation journey, we are also using this knowledge to capture the new data requirements and set up processes and controls to ensure we are able to deliver reliable data going forward.

For more information on how this impacted our previously reported figures and baselines, see *ESG statements*.

INTRODUCTION TO ESG

Our CSRD implementation journey

The CSRD will be applicable to Ahold Delhaize starting from fiscal year 2024. It encompasses comprehensive and specific requirements that cover sustainability in a broad sense, including disclosure requirements for various ESG aspects. Consequently, our 2024 annual report's ESG information will be required to adhere to a new set of reporting standards, the European Sustainability Reporting Standards (ESRS). Expanding on our current ESG journey and strategy, we will incorporate the CSRD in our annual report in 2024. To ensure compliance by 2024, Ahold Delhaize already initiated the implementation process in early 2023, taking the following measures:

- We assembled a multi-disciplinary team at GSO level, supported by local brands where needed, to lead the implementation of the CSRD. This approach ensures that the CSRD requirements are implemented consistently across the entire organization, and are compliant with legislation and reporting standards. The implementation involves various departments and teams within the organization, including Finance, H&S, Legal and HR, among others. The objective is to ensure that Ahold Delhaize complies with the new reporting requirements and to provide transparent information on our ESG performance. We established a non-financial / ESG reporting team within our GSO organization with responsibility for all non-financial reporting, such as the EU Taxonomy, ESG reporting and the implementation of the CSRD.
- Leveraging our existing ESG Governance (see also *How we manage ESG*), we set milestones and monitor progress on the implementation of the CSRD.
- To enhance our disclosures and prepare our systems for data collection and reporting processes, we engaged an external party to conduct a readiness and disclosure gap assessment. This assessment provided valuable insights into the gaps that exist, enabling us to develop a comprehensive understanding of our position concerning CSRD readiness and disclosure requirements.
- To establish a fundamental comprehension of the requirements and objectives of the CSRD, we organized several training sessions. These sessions were not only geared towards the finance community, but also extended to brand-level associates in other departments. In addition, we created awareness at the Executive Committee and Supervisory Board level by providing training to these leadership groups and regularly informing them about the progress.
- In preparation for the upcoming European legislation on sustainability due diligence (CSDDD), we commissioned an external party to support us in further developing and integrating sustainability due diligence practices. As the basic principles of sustainability due diligence already underpin the structure of the ESRS, this is the starting point for our double materiality assessment.

  In Q4 2023, we completed the first phase of our sustainability due diligence assessment and are now developing a roadmap on due diligence that we expect to finalize in 2024. For more information, see material topic *Human rights in our value chain*.
- We prepared for the process of conducting a double materiality assessment, an important requirement of the CSRD. The key starting point of a double materiality assessment is impact materiality. Most financially material risks and opportunities relating to sustainability will be a product of the Company's material impacts on people and planet. An impact materiality assessment mirrors the first step of sustainability due diligence under the international standards on responsible business conduct. By setting the impact materiality assessment process as the starting point in the double materiality process, and aligning it with the first step of due diligence in line with the United Nations Guiding Principles (UNGPs) and OECD Guidelines, we support a coherent and integrated relationship between impact materiality and financial materiality and ensure that the resources we apply to the implementation of effective sustainability due diligence are an investment in good reporting under the ESRS, and vice versa.
- We have scheduled the next steps in the double materiality assessment, which will enable us to comply with CSRD requirements, to be completed in the first half of 2024.
- Until we have the outcome of the double materiality assessment, we rely on the material topics that came out of our current materiality assessment, as described in the *Materiality assessment* section in this Annual Report, to prepare for the CSRD.
- We have developed a comprehensive project implementation plan for the CSRD, which includes assigning resources responsible for implementing the ESRSs. Each applicable ESRS has a designated workstream and workstream lead who oversees the progress of implementing their assigned ESRS. The ESG reporting team collaborates with the workstream leads, who are experts in their respective topics, to develop CSRD instructions and training materials for colleagues at the local brands.
- Using the existing material topics, as also reported on in this Annual Report, we are working to close information and disclosure gaps, identifying additional data requirements and communicating and training people within the Company. We will start collecting additional data points as early as Q1 2024.

MATERIALITY ASSESSMENT

Our materiality assessment process enables us to identify and prioritize our most relevant ESG topics. We are committed to creating sustainable long-term value for our stakeholders and conducted this assessment to ensure that our strategy on ESG remains in line with stakeholder expectations and external trends.

OUR ESG MATERIALITY ASSESSMENT

In this Annual Report, we use the material ESG topics we determined in the updated assessment that was performed at the end of 2022 and applicable for our 2023 fiscal year.

As a result of the ESG materiality assessment, we have made some changes to the material topics, including regrouping and renaming some to align with ESRS. We have also added two new ESG material topics: animal welfare and business ethics and compliance.

Our material ESG topics are included in the overview below and further explained in the *Environmental, social and governance* sections of this report. They are also linked to our principal risks in *Our integrated approach* and to *Our value creation model*, where we linked the impacts of our material topics to our value chain.
Our disclosures on the ESG topics in the section below, as well as in the *ESG statements*, provide the information necessary to understand the development, our impact, our approach and progress, and our performance and targets relating to these topics.

Engage with relevant stakeholders and experts

Our materiality analysis identifies aspects of our business model that are most relevant to our company and its stakeholders. As leading global retailers, Ahold Delhaize and the brands take into account the needs of many different stakeholder groups in our day-to-day business. The four most impactful stakeholder groups to Ahold Delhaize are customers, associates, shareholders and communities. We engage with them in different ways. To conduct the materiality assessment, we asked for feedback from stakeholders on the scale of Ahold Delhaize's impact on ESG topics and the degree to which these topics influence their decision making. This approach enables us to determine which topics are most material and hold the greatest importance for stakeholders.

Understanding stakeholders' expectations helps us ensure that our Leading Together strategy and reporting are in line with their expectations and Ahold Delhaize's most significant impacts while focusing on adding sustainable short-, medium-, and long-term value.

Our materiality assessment followed, on a high level, the following steps:

Step 1: Understanding the organization's context: We selected a long list of topics to use as a starting point by referencing international reporting standards, including the GRI, ESRS, SASB Standards and the SDGs; media research; a peer review; and a risk and trend analysis of the food industry.

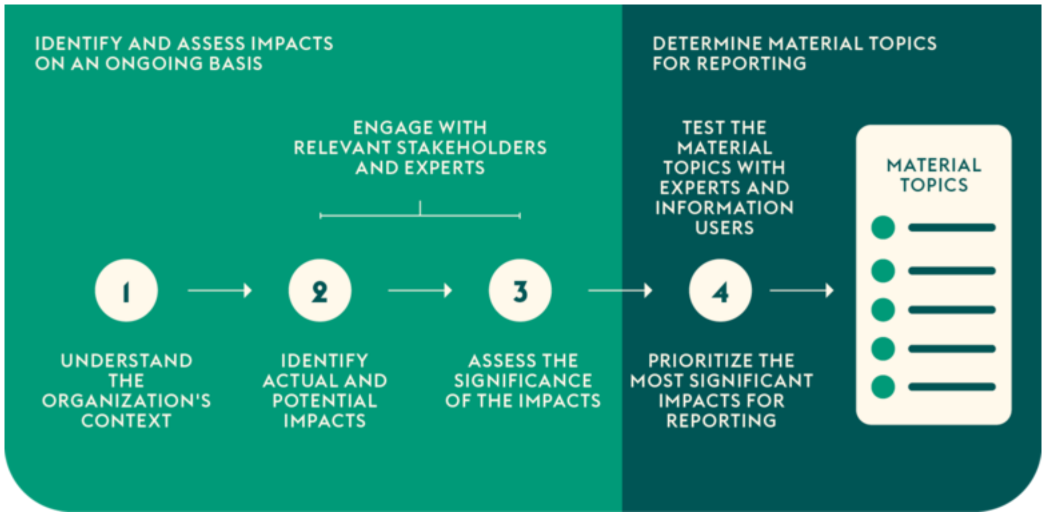
Step 2: Identifying actual and potential impacts: We determined the specific relevance of each topic to Ahold Delhaize through online surveys and interviews, collecting input from customers, associates, investors, NGOs, suppliers, producers, farmers and governmental organizations. We asked company management, through an online survey, to identify the topics they believe are most important for Ahold Delhaize and how they are linked to our strategic growth drivers. See also *Engaging with our stakeholders* for more information.

Step 3: Assessing the significance of the impacts: We took the long list of ESG-relevant matters, determined their significance and impact, and prioritized them to create a short list of material topics.

Step 4: Prioritizing the most significant impacts for reporting: We created a list of material topics, which was discussed and approved in a meeting of the Executive Committee[1].

Process to determine material topics

Our ESG materiality assessment included the following steps:



Moving forward we will focus on double materiality

While the materiality assessment did not result in any significant changes in our overarching strategic goals, it prompted target-setting for the other important topics and a restructuring of our material topics. Using the insights from our current materiality assessment, we further develop the approach we will take in our next materiality assessment, which will be a double materiality assessment scheduled to be performed during the first part of 2024. It will build on the first phase of the sustainability due diligence assessment that was completed in Q4 2023. For more information, see *Our CSRD implementation journey*.

1 For more information, please refer to our GRI Index on our website at *www.aholddelhaize.com*.

MATERIALITY ASSESSMENT

OUR MATERIAL TOPICS: ENVIRONMENTAL

CLIMATE

ENVIRONMENTAL TOPICS	MEASURABLE TARGETS AND AMBITIONS[1, 2, 3]	PROGRESS	PERFORMANCE
CLIMATE CHANGE	**Scope 1 and 2 targets (2018 baseline):** • As per Annual Report 2022: 34% reduction by 2025. • Updated in 2024: > 38% reduction by 2025[6].		Scope 1 and 2 reduction of 35% against the 2018 baseline was achieved, and is 5 percentage points higher than in 2022. The 2025 target has been increased to >38% from 34% last year to align future ambitions with 2023 performance.
	• 2030: 50% reduction against the 2018 baseline.		
	• 2040: Net zero: 90% reduction and 10% removals against the 2018 baseline.		
	Scope 3 targets (2020 SBTi-methodology baseline): **Near term:** • As per Annual Report 2022: 37% reduction by 2030 against the 2020 baseline (revision submitted, original target not validated)		In 2022, our actual total scope 3 footprint was 59.9 $MtCO_2e$, compared to 60.8 $MtCO_2e$ for 2021, as restated. Against our restated 2020 full scope 3 baseline of 59.8 $MtCO_2e$, our scope 3 footprint increased by 0.1%.
	Updated in 2024: • 2030: Scope 3 targets (2020 baseline, submitted but not yet validated)[7]: • We commit to reduce absolute scope 3 FLAG GHG emissions by 30.3% (or 4.7 $MtCO_2e$) by 2030 from a 2020 baseline (of 15.5 $MtCO_2e$).		Actual scope 3 FLAG and energy and industrial emissions are currently not tracked. We are working to improve our processes and plan to start reporting progress against the SBTi targets in the near future.
	• We commit to reduce absolute scope 3 Energy and Industrial GHG emissions by 42.0% (or 12.4$MtCO_2e$) by 2030 from a 2020 baseline (of 29.5$MtCO_2e$).		
	Long term: Updated in 2024: • 2050: Scope 3 (2020 baseline, submitted but not yet validated)[7]: • We commit to reduce absolute scope 3 FLAG GHG emissions by at least 72% (or 15.0 $MtCO_2e$) by 2050 from a 2020 baseline.		
	• We commit to reduce absolute scope 3 Energy and Industrial GHG emissions by 90% (or 34.0 $MtCO_2e$) by 2050 from a 2020 baseline.		
	Net zero[8]: • We commit to reach net-zero GHG emissions across our own operations and the value chain by 2050.		

MATERIALITY ASSESSMENT

CIRCULARITY

ENVIRONMENTAL TOPICS	MEASURABLE TARGETS AND AMBITIONS APPLICABLE FOR 2023[1, 2, 3]	PROGRESS	PERFORMANCE
FOOD WASTE	• As per Annual Report 2022: More than 38% reduction of total tonnes of food waste per €1 million of food sales by 2025, against our 2016 baseline • Updated in 2024: More than 40% reduction of total tonnes of food waste per €1 million of food sales by 2025, against our 2016 baseline[9].		In 2023, 37% reduction of total food waste per €1 million of food sales against the 2016 baseline was achieved; a 2 percentage-point increase compared to 2022. The 2025 target has been increased to more than 40% from more than 38% last year to align future ambitions with 2023 performance.
	• By 2030: 50% reduction of total tonnes of food waste per €1 million of food sales against our 2016 baseline		
SUSTAINABLE PACKAGING	By 2025: • Our target is to reduce the use of virgin plastic in own-brand primary product packaging by 5% compared to 2021.		A 10.3% decrease in own-brand primary virgin plastic product packaging against the 2021 baseline was achieved against an increase of 1.7% in 2022.
	• Our target is to have 25% of our total own-brand primary plastic packaging weight made from recycled content[5].		13.2% of own-brand plastic product packaging is made of recycled content, compared to 10.5%in 2022.
	• Our target is for 100% of primary own-brand plastic packaging to be reusable, recyclable or compostable in practice and at scale.		28% of primary plastic own-brand product packaging is reusable, recyclable or compostable, compared to 27% in 2022, a 1% increase.

NATURE

ENVIRONMENTAL TOPICS	MEASURABLE TARGETS AND AMBITIONS APPLICABLE FOR 2023	PROGRESS	PERFORMANCE
SUSTAINABLE PRODUCTS	• By 2025: Ahold Delhaize and its brands aim to have 100% of own-brand products containing soy, palm oil, cocoa, coffee, wood fiber and tea certified against an acceptable standard that provides for no deforestation or land conversion as defined by the *Accountability Framework Initiative* or the *Forest Resources Assessment*. The cut-off date we use is December 31, 2020, or the date of the applicable certification, whichever is earlier.		See our website at *www.aholddelhaize.com* for the performance of the critical commodity indicators[4]. In 2023, most of the indicators were over 96% certified. Cocoa, palm oil and wood fiber fell slightly behind, with just more than 91% certified against acceptable standards. For additional detail on our approach to managing nature-related impacts and dependencies, including those linked to critical commodities, see *Sustainable sourcing of critical commodities*.
ANIMAL WELFARE	• Albert Heijn and Delhaize Belgium are already 100% cage-free for their own-brand and national-brand eggs, shell eggs and eggs-as-ingredients.		Both Albert Heijn and Delhaize Belgium have only sold cage-free own-brand and national-brand eggs since 2021.
	• All other European Ahold Delhaize brands and all U.S. brands have committed to being 100% cage-free for own-brand and national-brand shell eggs by 2025.		43% of the total own-brand shell eggs sold are cage-free, compared to 42% in 2022, while 46% of the national-brand shell eggs sold were cage-free in 2023 compared to 38% in 2022.

MATERIALITY ASSESSMENT

IMPACTS ON CUSTOMERS

SOCIAL TOPICS	MEASURABLE TARGETS AND AMBITIONS[1, 2, 3]	PROGRESS	PERFORMANCE
CUSTOMERS' HEALTH AND NUTRITION	• As per Annual Report 2022: Our target is to have 55.6% healthy own-brand food sales as a proportion of total own-brand food sales by 2025. • Updated in 2024: Our target is to have 52.3% healthy own-brand food sales as a proportion of total own-brand food sales by 2025[10].		54.8% healthy own-brand food sales as a proportion of total own-brand food sales was achieved in 2023, compared to 54.4%% in 2022. The 2025 target has been decreased to 52.3% from 55.6% last year to account for the expected impact of the amended Nutri-Score algorithm implemented in 2024.
PRODUCT AFFORDABILITY	• In 2024: Our target is to deliver more than €1 billion through the Save for Our Customers program.		In 2023, €1.3 billion was delivered through the Save for Our Customers program, compared to the target of more than €1 billion.

FAIR AND SAFE WORKPLACE

SOCIAL TOPICS	MEASURABLE TARGETS AND AMBITIONS	PROGRESS	PERFORMANCE
WORKPLACE CONDITIONS (OWN OPERATIONS)	Short term: Reduce absenteeism rate year on year Aspirational: Through risk mitigation, education and awareness, reduce all serious injury and fatality occurrences		In 2023, the workplace injury absenteeism rate (number of injuries that result in lost days per 200,000 hours worked) was 1.89, compared to 2.00 in 2022.
HUMAN RIGHTS IN THE SUPPLY CHAIN	By 2025: Our ambition is to have 100% of production sites of own-brand products in high-risk countries audited against an acceptable standard with a valid audit report or certificate and no non-compliances on deal-breakers.		78% of production sites of own-brand products in high-risk countries were audited against an acceptable standard with a valid audit report or certificate and no non-compliances on deal-breakers.

MATERIALITY ASSESSMENT

DIVERSITY, EQUITY AND INCLUSION

SOCIAL TOPICS	MEASURABLE TARGETS AND AMBITIONS[1, 2, 3]	PROGRESS	PERFORMANCE
DIVERSITY, EQUITY AND INCLUSION	We aspire to a workforce that is: • 100% gender balanced at all levels	Area of focus	52% of total Ahold Delhaize associates are female, of which 37% of VP+ associates are female.
	• 100% reflective of the communities we serve	Area of focus	Ethnicity is only measured in the U.S., where 37% of associates below manager level and 15% on VP+ level are from racially/ethnically underrepresented groups. These figures are slightly lower than 38% and 18% in 2022.
	• 100% inclusive – where all voices are heard	Area of focus	We received a score of 81% on the inclusive workplace index in the AES, which measures the following: if diversity is valued at Ahold Delhaize; if associates, regardless of their differences, are treated fairly; if associates can be their authentic selves; whether managers treat all associates with respect; and if associates are encouraged to share their ideas about improving our work environment.

BUSINESS ETHICS

GOVERNANCE TOPICS	MEASURABLE TARGETS AND AMBITIONS[1, 2, 3]	PROGRESS	PERFORMANCE
BUSINESS ETHICS AND COMPLIANCE	We consistently strive to create a strong ethical culture where our decisions and actions align with our values and ethical principles, and in which any misconduct is reported without fear of retaliation.	On track	During 2023, there were: • No confirmed incidents of legal non-compliance related to bribery, corruption and anti-competitive business practices • No significant breaches of laws or regulations, including social or environmental impacts

1 Boundaries of the material topics are shown under *Our value creation model*, and also included in the discussion of the topics below.
2 See *ESG statements* for more information on the KPIs and performance.
3 See *Environmental, social and governance* section for more information on the targets and ambitions per ESG-related material topic.
4 For performance on these sustainable products metrics, see *Critical commodity reporting* on our website.
5 During 2023, it was concluded that it is not always possible to obtain information about whether recycled content is post-consumer or post-industrial (pre-consumer) recycled content. As a result, the Company concluded that it is not possible to report on post-consumer recycled content and, as such, changed the target to only report on recycled content.
6 The 2025 target was increased to 38% from 34% last year to align future ambitions with 2023 performance.
7 Due to a resubmission of targets to SBTi and incorporating the split between FLAG and Energy and Industrial sector emissions in 2023, the targets have been adjusted. See *Elevate healthy and sustainable* as well as *Scope 3 setting targets under SBTi*. We plan to utilize removals to the extent permitted by SBTi.
8 See *Definitions and abbreviations* for the definition of net zero. We plan to utilize removals to the extent permitted by SBTi.
9 The 2025 target was increased to more than 40% from more than 38% last year to align future ambitions with 2023 performance.
10 The 2025 target was decreased to 52.3% from 55.6% last year to account for the expected impact of the amended Nutri-Score algorithm to be implemented in 2024.

Progress key

Do not achieve | On track | Significant progress | Achieved | Achieved ahead of schedule | Area of focus

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Environmental

As part of our strategy to support a healthier planet, and informed by our materiality assessment, we measure and manage our company's environmental impacts using three pillars: climate, circularity and nature.

For more information on our performance on these environmental topics, see *ESG statements: Environmental* and *Performance review: Group performance*.

CLIMATE

Our climate pillar includes the material topic climate change, which covers both our impact on climate change (mainly GHG emissions) and the impact of climate change on our organization (physical and transition risks). This section also includes Ahold Delhaize's activities as supporter of the TCFD. We have adopted the TCFD's recommendations and are reporting in line with them, where possible. See *TCFD index* under *ESG statements* for references to where our reporting responds to the TCFD-recommended disclosures.

Information on the EU Taxonomy is included in the *ESG statements*, and we provide further information on climate change in the *Risks and opportunities* section.

CLIMATE CHANGE

Definition

Ensuring that measures are taken to reduce GHG emissions in our own operations and supply chain and increase energy efficiency in our own operations. Adopting practices to manage risks that could occur as a result of climate change.

Boundary: Own operations and value chain (up- and downstream)

General developments in 2023

According to the Intergovernmental Panel on Climate Change (IPCC)[1], human activities, principally through emissions of GHGs, have unequivocally caused global warming, with global surface temperature in 2011-2020 reaching 1.1° C above what it was in 1850-1900. Global GHG emissions have continued to increase, with unequal historical and ongoing contributions arising from unsustainable energy use; land use and land-use change; lifestyles; and patterns of consumption and production across regions, between and within countries, and among individuals.

The IPCC report states that continued GHG emissions will lead to increased global warming. The best estimate, based on considered scenarios and modelled pathways, predicts that we will reach 1.5° C in the near term. Every increment of global warming will intensify multiple and concurrent hazards.

In December 2023, we updated Ahold Delhaize's Climate Plan, building on our earlier Climate Plan from November 2022. In this updated Climate Plan, we refined our decarbonization levers, specifying potential reductions in GHG emissions, and refined the categories influencing our reduction target for the entire value chain (scope 3). Our focus is on working to address these challenges and adapting our actions to respond to them.

1 IPPC 2023 AR6 Synthesis report.

CLIMATE

CLIMATE CHANGE CONTINUED

Our impact

Climate change and the degradation of nature are global threats to the health of the planet and people's lives and livelihoods.

A range of issues – such as deforestation, biodiversity loss, food waste and pollution – contribute to the climate crisis, and to the health and resiliency of the planet, which underpins the well-being of everyone who inhabits it.

Humans cause climate change by releasing carbon dioxide and other GHGs into the air.

GHGs are produced in different ways, including the following:

- **Burning fossil fuels:** Fossil fuels such as oil, gas and coal contain carbon dioxide that has been "locked away" in the ground for thousands of years. When we extract these fuels and burn them – for example, in trucks when transporting products or to heat, cool, or operate stores – carbon dioxide is released into the air. Our brands are using fossil fuels for heating and transportation, and, in doing so, produce indirect GHGs. See also *Transition from fossil fuels in heating and transportation*.
- **Deforestation:** Forests remove and store carbon dioxide from the atmosphere. Cutting them down leads to carbon dioxide building up more quickly, since there are fewer trees to absorb it. And when trees are burned, they release the carbon they stored. Ahold Delhaize can contribute to deforestation, for example, if we sell products produced on deforested land. See also *Deforestation-free supply chain* for our actions in this area.
- **Agriculture:** Planting crops and rearing animals releases many different types of GHGs into the air. See *Agricultural practices*.
- **Cooling fluids:** Hydrofluorocarbons (HFCs) are commonly used chemicals for cooling and represent a major contributor to climate change, causing approximately 1.5% of global emissions worldwide. Ahold Delhaize sells products that require cooling in order to maintain food safety and quality for customers. Reducing the use of chemical refrigerants and switching to low-GWP refrigerants is our greatest opportunity to reduce our negative impact. See also *Transition to low-GWP and natural refrigerants*.

We estimate that the annual value chain GHG emissions (scope 1, 2 and 3) of Ahold Delhaize and the brands total approximately 63 million tonnes of CO_2-equivalent emissions. This figure is broken down in the diagram that follows this paragraph.

Our total carbon footprint[1]

Scope 1 and 2	
Energy consumption	1.8%
Refrigerants	2.1%
Transport	0.4%
Scope 3	
Purchased goods and services	86.2%
Use of sold products	5.2%
Other scope 3	4.3%

1 Includes 2023 scope 1 and 2 emissions, and 2022 scope 3 emissions.

Of the categories in the graph *Our total carbon footprint*, energy consumption, refrigerants and transport form our scope 1 and 2 footprint. The remaining emissions categories form our scope 3 footprint, representing approximately 96% of our total direct and indirect carbon footprint.

See also our *ESG statements* for a further breakdown of our scope 3 emissions.

While emissions from our own operations (scope 1 and 2) are a small share of our total value chain emissions, it is here that we have direct control and can have the biggest direct impact.

Along our value chain, we see opportunities to reduce emissions from our current product portfolio through targeted interventions upstream and downstream – for example, by encouraging suppliers to set their own science-based targets, and working with logistics partners to shift to lower-emission transport options.

With the lion's share of our value chain emissions falling outside of our direct control, societal change and industry collaboration remain critical to achieving our targets. Playing a part in wider society and cooperating across the industry are, therefore, integral parts of our plan.

CLIMATE

CLIMATE CHANGE CONTINUED

Our approach and progress

In this section, we provide more information on our governance and risk management of climate-related risks, our strategy, examples of actions taken and progress made, and a summary of our plans to meet our GHG-emission targets.

Governance

Ahold Delhaize's Management Board takes overall accountability for the management of the Company's ESG topics, with the CSO charged with oversight of our climate change agenda. This includes leading policy development for our climate change agenda and bringing additional executive oversight to this important strategic issue. Updates are tabled for discussion by the Management Board and Executive Committee as well as the Supervisory Board's Health and Sustainability Committee, in line with our risk review cycle.

Our CFO maintains oversight of our climate-related financial activities and reporting, sponsoring the TCFD and EU Taxonomy working groups that comprise colleagues across our Climate, Risk Management and Finance teams and maintain day-to-day oversight of these areas.

See **Introduction to ESG** for more information on how we manage ESG performance.

Five of the nine members of the Supervisory Board are also members of the Supervisory Board's Health and Sustainability Committee. This Committee advises the Supervisory Board on the Company's sustainability long-term vision, strategy and target setting. It monitors the Company's performance on ESG targets and advises on ways to apply innovations to achieve these targets. Please refer to the *Supervisory Board report* for more information on the Health and Sustainability Committee.

Our approach to climate change has been rolled out globally, with our brand leadership teams responsible for implementing actions within the brands. Every brand has dedicated teams working to reduce its climate impact from own operations and the value chain. These teams consist of associates from departments such as Store Development and Store Maintenance, as well as sourcing managers.

To underpin the importance of decarbonizing our business, we linked the achievement of our scope 1 and 2 GHG-emissions-reduction targets to remuneration under our long-term incentive plan.

We have strengthened the connection between executive compensation and sustainability by elevating our emphasis on ESG factors in our remuneration policies during 2022, changing both short- and long-term incentive composition.

See **Remuneration Policy** for further details.

Strategy

As food retailers, we are acutely aware of how climate change is impacting the way food is grown and will change our business both now and in the years to come – from how and where products are sourced to what our brands' stores look like and how we heat or cool them.

A healthy planet is a key component of our *Elevate healthy and sustainable* growth driver, and our approach to addressing climate change in our company focuses on both the impact of climate change on our business (through our efforts to comply with the TCFD) and how our business activities impact the climate. We aim to reduce our impact on climate through our commitment to reach net-zero GHG emissions across own operations by 2040 (scope 1 and 2) and become net-zero businesses across the entire value chain, products and services no later than 2050 (scope 3).

We have also joined the Business Ambition for 1.5°C, a global coalition of UN agencies and business and industry leaders, in partnership with the SBTi and the UN-led Race to Zero campaign.

Methodology

Within our climate approach, we are guided by the standards of the GHG Protocol, which defines a global standardized framework for the measurement and management of GHG emissions from the private and public sectors. The GHG Protocol defines scope 1, 2 and 3 emissions. Scope 1 emissions are direct GHGs from owned or controlled sources. Scope 2 emissions are indirect emissions resulting from the generation of purchased energy, and scope 3 emissions are all other indirect emissions in the upstream and downstream value chain of an organization.

Additionally, our active participation in the annual CDP disclosure process underscores our dedication to transparently communicating our environmental performance and progress.

See **ESG statements** for more information.

ENVIRONMENTAL

CLIMATE

CLIMATE CHANGE CONTINUED

Own operations (scope 1 and 2)

Energy consumption and refrigeration represented approximately 91% of total scope 1 and 2 emissions.

Setting targets for scope 1 and 2

Ahold Delhaize developed science-based targets (SBTs) for scopes 1 and 2 in 2019, and submitted targets to the SBTi for validation in 2020.

Our medium-term emissions reduction target for scope 1 and 2 (see table under *Our targets* below), set in 2019, has been formally approved by the SBTi. This means that the SBTi has assessed the target against the emissions reduction pathways necessary for the world to limit global average temperature rise 1.5° C above preindustrial levels and found them to be consistent with that outcome.

In accordance with SBTi technical guidance on setting SBTs, 2018 was selected as the baseline year, since it was the most recent year with robust scope 1 and 2 footprint data. The 2018 (restated) baseline for SBTi target setting is 4.1 $MtCO_2e$; see *ESG statements* for further details.

Key levers

To address the emissions in our brands' operations, we have identified four key levers, which are further discussed below. These levers are considered the areas that will contribute the most in reaching our medium-term target of 2.05 $MtCO_2e$, or a 50% reduction against the 2018 baseline of 4.1 $MtCO_2e$, as well as our long-term target of becoming Net zero (90% reduction and 10% removals) by 2040 (also against our 2018 baseline).

In this section, we also set out examples of actions we have taken under each lever. Please note, this is not a full list of our activities to reduce scope 1 and 2 emissions.

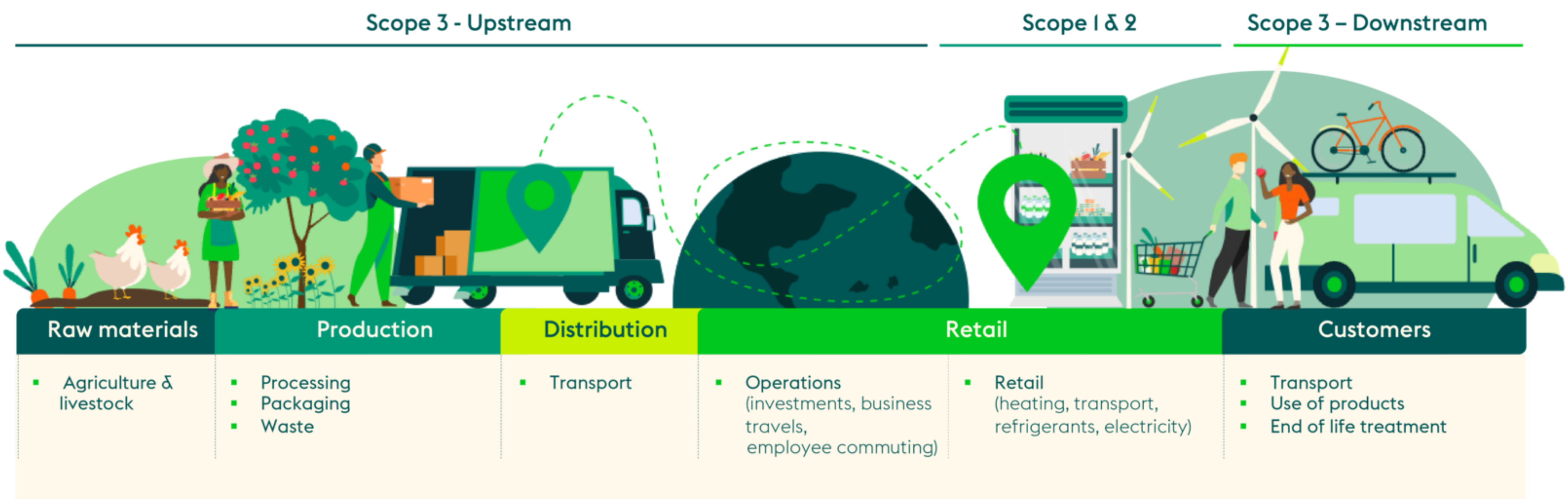
See **our updated Climate Plan** for more information.

Transition to renewable energy

In 2023, 29.6% of our emissions (scope 1 and 2) were caused by electricity consumption. Our total electricity consumption is forecast to further increase due to the electrification of our transportation and heating systems. We plan to reduce electricity emissions to zero by 2035.

A portion of this will be accomplished by generating our own electricity through solar panels installed in both the U.S. and Europe. In addition, we plan to source 100% renewable energy through PPAs in Europe and 100% green electricity via renewable energy certificates (RECs) in the U.S. In Europe, we already use 82% green electricity[1], compared to a share of 41% in the U.S.

1 Green electricity includes electricity from renewable sources and electricity from nuclear sources.



ENVIRONMENTAL

CLIMATE

CLIMATE CHANGE CONTINUED

We actively invest in renewable energy initiatives. Our solar projects include widespread photovoltaic installations. In the U.S., Giant Food recently finalized a contract for around 45 Maryland stores to be offtakers for a new utility-scale solar project. Construction will start in 2024.

Our European brands are also working on renewables – for example, Alfa Beta in Greece is installing photovoltaic systems at its stores. In the Netherlands, Albert Heijn already uses 100% renewable electricity. To incentivize renewable electricity generation, Albert Heijn is entering into a long-term partnership for the purchase of green energy from a new wind farm to be built.

Transition to low-GWP and natural refrigerants

Our 2023 mix of refrigerant types and associated leakage accounts for 49.4% of our total scope 1 and 2 emissions. Our brands are aiming to reduce refrigerant emissions by executing local climate plans.

In order to achieve our net-zero plan, we need to replace or retrofit our refrigeration systems with low-climate-impact alternatives that can use natural or low-GWP refrigerants, minimize leakage and consume less energy.

We want to transition, year by year, to natural and low-GWP refrigerants. Natural refrigerants have negligible climate impact and are more energy efficient. Our U.S. businesses are planning to convert equipment for compatibility with low-GWP or natural refrigerants (these plans are under revision due to PFAS legislation). For our European businesses, all refrigerant equipment will use natural refrigerants by 2040.

This year, Food Lion received two awards from the U.S. Environmental Protection Agency for reducing emissions by switching to refrigeration systems with zero ozone-depleting potential and low-GWP refrigerants.

Some of our other brands, such as Albert Heijn in the Netherlands, are also successfully replacing chemical refrigerants with natural refrigerants in certain installations. At Albert Heijn, these already account for approximately 68% of own-store installations.

Transition from fossil fuels in heating and transportation

Our fossil fuel-related emissions come mainly from two sources: transport and heating. Transport by our own fleet includes distribution between facilities, e-commerce services, delivery to customers and business trips, using both owned and leased vehicles. These activities account for 21.0% of our total scope 1 and 2 emissions. Our long-term vision is to achieve 100% fossil-fuel-free transport in both Europe and the U.S. by 2040.

Technological maturity plays a role in how fast we can transition to cleaner energy sources. In the U.S., we are facing challenges in infrastructure readiness for electrified fleets and equipment. Likewise, we will need to evaluate fleet electrification viability in Europe on a country-by-country basis.

The natural gas and propane used for heating comprises 10.7% of our scope 1 and 2 emissions today. Our aim is to gradually electrify our heating systems to eliminate fossil fuel use in both the U.S. and Europe by 2040. For example, in Romania, Mega Image started to convert its distribution vehicles to electric vehicles.

Our brands are making significant changes to the heating systems in their stores. Our Albert Heijn stores are on their way to becoming entirely gas free, in line with our net-zero commitment to reduce GHG emissions. Our Mega Image brand, for example, is taking a decisive step by equipping its stores with heat pumps, so they are no longer dependent on traditional heating methods using fossil fuels.

Increase energy efficiency

In addition to the switch to renewable energy and the electrification of transportation and heating, we are implementing energy efficiency measures across all our local brands, to reduce our total energy consumption. We are installing energy-efficient equipment, such as LED lights, doors on cabinets, heat recuperation, heat pumps, new refrigeration systems and improved insulation. When remodeling stores, taking measures like these is enabling our brands to create some of the most energy-efficient stores of the future.

Many of our brands, in both Europe and the U.S., have switched to energy-efficient LED lighting in the stores to reduce overall electricity consumption.

Some brands, including Mega Image, Delhaize Belgium, Food Lion, Giant Food and The GIANT Company, are upgrading their refrigeration systems. They are retrofitting older freezer doors and replacing them with the latest passive doors, which significantly minimizes energy loss, as only the door frames are equipped with frost protection, resulting in higher efficiency compared to conventional active doors.

Scope 1 and 2 road to decarbonization

The feasibility and achievability of our actions on key levers become less certain, the further in the future these plans are set to be executed. To the extent that actions are scheduled to be executed in the period from 2024 to 2026, the plans are built from brand-level up and the necessary estimated CapEx and operating expenses needed to execute them are included in our long-range plans. We have estimated the feasibility and reduction potential with a reasonable level of reliability, but the actual outcomes can still differ.

For the period 2027 to 2030, our plans are more high level and include more uncertainty and assumptions. As a result, we have a higher level of uncertainty around whether our estimated outcomes are achievable and the reductions will materialize as estimated.

The current plans also do not yet take into account the effect of changes in refrigerant regulations, and will be revisited in the coming year to be adjusted accordingly. This might impact the cumulative emissions-reduction potential, as well as the timing of our execution of these plans.

CLIMATE

CLIMATE CHANGE CONTINUED

Our current expectations are that, based upon the identified action plans and the progress we are making, we are on a positive trajectory to meet our target of 50% reduction by 2030, subject to our estimates and assumptions as set out below.

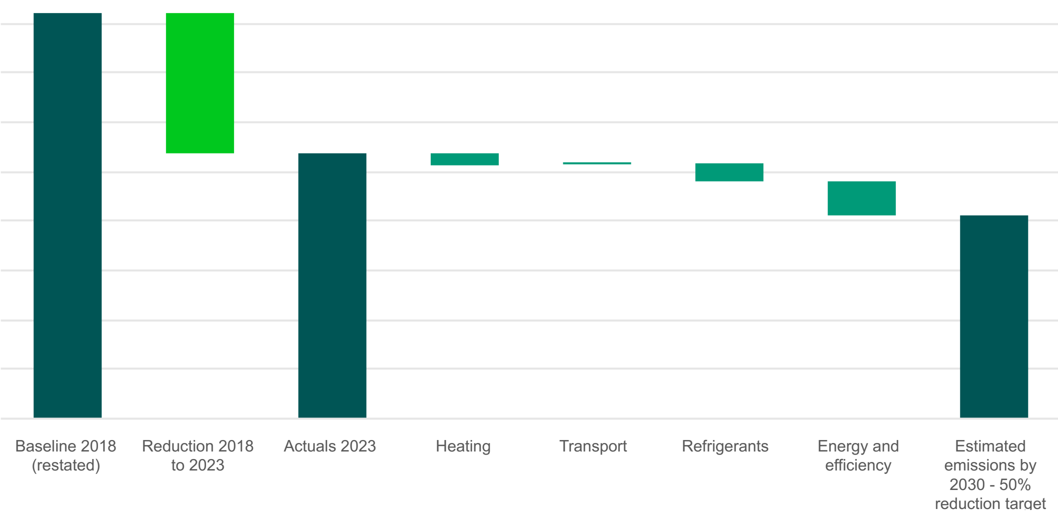
For the period 2030 to 2040, the next step is to make our high-level plans more concrete, taking into account available and developing technology and insights. While we have high-level plans and actions identified, the high level of uncertainty due to the longer-term nature of the actions, changing regulations and reliance on technology and infrastructure that is sometimes not yet fully operational or proven in practice, leads to significant uncertainty and causes us to be dependent on various assumptions in order to provide more detail.

Assumptions and estimates used in calculations

Our ability to achieve our GHG emissions reduction targets for scope 1 and 2, with the actions above, is based on the following assumptions:

- The Company needs to make the full transition to natural refrigerants by 2040 in Europe, while, in the U.S., both natural and lower-GWP refrigerants will remain in use.
- Feasibility of the current plan in the U.S. market is currently under further investigation, considering changes in refrigerants regulations.
- We assume that both the U.S. and Europe segments will have to transition from fossil fuels for both transport of own fleet and heating, resulting in a full fossil-fuel-free fleet in 2040 in both the U.S. and Europe. However, the feasibility of this transition is dependent on resolving challenges in infrastructure readiness for transport transition.
- We are making the assumption that both regions will generate own energy by installing solar panels. Total electricity consumption is expected to increase due to the electrification of transport and heating.
- 100% renewable energy (RECs / PPAs) can be acquired at close to parity with grid power.
- Our assessment modeled the incremental costs of achieving net-zero emissions, aiming to show how much more we can expect to spend versus a business-as-usual situation. The business-as-usual emissions forecast was carried out in line with expected business growth and evolution (e.g., in e-commerce), extrapolating from the brands' 2024–2026 strategic plans.
- When determining the costs of abatement and reduction initiatives, we used current costs (i.e., we did not assume cost reduction that may take place when technology scales and matures).

Scope 1 and 2 road to decarbonization: Expected reduction plan for scope 1 and 2 GHG emissions based upon our current best estimate for the period 2024 to 2030



Value chain

The vast majority of our GHG emissions are scope 3, or indirect emissions that take place across our value chain – for example, emissions generated through the production and manufacture of the products we sell and the use of those products. Our value chain consists of thousands of suppliers, producers and farmers who supply hundreds of thousands of products that are sold to millions of customers across the U.S. and Europe each day.

Our scope 3 emissions are driven by purchased goods and services, use of sold products and other categories (e.g., business travel). The category "purchased goods and services" represented 86.2% of our total carbon footprint (scope 1, 2 and 3) or 90.1% of our scope 3 emissions in 2022 (we report scope 3 emissions with a one-year delay).

Challenges

Collective action is essential to reduce emissions in our value chain; we cannot achieve our scope 3 targets without working closely with our suppliers and customers to reach our scope 3 targets.

Accuracy of scope 3 data

Obtaining accurate scope 3 data is a challenge across industries. For more information on our methodology and data collection considerations relating to scope 3 emissions, see *ESG statements*.

Supplier action

Our ability to drive scope 3 emissions reduction depends on suppliers and customers, as we are dependent also on their efforts. The size and diversity of our supplier network presents challenges in influencing, scaling and tracking decarbonization practices. In some of our local brands' operating regions, industry bodies are not pursuing climate action until 2030; this inaction will create barriers to value chain decarbonization. Our local brands are encouraging suppliers to set science-based climate targets and engaging with them on specific decarbonization measures.

Customer action

Addressing the behavior-action gap is complex to do, as it requires a multi-layered approach and there are many individual and societal factors at play, many of which are not within our direct circle of influence. Our brands' 100 years of experience engaging, inviting, encouraging and nudging consumers will help them facilitate this required change in behavior.

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Scope 3 target setting under SBTi

In 2022, we updated our scope 3 target in line with the latest guidance on net zero and agriculture-related emissions to align with the 1.5-degree scenario (our previous target set in 2020 was aligned with the well-below 2-degree scenario). We submitted the scope 3 targets to SBTi in early 2023 and were awaiting validation. We selected 2020 as the baseline year for scope 3, given the improved quality and robustness of our local brands' purchasing and supply chain data for that year.

During 2023, we continued to refine our scope 3 emissions calculations and submitted revised targets and emissions inventory, which included the latest guidance on land-related (FLAG) and non-land-related (referred to as Energy and Industrial sector or E&I) emission split in October 2023 to SBTi. We continue to use our 2020 year as our baseline for scope 3, consistent with the prior submission, and the submission is aligned with a 1.5°C trajectory. FLAG refers to the forest, land, and agriculture sector.

In the October 2023 revision, we replaced our 2030 (near-term and long-term) scope 3 GHG emissions reduction targets with two reduction targets, FLAG and E&I sector targets. The estimated FLAG emissions make up 34% of our GHG footprint and apply the SBTi FLAG Standard, with a linear annual reduction of 3.03%. For the E&I sector emissions target, we consider SBTi's 4.2% annual reduction. The near-term reduction targets cover 67% of category 1 purchased goods and services emissions, 0% of categories 14 and 15 and 100% of emissions under the remaining scope 3 categories, while the long-term reduction targets cover 90% of category 1 purchased goods and services emissions, 0% of categories 14 and 15 and 100% of emissions under the remaining scope 3 categories.

Overview of the calculation of our SBTi-methodology baseline for scope 3

				Calculation of near-term SBTi-methodology 2020 baseline		
	2020 actual value ($MtCO_2e$) as reported in the Annual Report 2022	2020 base year emissions inventory for E&I processes used for the SBTi target setting (in $MtCO_2e$)[1]	2020 FLAG base year emissions inventory used for the SBTi target setting (in $MtCO_2e$)[1]	% inclusion of category emissions in the SBTi methodology baseline for 2020	E&I processes 2020 baseline calculated using the SBTi methodology and used for target setting (in $MtCO_2e$)	FLAG 2020 baseline calculated using the SBTi methodology and used for target setting (in $MtCO_2e$)
Scope 3 – Purchased goods and services (category 1)	60.1	36.0	23.1	67%	24.1	15.5
Scope 3 – Use of sold products (category 11)	3.2	3.2	—	100%	3.2	—
Scope 3 – Waste generated in operations and waste from end of life of sold products (categories 5 and 12)	0.9	0.9	—	100%	0.9	—
Scope 3 – Business travel and employee commuting (categories 6 and 7)	0.8	0.8	—	100%	0.8	—
Scope 3 – Upstream and downstream transport and distribution (categories 4 and 9)	0.3	0.3	—	100%	0.3	—
Scope 3 – Fuel and energy-related activities (category 3)	0.2	0.2	—	100%	0.2	—
Scope 3 – Other categories (categories 14 and 15)	0.4	0.4	—	—%	—	—
Total scope 3 footprint[1]	**65.9**	**41.8**	**23.1**		**29.5**	**15.5**
2030 percentage reduction target per SBTi methodology					42.0%	30.3%
2030 reduction target in absolute value (in $MtCO_2e$)					**12.4**	**4.7**
2020 baseline for long-term (2050) reduction targets in line with SBTi-methodology for long-term target setting (in $MtCO_2e$)[2]					**37.8**	**20.8**

1 The 2020 emissions inventory used for SBTi target setting includes a minor adjustment for category 1 compared to the actual 2020 figure reported in the Annual Report 2022. Note that the 2020 actual figure has been restated in 2023 (after the SBTi submission) to 59.8 $MtCO_2e$; see *ESG statements* for details.
2 In accordance with SBTi guidance on calculating long-term reduction targets, the baseline per SBTi-methodology is similar to the near-term calculation with the exception that 90% of scope 3 category 1 is included, versus 67% for near-term targets.

The submitted targets (against the SBTi-methodology baseline), but pending validation, are:

- We commit to reduce absolute scope 3 FLAG GHG emissions by 30.3% (or 4.7 $MtCO_2e$) by 2030 from a 2020 baseline (of 15.5 $MtCO_2e$).
- We commit to reduce absolute scope 3 Energy and Industrial GHG emissions by 42.0% (or 12.4 $MtCO_2e$) by 2030 from a 2020 baseline (of 29.5 $MtCO_2e$).

See table *Overview of the calculation of our SBTi-methodology baseline for scope 3* for more details on the calculation.

Our long-term (2050) scope 3 reduction target is consistent with the level of decarbonization required to keep the global temperature increase within 1.5°C of pre-industrial temperatures and consists of the following two reduction targets, similar to our near-term reduction targets:

Scope 3 (2020 SBTi-methodology baseline for long-term targets[2)] submitted, but not yet validated):

- We commit to reduce absolute scope 3 FLAG GHG emissions by at least 72% (or 15.0 $MtCO_2e$) by 2050 from a 2020 baseline (for long-term target) of 20.8 $MtCO_2e$.

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- We commit to reduce absolute scope 3 Energy and Industrial GHG emissions by 90% (or 34.0 $MtCO_2e$) by 2050 from a 2020 baseline (for long-term target) of 37.8 $MtCO_2e$.

In addition, we also have the following net-zero target:

- We commit to reach net-zero GHG emissions across our own operations and the value chain by 2050.

For setting our long-term and net-zero SBTi targets, we are making use of removals to the extent permitted by the applicable SBTi guidance.

Conversations and responses to queries from SBTi on our submitted scope 3 targets are ongoing.

As a general rule, the use of carbon credits must not be counted as emissions reduction toward the progress of a company's near-term science-based targets. Carbon credits may only be considered an option for neutralizing residual emissions or to finance additional climate mitigation beyond the science-based emissions reduction targets. We follow this principle in our target setting.

Avoided emissions fall under a separate accounting system from corporate inventories and do not count toward science-based targets.

Key levers

To reduce GHG emissions within our supply chain, we have identified the following key priorities: engaging with our suppliers and farmers, providing an assortment with a lower-carbon footprint, and encouraging customers to choose lower-emission products.

See the **updated Ahold Delhaize Climate Plan** published in December 2023.

Engaging suppliers to set science-based targets and implement sustainable practices

We engage our suppliers to set emissions-reduction targets in line with the latest science. These emissions-reduction commitments will accelerate improvements in livestock farming, raw material sourcing, processing, transport, packaging, deforestation and food waste reduction. These actions could help address the majority of our scope 3 emissions by 2030.

As of November 2022, more than 50 of Ahold Delhaize's top 100 suppliers have either set science-based targets or are committed to doing so[1].

Livestock farming: GHG emissions from livestock can be reduced by focusing on enteric fermentation and manure management. This involves strategies such as using feed additives (including bovaer and red algae) to reduce methane emissions, harnessing biogas from liquid manure, and adjusting manure pH with sulfuric acid.

Processing: Encouraging suppliers to optimize their production processes through energy efficiency, new machines or switching to renewable energy sources.

Food loss and waste: We seek to combat food loss and waste throughout the value chain across all product categories. This includes losses in agriculture, such as those due to machine failure; post-harvest losses, including from quality defects; losses during processing; and operational waste within our brands' stores. We tackle food waste through various approaches, including maximizing product utilization, for example, through upcycling; refining product management, such as through enhanced demand planning; or enhancing product distribution, including through decreased transit times or optimized routes.

Deforestation-free supply chain: By 2025, Ahold Delhaize and its brands aim to have 100% of own-brand products containing soy, palm oil, cocoa, coffee, wood fiber and tea certified against an acceptable standard that provides for no deforestation or land conversion as defined by the Accountability Framework Initiative or the Forest Resources Assessment. The cut-off date we use is December 31, 2020, or the date of the applicable certification, whichever is earlier. See also *Sustainable products*.

Agricultural practices: Most of our products are agriculture based. Agriculture can have net positive or negative emissions, depending on the underlying practices used. Ahold Delhaize brands seek to engage with suppliers and farmers to reduce or sequester emissions by incentivizing sustainable change through longer-term contracts with concrete environmental requirements and through co-investments on farms. Activities under this lever include optimizing the use of fertilizers and pesticides; using regenerative agricultural methods, such as no-till farming and cover cropping; and taking measures related to agroforestry, afforestation and reforestation.

Low-carbon footprint products

Assortment of products: In collaboration with our suppliers, we seek to reduce the carbon footprint of our local brands' assortments. Our local brands remain committed to empowering customers to make environmentally conscious choices. This strategy varies across our different local brands and can include promoting a health-focused and reduced GHG emissions product lineup, investing in product development, and transitioning from high-emission protein sources such as red meat to lower emission sources such as white meat or plant-based alternatives.

Customer engagement

Proactively engaging with customers (unquantified impact): Customers are encouraged to shift towards lower-emission products. Our local brands continue to help customers understand the impact of their buying decisions and make choices that fit their needs, their tastes and their values.

They do this by stimulating and rewarding sustainable choices through loyalty programs and discounts, increasing product transparency through navigation systems and product labelling, improving assortments and products with more vegan and vegetarian choices, and increasing knowledge about a healthy lifestyle by giving access to free dietitians and knowledge platforms.

Recognizing the challenges of behavior change, we focus on addressing customer-identified barriers. We aim to facilitate easier, informed choices through accessible information, inspiration, and incentives. Our commitment includes continuous improvement of our product offerings, ensuring that affordable, healthy, and sustainable options remain accessible.

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Scope 3 road to decarbonization

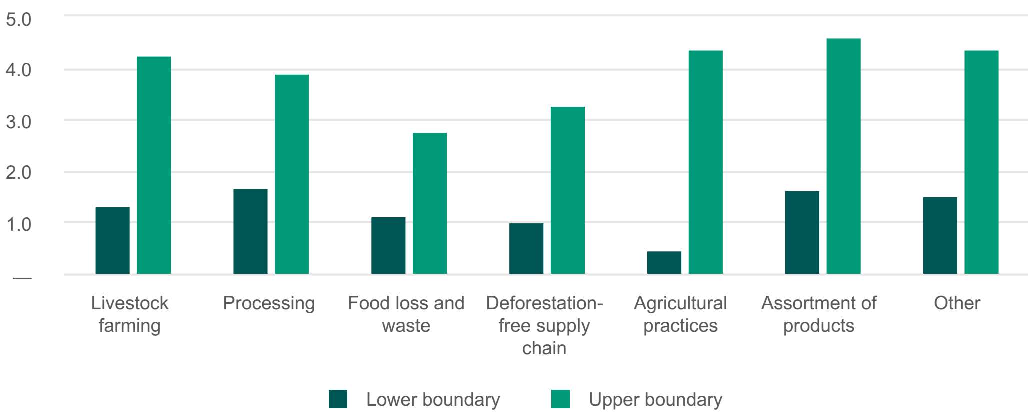
Category 1 – Purchased goods and services are the largest scope 3 category, representing 90.1% of our scope 3 footprint (based upon 2022 actual figures). Therefore, when we started working on concrete plans for reducing scope 3 emissions, we prioritized this category. We identified six levers, plus an "other" category to be quantified.

We considered two scenarios in our analysis. The theoretical reduction potential of the levers remained the same across the scenarios; however, in the lower boundary, moderate achievability was assumed, and, in the upper boundary, accelerated achievability was assumed. We analyzed these two scenarios to understand what the outcomes may be with limited engagement and what would be possible with accelerated engagement.

Ahold Delhaize and its brands are currently working to build fluency and commitment to science-based targets within our supply chain. In addition, we work in partnership with other players in our supply chain to understand the initiatives and levers that they are actioning to decarbonize, linking the carbon reduction quantification of the actions to monitor progress towards our collective GHG emissions-reduction targets.

Based on the quantification of the levers, we believe that they have a cumulative estimated reduction potential of between 8.8 (lower boundary) and 27.6 million tCO_2e (upper boundary) by 2030.

Cumulative estimated reduction potential of scope 3 decarbonization levers by 2030 (in $MtCO_2e$)



Our 2020 scope 3 emissions baseline (using SBTi-methodology) amounts to 29.5 $MtCO_2e$ for E&I GHG emissions and 15.5 $MtCO_2e$ for FLAG GHG emissions. To reach our 2030 revised scope 3 emissions targets, we need to reduce 12.4 $MtCO_2e$ of E&I GHG emissions and 4.7 $MtCO_2e$ of FLAG GHG emissions, totaling 17.1 $MtCO_2e$. The lower boundary would, therefore, not achieve sufficient reductions for us to meet our 2030 scope 3 targets, while the upper boundary suggests that with accelerated actions, our revised scope 3 emissions targets can be achieved.

Due to the high level of uncertainty around data accuracy and availability, we only report on the estimated reduction potential by 2030 and not up to our long-term and net-zero target date of 2050. Achieving our long-term revised scope 3 emissions targets and our net-zero target will require intense cooperation across the value chain.

Scope 3 emissions is a rapidly evolving and critical topic, and significant innovation around financing, technology and accounting is still required. While more work will be required to further enhance our scope 3 roadmap across our global supply chain, we are committed to stimulate and take action.

Assumptions used in scope 3 emission reduction calculations

Our ability to achieve our GHG emissions reduction targets with the actions above is based on the following assumptions:

- To a large extent, achieving our scope 3 targets will require specific actions by suppliers and farmers, to be driven by the suppliers and farmers independently.
- Further analyses are required to increase our confidence in our understanding of the required investment costs and the financial upside related to cost efficiency improvement or new value streams, in order to enable cost-based prioritization across the group. Further analyses might result in different prioritization and, thus, different reduction over time.
- The reduction potential of some of the levers is driven by uncertain consumer behavior – for example, the hampering adoption of less carbon-intensive meat. Reduction potential is also limited or uncertain due to a lack of existing solutions available and high upfront costs, as well as upskilling, required.
- We expect that new technology and enhancements to existing technology over the coming years will create new opportunities for reducing emissions, and these developments are also critical to achieving our net-zero targets.

Carbon removals and neutralization of remaining emissions

Ahold Delhaize is committed to decarbonizing its operations and value chain and has set reduction targets in line with the SBTi (which are currently submitted, but pending validation by SBTi). Nevertheless, a certain amount of GHG emissions in the food sector will be difficult to abate. Even though we see technologies and business cases evolving in the industry to further reduce emissions, we must also plan carbon removal strategies for residual emissions.

While there are some levers available today to reduce emissions in the agriculture sector, complete elimination of these emissions remains a challenge.

Carbon-removal strategies, including regenerative agriculture practices, hold promise, but their efficacy depends on the health and quality of the soil, making them context-specific solutions.

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As a result, beyond working to reduce our agricultural emissions as much as possible, we are also exploring further carbon-removal strategies, which also fall under the neutralization of hard-to-abate emissions category, according to SBTi.

Nature-based solutions
As part of our comprehensive climate action plan, we are investigating nature-based solutions within and outside of our operational value chain. This approach includes afforestation and reforestation projects, the use of bioenergy, the preservation of natural carbon sinks and the restoration of ecosystems. While these strategies are valuable, they offer relatively short-lived carbon storage solutions.

Technological solutions for long-lived storage
Complementing our natural and nature-based efforts, we are evaluating engineered solutions for long-term carbon storage. These methods aim to capture GHG emissions and store them safely over an extended period of time.

When looking for effective carbon-capture solutions, we take several key considerations into account. These guiding principles influence our decision-making process and shape our approach to carbon capture technologies.

These considerations include:

- Permanence and long-term effectiveness
- Potential scalability
- Environmental impact
- Displacement of emissions
- Mitigation hierarchy

In 2024, we will continue to develop our long-term plan for carbon removals to address hard-to-abate emissions. However, our focus now remains on investing in decarbonization opportunities across our local brands' operations and value chains.

Risk management

Ahold Delhaize identified climate and nature-related risks as a principal risk that has the potential – in varying degrees – to impact our business in the short, medium and long term. See *Risk and opportunities* for more information on our principal risks.

We face potential physical risks from extreme weather, water scarcity and other effects of climate change on our business. Changing consumer preferences and future policy and regulation associated with the shift to a low-carbon economy present transition risks but also opportunities for our business.

Ahold Delhaize's business strategy provides a degree of resilience to some of these risks, particularly the physical risks. For example, our diversified supply chain approach helps to provide some resilience to the impacts of climate change on particular areas; and our large physical store footprint, widespread reach and multi-channel business provide some resilience to potential local flooding and hurricane hotspots.

The process for assessing and identifying climate-related risks is the same as the process we use for the principal risks and is described under *Risks and opportunities*. For more information on how we manage risks, see *Risk management* in the *Governance* chapter.

As part of the ERM process, our teams have considered climate and nature-related risks on a brand level and identified more specific risks and mitigating actions, where applicable. These risks and actions were assigned to specific owners in the business for mitigation and management.

Climate-related risk assessment

Climate-related risks are typically thought of in two categories: risks related to the transition to a lower-carbon economy (transition risks) and risks related to the physical impacts of climate change (physical risks).

Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed and focus of these changes, transition risks may pose varying levels of financial and reputational risk to an organization.

Physical risks resulting from climate change can be event-driven (acute) or longer-term (chronic) shifts in climate patterns. Physical risks may have financial implications for organizations, such as revenue loss or direct damage to assets and indirect impacts from supply chain disruption. Organizations' financial performance may also be affected by changes in water availability, sourcing and quality; food security; and extreme temperature changes affecting their premises, operations, supply chain, transport needs and associate safety.

Ahold Delhaize is following a phased approach to help us understand the potential impact of climate change on our business.

See our **2023 CDP** response for further detail how we are responding to climate impacts.

Work completed prior to 2023
Between 2020 and 2022, we conducted two phases of analysis to better understand climate-related risks and the potential material impacts on the value chain. The scenario analysis that we performed modeled the potential financial impact on our value chain, under plausible future climate scenarios. We also performed a deep dive into understanding the exposure of two large Ahold Delhaize brands (one in the U.S. and one in Europe).

For more information on the work done and the outcomes, see our *Annual Report 2022*.

Based on the 17 vulnerabilities identified in Phase I, we selected the following six most significant risks for further analysis in our Phase II deep dive:

RISK DERIVED FOR FURTHER INVESTIGATION	VULNERABILITY	TYPE OF RISK
The impact of carbon pricing on gross margin	• Regulation/pricing on GHG emissions	Transition risk
The impact of agricultural yield decreases and yield losses on revenue and gross margin	• Increase in extreme weather • Increase in extreme heat waves • Increase in temperature and droughts • Sea-level rise	Physical risk
Revenue losses resulting from disruption of stores and DCs (operations) due to climate events	• Increase in extreme weather • Increase in extreme heat waves • Increase in temperature and droughts • Sea-level rise	Physical risk

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RISK DERIVED FOR FURTHER INVESTIGATION	VULNERABILITY	TYPE OF RISK
Increasing costs resulting from asset damage due to climate events	• Increase in extreme weather • Increase in extreme heat waves • Increase in temperature and droughts • Sea-level rise	Physical risk
The impact of climate change on energy costs	• Increase in temperature and droughts • Regulation/pricing on GHG emissions	Transition risk
Changes in gross margin from changing customer diets	• Shift in customer expectations	Transition risk

Work performed in 2023

During the year, we continued to build on our internal climate-related risk scenario modelling capabilities. To strengthen our climate-related scenario analysis and work toward improving our adaptation and mitigation action plans, in 2023, we partnered with external consultants to implement a climate risk assessment tool to conduct a more detailed scenario analysis and assist us in estimating the potential financial impacts of physical climate hazards across various climate scenarios for our owned and leased assets.

This tool uses models that we believe to be the latest climate science, and by combining this with changes in external climate-related trends and our own financial and business data, it creates a digital twin of our company that is used to estimate potential financial impacts arising from climate-related risks.

Our initial risk assessment using the tool focused on identifying and assessing the potential financial implications of climate-related physical risks on our own operations, across short (five-year), medium (10-year) and longer-term (up to 2040) time horizons.

It also helped us to identify further improvements to the data included in the tool, and how risks are modelled. We will continue in 2024 to make improvements and enhance our data set, and thereby our assessment. We will also further explore each risk identified as part of this modelling, and we are working with relevant business teams to develop our risk management and mitigation and adaptation plans.

Scenarios

The climate risk assessment tool's Climate Hazard Atlas assesses scenarios derived from the Shared Socioeconomic Pathways (SSPs) which were used in the IPCC's development of the Sixth Assessment Report (AR6). SSPs provide five different narratives for possible future emissions pathways, considering variable factors, such as rates of development and economic growth, equality and other socioeconomic conditions. Each SSP pathway aligns with different temperature outcomes by the end of the century (2100), based on GHG emissions and assumptions, which are reflective of those assumptions developed in the Representative Concentration Pathways (RCPs).

While all five SSP scenarios are included in the tool, our analysis of the initial outcome focus on the No Policy (SSP5-8.5) scenario (with the greatest potential physical impacts) and the Paris Ambition (SSP1-1.9) scenario, which is aligned with the trajectory to limit warming to 1.5° C in line with the Paris Agreement, assuming no mitigation and business as usual.

Scope and assumptions

From a risk perspective, currently two of the three physical risks listed in the table above are included in the assessment: increasing costs resulting from asset damage due to climate events and revenue losses resulting from disruption of stores and DCs (operations) due to climate events.

The potential climate impact of agricultural yield decreases and yield losses on revenue and gross margin is not included, but is on our roadmap for inclusion in due course.

For our initial analysis, we included over 5,700 locations, spread across the U.S. and Europe, representing 12 customer-facing brands and two non-customer-facing brands and approximately 89% of revenue and 67% of the number of facilities. The scope will be extended in the future to include all brands and revenue.

Climate change risks arise from the interaction between hazard (triggered by an event or trend related to climate change), vulnerability (susceptibility to harm) and exposure (people, assets or ecosystems potentially impacted) (IPCC, 2014). A total of eight hazards are included in our initial analysis: heat waves, freezes, droughts and water stress, flash flooding, coastal flooding, riverine flooding, temperate windstorm and tropical windstorms.

We reviewed the outcomes by reference to potential estimated impact on revenue and thresholds established in our ERM process. The estimated Total Revenue Impact is a combination of the modeled revenue impact from each of the climate hazards, which inherently assumes that all hazards occur to the most extreme extent in the given time period. Since it is unlikely that all hazards will materialize in such a way, it is important to take this methodology assumption into account when assessing the impacts.

The hazards and their consequential revenue disruption are all individually assessed. The valued disruption is per hazard and does not take into account the impacts one hazard may have on another or the reality that one hazard might exacerbate the impact of another hazard.

Our assessment has not yet looked at the asset-damage impact as a result of the occurrence of a potential climate event. This will be further analyzed in 2024.

Outcomes

In the No Policy scenario, the model suggests that three hazards (flash flooding, riverine flooding and heat waves) may pose a significant threat, with their impacts categorized as "very high." Conversely, the Paris Ambition scenario reveals a more nuanced risk landscape, where flash flooding and riverine flooding may still pose a "very high" impact, while heat wave is downgraded to a "high" impact level. This is because the Paris Ambition scenario assumes more ambitious climate policy action and mitigation efforts to curb the impacts of climate change and, therefore, reduce overall physical impacts.

Across our brands' markets, locations in the U.S. and the Netherlands have the highest potential impact from riverine flooding, with the U.S. experiencing the highest potential revenue disruption from riverine flooding. According to the models, quite a few of the U.S. brands' market areas are expected to experience a reduction in riverine flooding risk exposure in the long term, while our brands' Dutch stores will all see an increase of riverine flooding disruption. This analysis does not account for any mitigation or adaptation efforts that have been put in place.

With regard to flash flooding, the models suggest that, while sites have potentially low revenue disruption, overall a larger population of sites in the U.S. might be affected by flash floods in the future. Compared to riverine flooding, there are almost twice as many locations modeled to potentially experience some form of disruption due to flash floods.

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For example, in December 2023, the Kennebec River flooded its banks in the town of Gardiner, Maine, causing damage to a local Hannaford supermarket.

The potential revenue impact per facility for heat waves is also projected to be low across time horizons according to the No Policy and Paris Ambition scenarios, although the impact is higher in the No Policy scenario compared to the Paris Ambition scenario, consistent with a higher warming trajectory in the No Policy scenario.

As noted, our climate risk scenario assessment is ongoing, and we have not yet come to a final conclusion about the potential financial value at risk (estimated by revenue loss). Our current assessment reviews potential gross risk, as it does not account for adaptation or mitigation efforts. In 2024, we will continue our assessment to determine the potential revenue and asset impact, net of mitigations and adaptations to assess the net potential impact from climate change.

Next steps

This analysis provided us with insight into exposure to various physical climate hazards across our operations and a sense of which climate risks may be most threatening in different regions and for each brand. The hotspot assessment provides an initial guide for our brands to further investigate the mitigation and adaptation solutions that have been implemented or may be available at facilities with elevated climate hazard exposure. We plan to use the results to evaluate existing resilience strategies such as design standards, business continuity plans and local climate action plans, to further understand the residual risk these facilities face from a changing climate.

Moving forward, we will also begin to integrate these results and findings into our strategic planning and operations. For example, we are considering how to further adapt the Company's ERM system and processes to adequately assess and prioritize climate-related risks. Gaining a deeper understanding of the vulnerability of key locations across our brands will help to prioritize additional mitigation and adaptation efforts to reduce risk exposure and build resilience to the potential future impacts from climate change.

Managing climate-related risks and opportunities

The modeling scenarios prepared in the climate risk assessment tool (and in the past) are useful for understanding the potential (financial) impacts of climate change on our business, but there are limitations; for example, the scenario analysis required us to pick specific factors and model them using fixed assumptions.

We, therefore, look more broadly at the initial results, and will share the outcomes with the brands for further analysis and incorporation into the ERM process.

Overall, as awareness and knowledge is key to driving action and change, in 2023, we provided training on climate-related risk management to brand management teams and associates in our company (Vice President level and above), in cooperation with the Cambridge Institute for Sustainability Leadership.

The actions and progress to address the impact of climate-related risks on our business (in addition to the scenario analysis work described above) are further explained below. Our actions to reduce our impact on the climate are described below as part of our activities to reduce GHG emissions as discussed earlier in this chapter.

Physical risks

- We limit financial losses by procuring property damage and business interruption (PDBI) insurance against damage from natural catastrophes and weather-related events. We also consider climate-related risks such as floods, hurricanes and winter storms for our larger projects.
- In parallel, our Global Asset Protection function runs an extensive risk engineering program across all our brands to understand, quantify and mitigate a variety of hazards, including natural catastrophes. Risk engineering specialists visit our network of distribution and HSCs on an annual rotation to perform comprehensive risk assessments and provide actionable improvement recommendations. The results of those assessments assist site management and Global Asset Protection in implementing risk mitigation measures proactively and effectively, ensuring better resilience against physical risks.
- On a forward-looking basis, we leverage the expertise of the risk engineers for new building designs and construction projects to implement risk mitigation elements during the planning phase.
- Our brands implement various adaptation measures aim to protect the business from climate change impacts. For example, in Greece, our Alfa Beta brand limits impacts from changes in precipitation by installing electrical cable resistors in rainwater gutters to melt ice, using alarm systems to alert if water levels rise and, in stores with a higher risk, placing metal doors in basements to avoid water inflow. They also have measures in place that aim to protect equipment from water inflow due to flooding, and wells are equipped with underwater pumps to remove water from basements.
- Ahold Delhaize and its brands are engaging with suppliers to develop solutions to address risks around product procurement and decreasing agricultural yields. This includes working with producers and cooperatives that invest in greenhouse facilities that can support environmental conditions optimal for production or regenerative agricultural practices. Our brands' vegetable producers invest in new hybrid varieties, such as tomatoes and cucumbers, and new varieties of leafy vegetables that can withstand extreme temperatures or diseases and, in some cases, move their production areas to higher altitudes to avoid high temperatures.

  Albert Heijn's Better for Nature and Farmers program works with Dutch dairy, poultry, pork and vegetable farmers to implement practices that increase the resiliency of the land and agriculture to climate change, such as planting native herbs and clovers on parts of their grasslands.

  Hannaford partners with several controlled environment agriculture (CEA) vendors to source product that is grown using methods to minimize waste and maximize efficiency. They have continually added more assortment from CEA suppliers, such as peppers, greens, strawberries, cucumbers and tomatoes. With the controlled growing environment, the Hannaford team is able to guarantee customers quality items from closer to home.
- Our brands also disperse the risk of availability problems by collaborating with a large number of producers and strategic partners in different areas. We are actively engaging with strategic partners to further understand potential climate-related risks of sourcing products and pursue opportunities to mitigate potential sourcing challenges. We have strategic sourcing processes in place for key commodities and products.

Transition risks: Regulatory risks

- We started applying an internal carbon price to investment proposals from the local brands in 2021. We continue to fine-tune the model and further develop climate criteria for CapEx proposals, including guidance on how to link eligibility and alignment reporting under the EU Taxonomy. We also monitor our investment proposals against our net-zero ambition calculations.

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- We aim to reduce our carbon footprint by identifying and implementing ways of making equipment in use and buildings more energy efficient – see *Own operations (scope 1 and 2)* above.
- We are also mitigating regulatory risks through our work on sustainable packaging, food waste, sustainable sourcing, reformulation of own-brand products, product transparency and the expansion of our brands' ranges to include more low-carbon products.

Transition risks: Market risks

- Our net-zero ambitions identified the use of renewable energy as a way to reduce our carbon footprint. While our brands continue to make use of opportunities to place more solar panels, they also actively pursue the acquisition of other sources of renewable energy, such as PPAs for green energy. For example, Albert Heijn announced that it will purchase green energy from Eneco, produced on a wind farm still to be built, securing approximately half of its own electricity needs from 2027 onwards.

  As a result of initiatives in this field, 40% of the electricity consumption from our brands came from renewable sources in 2023, compared to 24% in 2022.

- Our brands in Europe are working to increase their assortments of plant-based products and make them more visible to customers. For example, Albert Heijn launched its new AH Terra own-brand product line, offering around 200 plant-based products – including 58 new products – as alternatives to traditional products. The plan is to continue to add more items under this product line in the future.

Opportunities

In our view, the impacts of climate change also offer opportunities. By becoming more resilient as a company, we are of the opinion that we will be able to attract people who have a strong desire to work for a company that is taking responsibility for its impacts and acting to mitigate climate change.

We are also advancing our activities in sustainable finance, and have seen some initial successes, including our MSCI ESG rating being upgraded from AA to AAA and the issuance of our €500 million Green Bond in March 2023, which reinforces our commitment to achieving net zero.

In September 2023, Ahold Delhaize established a Sustainability-Linked Commercial Paper Program allowing the Company to issue Commercial Paper up to a maximum outstanding balance of €1.5 billion. This program further commits Ahold Delhaize to meeting its environmental ambitions by introducing a penalty in the event GHG emissions or food waste reduction targets are missed.

How we measure performance

- Percentage reduction in absolute GHG emissions from own operations (scope 1 and 2) – market-based approach.
- Reduction in absolute GHG emissions from our value chain (scope 3) against a set baseline.

See *ESG statements* for our performance, as well as our reporting on *EU Taxonomy*.

Our targets

In order to ensure that measures are taken to reduce GHG emissions in our own operations and supply chain and increase energy efficiency in our own operations, we have set the following targets.

The finalization of our climate risk scenario assessment will be used to define targets for adopting practices to manage risks that could occur as a result of climate change.

TIMELINE	TARGET
SCOPE 1 AND 2 (2018 BASELINE)	
Short term	>38% reduction by 2025[1]
Near term	50% reduction by 2030[2]
Long term	Net zero: 90% reduction and 10% removals by 2040 against a 2018 baseline[2]
SCOPE 3 (2020 SBTi-METHODOLOGY BASELINE)	
Short term	• Suppliers representing 70% of our footprint will be asked to commit to SBTi by 2025. • All our suppliers will be asked to report on scope 3 by 2025.
Near term[3]	• We commit to reduce absolute scope 3 FLAG GHG emissions by 30.3% (or 4.7 $MtCO_2e$) by 2030 from a 2020 baseline (of 15.5 $MtCO_2e$)[4]. • We commit to reduce absolute scope 3 Energy and Industrial GHG emissions by 42.0% (or 12.4 $MtCO_2e$) by 2030 from a 2020 baseline (of 29.5 $MtCO_2e$)[4].
Long term[3]	• We commit to reduce absolute scope 3 FLAG GHG emissions by at least 72% (or 15.0 $MtCO_2e$) by 2050 from a 2020 baseline (for long-term target) of 20.8 $MtCO_2e$[5, 6]. • We commit to reduce absolute scope 3 Energy and Industrial GHG emissions by 90% (or 34.0 $MtCO_2e$) from a 2020 baseline (for long-term target) of 37.8 $MtCO_2e$[5, 6].
Net zero	• We commit to reach net-zero GHG emissions across our own operations and the value chain by 2050[5, 6].

1 The 2025 target has been increased to >38% from 34% last year to align future ambitions with 2023 performance.
2 The SBTi has approved Ahold Delhaize's scope 1 and 2 near-term science-based emissions reduction target. This target is based on a 1.5-degree decarbonization pathway.
3 The near-term and long-term scope 3 emissions reduction targets, split between FLAG and Energy and Industrial emissions, have been adjusted following a resubmission of these targets to SBTi in 2023. We previously reported a combined near-term target of 37% by 2030. See *Our material topics* for more detaill.
4 Committed, but not yet approved by SBTi, the target is based on a 1.5-degree decarbonization pathway. See *Scope 3 target setting for SBTi* for more detail.
5 Ahold Delhaize has also committed to set long-term scope 3 emissions-reduction and net-zero targets by 2050. These targets are submitted, but not yet validated by SBTi. See *Scope 3 target setting for SBTi* for more detail.
6 In the setting of our long-term and net-zero SBTi targets, we are planning to also make use of removals to the extent permitted by the SBTi guidance.

ENVIRONMENTAL

CIRCULARITY

FOOD WASTE

Definition

Promoting responsible handling of unsold food to reduce food waste and increase reuse of food waste and the recycling of food that is wasted along the supply chain, in distribution and operations as well as in customers' homes. Contributing to creating a food system that is based on the principles of the circular economy.

Boundary: Own operations and value chain (up- and downstream)

General developments in 2023

Food waste remained an important topic worldwide in 2023. Food waste does not only negatively impact food security, it also fuels climate change. If food ends up in a landfill, it produces methane, a GHG that contributes to climate change – and when food is wasted, all the energy and water associated with growing, harvesting, transporting and packing the food are also wasted.

The 2023 progress report of Champions 12.3 mentions that, based upon the latest available data, about 8% of all food produced in the world for human consumption is lost on the farm; 14% is lost between the farm gate and the retail sector; and 17% is wasted at the retail, food service provider and household levels, resulting in significant impacts on human livelihoods and well-being, the global economy and the environment.

Our impact

Food waste can have negative environmental, social and financial impacts. Our brands continue to reduce the amount of food that is wasted as much as possible, in our supply chains, stores and even at customers' homes. By reducing the amount of food waste at the source and donating surplus products to food banks, we can reduce our environmental impact while creating a positive social impact.

Moreover, food loss and waste generates about 8-10% of global GHG emissions annually (IPCC, 2020).

Unsold food also negatively impacts our financial results due to the lost margin. In 2023, Ahold Delhaize brands donated 76 thousand tonnes of unsold food to feed people and reported 225 thousand tonnes of food wasted; thus a total of 302 thousand tonnes of unsold food.

A total of 77% of the food wasted in 2023 was recycled (or 57% of the total unsold food, which includes both food donated and food waste as well as food waste disposed); the remainder was sent to landfill or incinerating facilities.

Application of unsold food

Unsold food donated to people	**25%**
Total tonnes of food recycled	**57%**
Total tonnes of food waste disposed (landfill or incineration)	**17%**
Total of unsold food (302 thousand tonnes)	**100%**

For the 57% food recycled as percentage of total unsold food, the recycling destinations are as follows:

Destinations of food recycled

Animal feed	**17%**
Anaerobic (biogas)	**69%**
Aerobic (compost)	**7%**
Bio-based materials/ biochemical processing (rendering)	**4%**
Recycling other (e.g. converted to biodiesel)	**3%**

CIRCULARITY

FOOD WASTE CONTINUED

Our approach and progress

We aim to contribute to a food system that ensures everyone has access to nutritious food for generations to come. We continuously review our operational processes to reduce food waste, and divert unsold food to feed those in need within our brands' communities. We have a three-pronged approach to driving down food waste.

1. **Reducing food waste**
   We reduce food waste across our brands' operations, including stores, warehouses and transport. Specific actions, which can differ by brand and location, include working with suppliers to buy smarter; introducing discounts on almost-expired products; and using technology, such as dry misting in the fresh food department and electronic shelf pricing.

   For example, the Better for Nature and Farmer (Beter voor Natuur & Boer) growers from Albert Heijn use a new AI-powered scanner to determine strawberry shelf life. Because the shelf life of each strawberry harvest varies – for example, due to weather conditions – sometimes strawberries last three days, and sometimes a whole week. This varying quality can lead to food waste. With the scanner technology, growers know the exact shelf life of each strawberry harvest and can use this to optimize "best by" dates – for example, by shipping locally. The technology has saved at least 70,000 kg of strawberries from food waste. Albert Heijn intends to apply it to other types of fruit to further reduce food waste. Based upon lessons learned from this initial application of AI, the brand will explore further opportunities with more impact.

   In addition, Albert Heijn sells leftover packages (AH Overblijvers). These packages contain products that are left over at the end of the day and can be bought together. The initiative is expected to prevent approximately 4.5 million kilogram of extra food waste each year. In addition, all Albert Heijn stores provide dynamic markdown of perishable products approaching their sell-by date. The exact discounts – ranging from 25% to 70% – are automatically shown on the electronic price tag. An algorithm developed by Albert Heijn, automatically calculates the best discount, so that no unsaleable products are left over at the end of the day. This means less food is wasted and customers benefit from access to lower-priced products.

2. **Diverting surplus food**
   We divert surplus food to food banks, charities and innovative operations, such as restaurants that cook with unsold food.

   In September 2023, Maxi in Serbia started working together with the Food Bank of Vojvodina to help people in need. Associates help distribute food packages every evening in front of a Mega Maxi store in Beograd. Each person in need receives a package containing about eight kilograms of pastries, fruit, vegetables and grocery products that are close to their expiration date or have damaged packaging.

3. **Recycling to divert from landfill**
   We send food no longer suitable for human consumption to other recycling methods, to divert it from landfill. These methods can include animal feed production, green energy facilities or industrial uses.

   In June 2022, Divert launched a waste food recycling program with Giant Food to reduce the amount of organic waste going to landfill. Giant's stores mark down, repurpose, or donate unsold and still edible food to local food banks whenever possible. For the food that cannot be repurposed or donated, Divert is able to recycle it and recoup its value by processing the wasted food into renewable energy.

   Giant Food and Divert, Inc., reported in August 2023 that more than 30.8 million pounds of wasted food was processed in the first year of their collaboration.

   We also support other innovative ideas to combat food waste, joining forces with third parties where needed. For example, Delhaize Belgium and start-up Wastech launched the "From Waste to Feed" project, an innovative system that, for the first time, uses live larvae to process food surpluses. Unsold fruit and vegetables from the supermarket are put to good use, because the larvae that eat the surplus food are then processed into protein as a supplement for animal feed. Through this project, Delhaize is actively combating food waste and reducing GHG emissions. In addition, larvae as an ingredient processed into pet food is a perfect alternative to the widely used soy, which often has a large ecological footprint.

We also look further than our own operations to fight food waste. For example, in December 2023, Ahold Delhaize USA announced its role as a founding participant in the U.S. Food Waste Pact. This national voluntary agreement was put forth by partners at ReFED – a national nonprofit working to end food loss and waste across the food system – and the World Wildlife Fund (WWF), the world's leading conservation organization. The pact aims to assist our U.S. brands, and all food businesses, in making impactful progress on food waste reduction goals through pre-competitive collaboration.

Ahold Delhaize is also a founding member of the World Resources Institute 10x20x30 initiative through which retailers partner with suppliers to root out food loss and waste in the food supply chain.

While we would like to do even more to reduce food waste, our efforts are sometimes limited by external factors, such as the infrastructure of hunger relief organizations in certain of the markets our brands serve.

See our website for more information on **food waste.**

How we measure performance

- Percentage reduction in food waste compared to a set baseline. We measure this with a relative metric: total tonnes of food waste per €1 million of food sales.

See *ESG statements* and *Performance review – Food waste* for our performance.

Our targets

TIMELINE	TARGET
Short-term	We have a target of >40% reduction of total tonnes of food waste per €1 million of food sales against our 2016 baseline by 2025[1].
Medium-term	We have a target of 50% reduction of total tonnes of food waste per €1 million of food sales against our 2016 baseline by 2030.

1 The 2025 target has been increased to more than 40% from more than 38% last year to align future ambitions with 2023 performance.

CIRCULARITY

SUSTAINABLE PACKAGING

Definition

Implementing practices to reduce product and transportation packaging and increase reusable, recyclable or compostable packaging material use, where possible. Working with stakeholders to support the transition to a circular economy for packaging.

Boundary: Own operations and value chain (up- and downstream)

General developments in 2023

Across the globe, millions of tonnes of plastic end up in landfills, burned or leaked into the environment – and that amount is rising every year.

Ahold Delhaize has joined large consumer goods companies like Nestlé, Unilever, The Coca-Cola Company and PepsiCo, among others, as signatories to the New Plastics Economy Global Commitment ("The Global Commitment"), which is led by the Ellen MacArthur Foundation in collaboration with the UN Environment Programme. The group has set ambitious 2025 targets with the aim to realize a common vision of a circular economy in which plastic never becomes waste. The *Global Commitment 2023 Progress Report* concluded that while strong progress is being made in some areas, the 2025 target of 100% reusable, recyclable, or compostable plastic packaging will almost certainly be missed by most organizations. Flexible packaging and lack of infrastructure continue to be the main barriers. The prospect of not meeting all of the group's 2025 targets reinforces the urgency for businesses to accelerate action, particularly around reuse, flexible packaging, and decoupling business growth from packaging use.

Our impact

Different types of packaging, such as glass, paper, aluminum and plastic are used to pack the products sold by Ahold Delhaize and its brands. From a circular economy and environmental perspective, our main focus is on plastic packaging and on reducing own-brand primary plastic product packaging, as this has the most direct impact on reducing our footprint.

Our brands continue to improve their own-brand product packaging by eliminating unnecessary plastic, switching to reusable and/or recyclable packaging, and increasing the use of recycled content in own-brand plastic packaging.

In our business model, we mainly consume plastics through our own-brand products and various CPG suppliers that manufacture branded products delivered to our own operations.

In 2023, Ahold Delhaize brands put 169 thousand tonnes of own-brand primary plastic product packaging on the market, of which 28% is currently reusable, recyclable or compostable.

For national-brand products, the influence we may have on our suppliers is limited, and we are dependent on the information they are willing to provide to our brands.

We encourage our national-brand product suppliers to pledge to The Global Commitment and become members of the Ellen MacArthur Foundation plastic pact, which requires them to set ambitious 2025 targets to help realize the common vision with strict monitoring by the Foundation. Many of our significant suppliers have already made this commitment, including Nestlé, PepsiCo, The Coca-Cola Company, Unilever, Mars Incorporated and L'Oréal, along with major packaging producers like Amco, plastics producers such as Novamont and resource management specialist Veolia. These suppliers account for a significant portion of the branded products in our brands' operations.

We monitor progress through The Global Commitment Progress Report, through which all the signatories provide an update to the Ellen MacArthur Foundation on the progress they made on their commitments during the year. The key findings from the 2023 report were:

1. While progress is being made in some areas, key 2025 targets (for example, the target of 100% reusable, recyclable, or compostable plastic packaging) are expected to be missed.
2. The continued growth in total packaging weight reinforces the importance of stepping up efforts to design out the need for single-use packaging in the first place; doing so will require rethinking not just packaging, but also products and business models.

   Accelerating ambition and progress on direct elimination is essential, and further collaboration throughout the system is required to ensure innovative elimination methods are successful where packaging cannot currently be directly eliminated.
3. Significantly accelerating virgin plastic reduction will require a substantial increase in uptake of post-consumer recycled (PCR) content, as well as an extensive reduction in total plastic packaging use.
4. On top of the important elimination and reuse actions, reaching 100% reusability, recyclability or compostability will require overcoming pivotal hurdles around flexible packaging and the scaling of infrastructure.
5. Businesses are encouraged to collaborate with all actors in the value chain to improve collection, sorting and recycling systems, and drive collective investments into recycling technologies and infrastructure, particularly for packaging that is not yet recyclable in practice and at scale, such as polypropylene (PP) pots, tubs and trays and polyethylene terephthalate (PET) thermoforms.
6. A global rollout of well-designed and implemented Extended Producer Responsibility (EPR) programs for packaging is essential to meaningfully scale collection and recycling infrastructure. Businesses can support and accelerate this by actively advocating for mandatory EPR programs consistently across geographies.

See the **Ellen MacArthur Foundation** website for detailed insights on the retail and food sectors' progress on and challenges in reducing plastic waste.

Our approach and progress

Our approach to sustainable packaging is primarily focused on our own-brand products and their primary plastic packaging, as we control the processes within the value chain.

For national brand products, we do not control the plastic consumption or usage within the value chain and we do not always receive detailed data on the type of plastics used in these products. Our approach for branded products is, therefore, to encourage CPG suppliers to become members of the Ellen MacArthur Foundation in order to unite more suppliers behind a common vision of a circular economy for plastics.

CIRCULARITY

SUSTAINABLE PACKAGING CONTINUED

We also work with several umbrella organizations to find solutions for sustainable packaging. Some of our brands are members of national plastic pacts that are implementing solutions towards a circular economy for plastic. For example, Albert Heijn is a member of the Dutch Plastics pact, while Ahold Delhaize USA is a member of the U.S. Plastics Pact and the Sustainable Packaging Coalition, a membership-based collaborative that believes in the power of industry to make packaging more sustainable.

In line with guidance from the Ellen MacArthur Foundation, we follow a framework designed to help us move toward a more circular system for own-brand products, through:

1) Elimination

Eliminating problematic or unnecessary plastic packaging through redesign, innovation and new delivery models is a priority. To achieve a circular economy, we need to curb growth in the total amount of material that needs to be circulated. While plastics bring many benefits, there are some problematic items on the market that need to be eliminated to achieve a circular economy, and sometimes plastic packaging can be avoided altogether while maintaining utility. Elimination is about more than bans on straws and plastic bags – it is a broad innovation opportunity.

For example, Stop & Shop implemented plans to eliminate all single-use plastic bags from its stores across the Northeast U.S. in the summer of 2023. Customers are encouraged to use reusable bags, and Stop & Shop sells various types of these bags at its stores, including one type that costs just 10 cents. The supermarket also offers community reusable bags with $1 from every purchase going to a local nonprofit.

Alfa Beta launched a new type of paper packaging for its “AB think BIO” organic tomatoes, apples and pears that has the potential to save more than 4,000 kilos of plastic annually.

Ahold Delhaize’s European brands joined forces to launch an EU-wide tender for the trays used in stores to pack delicatessen products, such as olives, salads, cheeses and pastries. This tender was initially set up to harmonize the assortment and save costs, but, along the way, the team also managed to take a big step towards sustainability. In addition to changing to the same shape and size of the trays, the project team also convinced the local teams to opt for more sustainable material. The items that were still made of non-recyclable polystyrene (PS) were transformed into recyclable PET (rPET) or PP. Moreover, a minimum of 80% recycled content was added to all rPET trays, at least half of which comes from post-consumer waste.

2) Shift to reusable

The shift away from single-use towards reusable packaging is a critical part of reducing the negative impact of plastic usage. However, in order to have a real impact, reuse models need to be taken from niche to scale. The Global Commitment states in its 2023 Progress Report that strong policy measures will be crucial to enable the scaling of reuse, and unlock the significant benefits it can offer. In parallel, businesses should drive progress where they can.

Several Albert hypermarkets offer “packaging-free” walls that feature several modules of products in smart or reusable packaging. In the food modules, customers can find dry goods, ranging from breakfast mixes to nuts, cereals, pasta, pulses and seeds, most organic and almost half from the Nature’s Promise own brand. The drugstore section provides products such as washing powder and baking soda and the liquid drugstore range offers basic liquid cosmetics such as soap and shampoo, along with detergents and cleaning products. For grocery products, customers can choose whether to use smart reusable resealable containers, which can be returned to the store after use, or come with their own containers. The hypermarket in Chodov, for example, offers more than 80 items in smart packaging for customers to choose from.

3) Recyclable or compostable in practice and at scale

The recyclability of product packaging is complex, as it often comprises several different materials.

Designing packaging to be reusable, recyclable or compostable is an essential step, but a circular economy is only realized if packaging is actually reused, recycled or composted in practice. This requires the necessary systems to be in place to collect, sort and effectively reuse, recycle or compost the packaging.

“Recyclable” means different things to different people in different contexts. In the context of The Global Commitment, “technically recyclable” is not enough. Recycling needs to not just work in a lab – it should be proven that packaging can be recycled in practice and at scale.

An important step to assess the recyclability of plastic packaging for Ahold Delhaize is to find evidence that, for each plastic packaging category in our own-brand portfolio, an infrastructure for recycling exists in practice and at scale today. That means, essentially, a recycling rate of 30% or higher in geographies together covering more than 400 million inhabitants on the basis of the data in The Global Commitment’s Annual Recycling Rate Survey. In several of our brands’ markets, and for several plastic packaging types, this is not yet the case and, as a result, the plastics are not reported as recyclable even though they may technically be recyclable.

For some packaging categories – such as most rigid plastic packaging – in some geographies, designing technically recyclable plastic packaging is a crucial first step to facilitate the scaling of the necessary infrastructure to collect, sort and recycle these packages in practice.

Design changes, such as removing undetectable carbon black pigment and removing or redesigning components such as caps, lids, pumps and trigger sprays, have the potential to not only increase overall recyclability but also stimulate the scaling of essential infrastructure.

Similar to how recyclability is defined, for compostability, The Global Commitment also moves beyond technical compostability (i.e., meeting relevant international compostability standards) to compostability proven to work in practice and at scale.

CIRCULARITY

SUSTAINABLE PACKAGING
CONTINUED

The “in practice and at scale” requirement and suggested threshold result in some signatories reporting low or moderate recyclability percentages today. The threshold also means that progress towards 2025 targets can be expected to follow a “lumpy” trajectory (e.g., if infrastructure to collect and recycle certain high-volume categories of packaging reaches the threshold scale requirement, recyclability scores would increase significantly). Working toward an ambitious 2025 target and creating transparency on current recyclability percentages demonstrates signatories’ commitment to driving change at scale.

It should be noted that recyclability and compostability percentages reported as part of The Global Commitment are not comparable to assessments and claims of recyclability using different definitions or methodologies. The definitions of recyclability and compostability used in the context of The Global Commitment are designed to be applied at a global level and are not linked to any specific geographical area, local context, or regulations, or on-pack recyclability or compostability labels.

Food Lion partnered with Sealed Air, Fieldale Farms and ExxonMobil on an advanced recycling initiative. This pilot turned flexible plastics collected from nearly 180 Food Lion stores serviced by a DC in Greenville, South Carolina, into new food-grade packaging that is put back into the supply chain in a continuous cycle, diverting it from landfills. After a viable pilot, the process is now being evaluated for scale throughout Ahold Delhaize. This circular solution for food packaging waste was the first of its kind in the United States.

For our own brands, we have set a target to ensure 100% of primary own-brand plastic packaging is reusable, recyclable or compostable in practice and at scale by 2025. We expect that we will not achieve this target, due to issues ranging from the scaling up of reusable packaging to the availability of a robust recycling infrastructure for certain plastic packaging categories within some of our brands’ markets.

For this reason, we have set an additional reduction target on virgin own-brand plastic product packaging, as this is something we have direct control over and that has a direct impact on reducing our footprint.

4) Decoupling from finite (fossil) resources

Moving towards a circular economy for plastic packaging involves decoupling from finite (fossil) resources. This is achieved, first and foremost, by reducing the need for virgin plastics through elimination, reuse and use of recycled content. Then, over time, any remaining virgin inputs must be switched to renewable feedstocks that are proven to come from responsibly managed sources and to be environmentally beneficial.

Albert Heijn started collaborating with Avantium N.V., a technology company in sustainable chemistry, to make packaging more sustainable. To this end, Avantium’s 100% plant-based and circular material polyethylene furanoate (PEF) is being used for various forms of packaging. The first application will be Albert Heijn’s new fruit juice bottle made out of PEF, to be introduced in the brand’s stores once Avantium’s commercial plant for PEF is operational. Albert Heijn is the first supermarket chain in the world to introduce PEF packaging for its own-brand products.

In 2023, our brands reduced the use of virgin plastic in their own-brand primary product packaging by 10.3% compared to 2022.

How we measure performance

- Percentage reduction of absolute virgin plastics used in primary own-brand plastic product packaging
- Percentage of recycled content used in primary own-brand product packaging
- Percentage of own-brand primary plastic product packaging that is reusable, recyclable or compostable

During 2023, we concluded that it is not always possible to obtain information about whether recycled content is post-consumer or post-industrial (pre-consumer) recycled content. As a result, we determined that it is not possible to report on post-consumer recycled content and, therefore, changed the target to report on recycled content and not post-consumer recycled content, as we had in the past. Recycled content that is now reported includes both post-consumer, post-industrial and recycled contents of unknown origin. As post-industrial recycled content is considered to be a small portion of total recycled content, the reduction target is still considered appropriate.

See *ESG statements* for our performance.

Our targets

As noted under our impact above, our main focus is on plastic packaging and on reducing own-brand primary virgin plastic packaging, as this has the most direct impact on reducing our footprint.

We have set the following targets:

TIMELINE	TARGET
Short-term	By 2025, our brands aim to reduce the use of virgin plastic in their own-brand primary product packaging by 5% compared to the 2021 baseline.
	25% of our total own-brand primary plastic packaging weight will be made from recycled content by 2025.
	100% of primary own-brand plastic packaging is reusable, recyclable or compostable in practice and at scale by 2025.

NATURE

SUSTAINABLE PRODUCTS

Definition

Provide an assortment of products that are produced with respect for the environment, including, but not limited to, the protection of biodiversity.

Boundary: Upstream value chain

General developments in 2023

Nature is declining at unprecedented rates. On average, we've seen an astonishing 60% decline in the size of populations of mammals, birds, fish, reptiles and amphibians in just over 40 years, according to WWF's Living Planet Report 2018.

This decline has enormous implications, not just for business but also for the health of the planet and society. Nature and biodiversity form the basis of human existence and have significant economic, social and cultural value. From an economic standpoint alone, we know that approximately half of the world's GDP is moderately or highly dependent on nature and its services.

Our impact

The global footprint of food value chains is significant, with food a major contributor to GHG emissions, water use, biodiversity loss and synthetic nitrogen and phosphorus use.

While these problems are complex, as a global food retailer, we want to contribute to providing input into how food production and sourcing will look now and in the future, and how food can be produced sustainably, with respect to the environment and protecting biodiversity.

We know that food systems have to change to reduce the negative impacts on nature and climate. With our own-brand products, we aim to make a real impact, directing what is offered and how and where it is produced. Central to this is progressing on:

- **More sustainable production systems:** Unsustainable farming and production systems can have adverse impacts on soils, pollinators, local waterways, forests and biodiversity. As an industry, we need to increase the use of regenerative and sustainable agriculture, and get better at addressing key risks such as deforestation within key commodity supply chains. We also need to ensure that people in food value chains are treated with respect and paid fairly.
- **More sustainable consumption patterns:** A key part of this is helping customers increase their consumption of plant-based proteins, which, when produced sustainably, have fewer environmental impacts than animal-based proteins.

  Our brands source products from around the world and sell them outside their growing seasons. Bringing products to the stores from outside of local growing regions requires more energy and resources. With our own-brand products, we aim to make a real impact, influencing what is offered to customers, how it is produced and where.

We take our role in this transition to sustainable food systems very seriously, and work with groups across our value chains, such as the CGF, to contribute to this change throughout the broader industry.

Our approach and progress

Dependence on the natural environment is also relevant for us at Ahold Delhaize. Our business, broader value chain and communities are all dependent on highly functioning natural ecosystems. Essentially all food products that we sell are derived from biological resources, and are dependent on the provision of services, such as productive soils, healthy waterways and effective pollination.

Our approach for sustainable products currently focuses on our supply chain (where most of our impact is), and, in particular, on suppliers of own-brand products (own-brand food sales accounted for 38% of total food sales) – as we have greater leverage with these suppliers. We group our approach to nature and biodiversity around three pillars: sustainable sourcing of critical commodities (including deforestation), sustainable farming practices and multi-stakeholder partnerships.

A broader plan on nature

In 2023, we started work on a new nature approach, and continued to build out our programs of work on sustainable and regenerative agriculture and the sustainable sourcing of critical commodities.

This included conducting a high-level impact and dependency assessment using ENCORE's natural capital model and reviewing our current approach.

In the coming months, we will continue on the journey by:

- Conducting a detailed impact, dependency and risk assessment and identifying priority value chains and regions for additional exploration.
- Reviewing existing targets and considering the feasibility of setting new or additional nature targets.
- Implementing actions within our brands and adjusting plans based on learnings and insights.
- Enhancing our disclosure of nature-related impacts, dependencies, risks and opportunities.

When we have more clarity on the way forward, we will include it in future reporting, also considering the requirements under the CSRD.

Sustainable sourcing of critical commodities

Across our brands, we focus our efforts on seven commodities in own-brand supply chains with elevated social and environmental risks: tea, coffee, cocoa, palm oil, soy, wood fiber and seafood.

While the risks differ between the commodities and their sourcing locations, these commodities are considered to be high risk for potential impacts such as deforestation, land conversion, overfishing and human rights violations.

We utilize certification to mitigate risks connected to these commodities, and are aiming to have 100% of own-brand tea, coffee, cocoa, palm oil, soy, wood fiber and seafood certified against Ahold Delhaize-approved standards by 2025. See our *website* for more information.

In addition, our brands are also partnering with NGOs and universities on nature-related topics. For example, Alfa Beta in Greece continues to work with WWF and local fishermen to improve local fisheries.

ENVIRONMENTAL

NATURE

SUSTAINABLE PRODUCTS CONTINUED

Our brands conduct an annual risk assessment to identify social and environmental risks linked to our sourcing practices. This assessment considers environmental impacts such as land conversion, pesticide use and water use, as well as a range of social impacts. Our brands use its outputs to inform their ongoing work on these topics in their supply chains.

Deforestation

Around the world, forests continue to disappear, often to be used for agricultural, ranching and logging purposes. Deforestation and land conversion are a particular concern for tropical rainforests and ecosystems, which are crucial in capturing carbon and helping mitigate climate change.

By 2025, Ahold Delhaize and its brands aim to have 100% of own-brand products containing soy, palm oil, cocoa, coffee and tea certified against an acceptable standard that provides for no deforestation or land conversion as defined by the *Accountability Framework Initiative* or the *Forest Resources Assessment*. The cut-off date we use is December 31, 2020, or the date of the applicable certification, whichever is earlier.

In 2023, we started to prepare for the EU's new Deforestation Regulation (EUDR), including by mapping supply chains and engaging with key suppliers. This work will continue into 2024. See our website for more information.

Sustainable farming practices

We know that unsustainable farming and production systems can have adverse impacts on soil, pollinators, local waterways and biodiversity.

Shifting to more sustainable agricultural models is key to a food system transition that offers opportunities to drive positive impact on climate (both resilience and decarbonization), soil health, biodiversity, animal welfare and water consumption.

Our brands have several initiatives in place that aim to drive improved farming practices, including:

- Delhaize Serbia has been working with the Faculty of Agriculture at the University of Belgrade to reduce the use and quantity of pesticides in fruits and vegetables since 2022. The first pesticide-free products to be produced under this partnership were special varieties of melons and watermelons in 2022. In 2023, the brand re-certified seven items (special varieties of watermelons and melons) and certified nine new items (apples, raspberries, packed salads, cherries and pumpkins).
- Albert Heijn cooperates with more than 1,200 farmers and growers through its Better For Nature and Farmers program, and makes agreements about sustainability, innovation and the earning capacity within our food chain.
- Since 2020, The GIANT Company has partnered with the Rodale Institute, a global leader in regenerative organic agriculture, to create a more sustainable food chain from farm to table, through education, research and training. Over the last three years, The GIANT Company, in partnership with its customers, has raised more than $3 million during its Healing the Planet campaign to support the Rodale Institute's regenerative organic agriculture initiatives, including climate science research to strengthen food system sustainability practices and climate resilient communities.

Our brands are working to further integrate sustainable agriculture expectations into sourcing requirements. They work directly with suppliers to adopt sustainable agriculture practices that include conserving natural resources, reducing land conversion and improving soil health.

Multi-stakeholder partnerships

We know that transitioning to a more sustainable food system will require coordinated action from a variety of actors across governments and NGOs and within food and beverage value chains. For this reason, we are involved in several multi-stakeholder forums centered around critical social and environmental challenges and solutions. Topics covered by forums we currently participate in include deforestation, Illegal Unreported and Unregulated (IUU) fishing, regenerative agriculture and sustainable seafood.

In addition, several of our brands have partnerships with NGOs – for example, Albert Heijn's partnership with World Wide Fund for Nature (WWF) Netherlands to support the goal to halve the environmental footprint of the Dutch customer's shopping basket by 2030.

How we measure performance

- Percentage sustainable sourcing for seven commodities in our own-brand products.
- Reduction in absolute GHG emissions from our value chain (scope 3) against a set baseline.

For performance on these metrics, see **Critical commodity reporting** on our website.

Our ambitions

As noted above, we are working on a new nature approach, the outcome of which might result in additional targets being set.

TIMELINE	AMBITION
Short-term	By 2025, Ahold Delhaize and its brands aim to have 100% of own-brand products containing soy, palm oil, cocoa, coffee, wood fiber and tea certified against an acceptable standard that provides for no deforestation or land conversion as defined by the *Accountability Framework Initiative* or the *Forest Resources Assessment*. The cut-off date we use is December 31, 2020, or the date of the applicable certification, whichever is earlier.

ENVIRONMENTAL

NATURE

ANIMAL WELFARE

Definition
Ensuring that suppliers are following stringent standards on animal welfare by implementing ethical practices for treating animals across their operations.

Boundary: Upstream value chain

General developments in 2023
While there are differing opinions and legislation around animal welfare globally, a Eurobarometer survey published in October 2023 by the European Commission found that protecting the welfare of animals is essential to Europeans. According to this survey, a large majority of Europeans (84%) believe that the welfare of farmed animals should be better protected in their country than it is now. Over 90% of Europeans consider that farming and breeding practices should meet basic ethical requirements. These include offering animals enough space, sufficient food and water, environments adapted to their needs (mud, straw, etc.), as well as ensuring proper handling.

Despite the fact that the survey's interviews were carried out in March 2023, when food prices were already very high due to inflation, 60% of respondents indicated that they would be willing to pay more for products sourced from animal-welfare-friendly farming systems. Around a quarter (26%) would be ready to pay up to 5% more for animal-welfare-friendly food.

Our impact
Animal-derived proteins are still an important part of the human diet – predominantly beef, dairy, pork, chicken and eggs – but the economics of their production often has an inversely proportional relationship with the welfare of the animals. Higher animal welfare standards require investments in physical space, working hours and specialized equipment, which might not always be available in certain markets.

At the same time, farm animal welfare is connected to food safety, due to the close links between space provided to animals and their health. Higher stocking densities require a higher usage of antimicrobials to keep the animals healthy, which may lead to antibiotic-resistant pathogens for humans.

Ahold Delhaize and its brands are committed to promoting animal welfare and safe food, while, at the same time, preserving access to affordable, fresh products – which can be a balancing act.

Our approach and progress
At Ahold Delhaize, we believe supporting animal welfare is the right thing to do. Although market dynamics can vary in the different countries where our brands operate, research shows that the majority of our brands' customers agree and think that animal welfare should be well protected.

We embrace the globally recognized five freedoms of animal welfare:

1. Freedom from hunger and thirst
2. Freedom from discomfort
3. Freedom from pain, injury or disease
4. Freedom to express normal behavior
5. Freedom from fear or distress

The Ahold Delhaize approach to animal welfare currently focuses around stronger animal welfare standards for own-brand whole- or single-ingredient products derived from farm animals globally.

Our global commitments around animal welfare include the following:

Animal testing: Ahold Delhaize does not support the testing of own-brand food, pharmaceutical or cosmetic products and their ingredients on animals.

Growth promoters: The use of beta antagonists for growth-promoting purposes in farm animals is illegal in the European Union. Despite the use being legal in the U.S., the U.S. brands promote meat from livestock that are not fed with beta antagonists, aiming to reduce the use of growth promoters, and supporting the producers that are voluntarily phasing them out.

Live animal transport and slaughtering: We are committed to limiting live long-distance transport of farm animals across all species. Furthermore, it is our aim that animal-based products come from farm animals that have been rendered unconscious and insensible to pain before harvest through effective stunning in a single attempt.

Antimicrobials: Ahold Delhaize supports the reduced use of antimicrobials medically critical to humans on farm animals. Ahold Delhaize does not support the prophylactic use of antimicrobials in animal farming.

Routine mutilation: We strive to minimize all forms of routine mutilations that are harmful for animal welfare by collaborating with the industry.

Close confinement: We strive to minimize all forms of close confinement that are harmful for animal welfare. Since January 1, 2013, all EU member states have prohibited breeding sows in individual stalls, with the exception of the first four weeks of pregnancy and the week before giving birth. Our U.S. brands aim to eliminate the use of gestation stalls by 2025 or sooner. Certain U.S. states, such as Maine and Rhode Island, have already implemented legislation banning the use of gestation stalls.

Our local brands translate these global commitments into day-to-day decision making, taking into account local market conditions and local legislation. More information on specific brand approaches is available on the brand websites (see *www.aholddelhaize.com* for links).

In addition, this year, we updated our *Standards of Engagement* to incorporate our vision on animal welfare; besides complying with applicable legislation, we expect suppliers to commit to sound, science-based animal care practices and the elimination of animal cruelty, abuse and neglect. In addition, Ahold Delhaize expects suppliers to incorporate the five freedoms of animal welfare (see earlier paragraph).

While we are making progress on cage-free eggs and gestation crate-free pork, we do not expect to achieve our ambition of 100% cage-free eggs in 2025. The rate of supplier transition in some regions is slower than expected, and we want our brands to continue to be able to offer customers healthy and affordable protein options. Our plan and targets will be updated in 2024.

Ahold Delhaize also makes use of valuable horizontal and vertical collaborations to further improve animal welfare. Our great local brands collaborate with their suppliers to improve animal welfare through contracts and certification and by providing support. Ahold Delhaize also participates in multi-stakeholder initiatives like GRSB, SAI Beef (ERBS), the Sustainable Dairy Partnership and GlobalG.A.P. (for pork and chicken). Key areas of action are antimicrobial use and mortality rates.

How we measure performance
Currently, we have identified the following performance metric on animal welfare. In future years, our performance metrics may be expanded, also considering the impact of vertical collaborations in our value chain.

- Percentage of cage-free laying hens for both own- and national-brand shell eggs.

Our ambitions

TIMELINE	AMBITION
	Albert Heijn and Delhaize Belgium have already achieved 100% cage-free own-brand and national-brand eggs, shell eggs and eggs-as-ingredient.
2025	All other European Ahold Delhaize brands and all U.S. brands have committed to being 100% cage-free for own-brand and national-brand shell eggs by 2025.

Social

As we work to build a healthier planet, we also focus on healthier people – in particular, customers and associates.

Our social impact extends beyond the boundaries of our offices, and our brands' stores and DCs. Our work impacts not only associates but also the customers our brands serve and, more broadly, the communities they operate in. Our great local brands aim to drive positive impact by helping customers and associates make healthy, sustainable choices and working to ensure customers have access to affordable, high-quality nutritious products. Our brands strive to ensure every associate can thrive, and that both associates and customers feel a sense of belonging and community. We also strive to reduce negative impacts, by safeguarding human rights in our brands' own operations and across our supply chains, and working to prevent store-based violence and other workplace safety-related incidents.

For our performance on these social topics, see *ESG statements*.

IMPACTS ON CUSTOMERS

CUSTOMERS' HEALTH AND NUTRITION

Definition

Expanding the brands' product ranges with healthy and nutritious goods. Providing clear and complete information on products' health impacts. Increasing customers' awareness about health and nutrition.

Boundary: Own operations and value chain (up- and downstream)

General developments in 2023

Global hunger, measured by the prevalence of undernourishment (SDG Indicator 2.1.1), remained far above pre-pandemic levels. Some studies indicate that the proportion of the world population facing chronic hunger in 2022 was about 9%, compared with approximately 8% in 2019.

Growing urbanization is a megatrend that, combined with shifts in income, employment and lifestyles, is driving changes in food production, processing, distribution and procurement and consumer behavior.

These changes represent both challenges and opportunities to ensure everyone has access to affordable healthy diets.

Urbanization is often associated with a diversification of diets, including the consumption of foods that can contribute to a healthy diet, not only in urban areas but also in rural areas.

However, the availability of vegetables and fruits is insufficient to meet the daily requirements of a healthy diet in almost every region of the world, and urbanization contributes to the spread of convenience, pre-prepared and fast foods, often energy dense and high in fats, sugars and/or salt, which are increasingly abundant and also cheaper.

The prevalence of childhood obesity is at risk of increasing with the emerging problem of high consumption of highly processed foods and food away from home.

Our impact

Healthy food leads to healthy communities by reducing the risk of chronic diseases and contributing to a community's overall resilience and vitality. Customers look to our brands for fresh, healthy inspiration to help them put delicious, nutritious family meals on the table every day.

Our brands work to help make customers (and associates) more aware of what they eat and how it impacts their health and the planet. They aim to offer affordable, nutritious product choices and other information and support to make healthier eating easier and more appealing.

IMPACTS ON CUSTOMERS

CUSTOMERS' HEALTH AND NUTRITION CONTINUED

Our approach and progress

We aim to make healthier eating commonplace by making fresh, nutritious and delicious food available and affordable for everyone. Our local brands make healthier eating easier through their broad ranges of products that include affordable, nutritious choices, and with recipes, support services and transparent labeling. They use engaging activities to make healthier food appealing and fun.

Working with customers

Our brands inspire customers and provide healthier food in stores and online. They continue to add healthier and more sustainable products to their assortments and keep reformulating own-brand products to reduce salt, sugar and fat and increase vitamins, whole grains and fiber. For example, during 2023, Albert launched 20 new healthy products, and, in cooperation with their suppliers, reformulated 30 products, increasing fiber content in local bakery products and reducing salt and fat in others.

Through Nutri-Score in Europe and Guiding Stars in the U.S., our brands continue to drive transparency about nutritional value.

All of the Ahold Delhaize brands aim to have a nutritional navigation system implemented by 2025. The U.S. brands, Delhaize in Belgium, Albert Heijn in the Netherlands and Maxi in Serbia have met this target ahead of time.

However, our brands in the CSE countries are in a difficult position to meet this target. Local authorities showed resistance to the adoption of Nutri-Score (used by Delhaize and Albert Heijn) and decided to forbid it as a consumer-facing system. They will wait for the European Commission to propose EU-wide legislation for front-of-package labeling. In light of this sensitive situation, our CSE brands (Albert, Alfa Beta, Mega Image and Delhaize Serbia) have removed the Nutri-Score logo on own-brand products.

Nonetheless, the CSE brands are committed to proactively elevating their marketing messaging towards healthy products to keep encouraging healthier diets.

Our brands strive to provide healthier choices and guidance to customers while, at the same time, offering the wide range of products consumers demand.

For example, our Delhaize brand in Belgium integrates healthier choices into its customer loyalty program. The SuperPlus program enables customers to earn points that can then be spent on discounted products or gift cards. Another benefit to SuperPlus is the Nutri-Boost program, which gives every customer spending a minimum amount per month, a 10% discount on fresh products, such as vegetables, fruit, bread and refrigerated products with Nutri-Scores A or B. This discount is not capped at a certain amount, and a comparison between the regular price and the Nutri-Boost price is displayed on the shelves and in the app, making it easy and visible for customers. Approximately 2.5 million customers have signed up for the program.

Hannaford continued in 2023 with its registered dietitian program, which helps customers make healthy choices by providing free nutrition education. The program has grown significantly since its launch more than 20 years ago, when it was one of the first programs of its kind to be offered by a large-scale supermarket retailer in the northeastern United States. Hannaford shoppers now have access to free nutrition education from more than 30 dietitians in over 50 stores across the New England region and New York state. Dietitians lead more than 1,000 in-store classes, tours and online seminars each year on topics such as heart-healthy eating, meal planning and nutrition for kids. The brand also provides education at schools, libraries and healthcare facilities.

In September 2023, Stop & Shop's nutrition partners hosted a week-long wellness event for the community at the brand's Grove Hall store in Boston, Massachusetts. This Wellness Week was a great way to connect and provide ongoing health and wellness support for the community. All year long, a dedicated in-store dietitian at the Grove Hall location offers free nutrition programming through one-on-one consultations, healthy grocery shopping assistance, cooking demonstrations, in-person community classes and webinars.

The GIANT Company has a program by which it offers virtual classes focused on a healthy lifestyle and healthy eating and linked to incentives. The brand's dietitian team hosts a series of virtual classes that provide inspiration, knowledge, and engagement for customers.

Currently, the classes have an average attendance of 285 people. Content varies, and touches upon different health-related areas. For example, "Produce Spotlight" classes highlight and discuss a seasonal produce item, and incorporate it into a recipe. "Meal Solutions Monday" classes highlight quick and nutritious meal solutions, while "Wellbeing Workshops" offer the opportunity to collaborate with The GIANT Company's pharmacists.

Albert Heijn offers a motivational app called "AH My lifestyle coach," developed for everyday effective lifestyle coaching – targeting diet, exercise and sleep. The coaching, developed in close collaboration with behavior scientists, is focused on sustained behavioral change and linked to all kinds of different life stages and journeys. For instance, the app provides coaching on customers' personal shopping basket, along with over 75 challenges that include tasks, recipes, workouts and articles.

Our Greek brand, Alfa Beta, has a website that offers helpful information and enables customers to create their own personalized nutrition plans. The online platform includes health tips and numerous healthy recipes – supported by appealing photos and marketing. Its focus is not only on healthy food, but also sustainable products and cooking with leftovers to fight food waste.

IMPACTS ON CUSTOMERS

CUSTOMERS' HEALTH AND NUTRITION CONTINUED

Giant Food's Healthy Living team expanded the brand's offerings in 2023 to make services and solutions even more accessible. Customers and associates can now access education on a wide range of topics, with supporting resources such as podcasts, shopping lists, meal plans and recipe collections available in the Giant Food YouTube video library. Customers who prefer shorter content can engage on the team's new Healthy Living by Giant TikTok account. In March 2023, the Healthy Living by Giant podcast celebrated its 100th episode, marking seven years of bi-weekly storytelling connecting customers to their farmers, makers, and community.

In addition, to improve the health of communities in need, the brand launched its Giant Food Pantry Project. It connected local partners with professional organizers who helped stock their pantries with Guiding Star-rated ingredients to make approximately 5,400 culturally relevant, balanced meals.

Collaboration with others

As part of our ongoing commitment to promoting health, we engage in the Consumer Goods Forum (CGF), including its coalition Collaboration for Healthier Lives, bringing together manufacturers, retailers and other partners dedicated to empowering individuals to lead healthier lives. During coalition meetings, Ahold Delhaize shares insights from our local markets, in line with the coalition's strategy of "Better Options, Better Choices, and Better Communities."

Key themes such as behavior change, healthier diets, employee well-being, and preventive health are at the forefront of discussions, emphasizing our holistic approach. In 2023, the coalition released a playbook, Winning Behavior Change: A Toolkit for Building Impactful Initiatives, which showcases the data and key learnings from the coalition global initiatives and provides a view on how businesses can establish and execute impactful projects and strategies.

We take those learnings and integrate them into our internal knowledge sharing, to help us create impactful initiatives that move the needle on health.

How we measure performance

- Percentage of healthy own-brand food sales as a proportion of total own-brand food sales.

Our targets

TIMELINE	TARGET
Short-term	52.3% healthy own-brand food sales as a proportion of total own-brand food sales by 2025[1].

1 The 2025 target has been decreased to 52.3% from 55.6% last year to account for the expected impact of the amended Nutri-Score algorithm which is implemented in 2024.

PRODUCT AFFORDABILITY

Definition

Ensuring that customers and communities have access to high-quality nutritious products at prices they can afford.

Boundary: Own operations and downstream value chain

General developments in 2023

While inflation seems to have peaked in 2022 in most markets where we operate, prices remain higher than pre-pandemic levels. Supply chain shortages have moderated compared to a tumultuous 2022. Yet the lingering effects of these trends and consistent pressure on margins is also impacting Ahold Delhaize's business.

Information in the public domain indicates that nearly 60% of respondents said grocery spending represented a significantly higher share of their income. Consumers have also adapted their buying habits by trading down to save money.

Reducing spending remains a top priority for shoppers in all income groups. In fact, nearly 60% of U.S. consumers are looking for ways to save money, an increase of 13 percentage points over 2022.

This search for savings means own-brand offerings became more important. Even if market conditions improve, consumers might continue buying own brands: 83% of U.S. consumers believe the quality of own-brand goods is equal or superior to that of branded products.

Our impact

Our local brands' longstanding commitment to building strong, long-term relationships with suppliers helps them to keep shelves stocked so that customers can get the products they need, even in challenging times.

As a large food retail company, Ahold Delhaize also has a role to play in ensuring communities in its brands' markets have access to affordable products.

For example, The GIANT Company launched a pilot program with a local health system, through which low-income households receive a digital voucher for fresh produce every two weeks. They can log in to the GIANT app or website, click on offers and shop with the voucher either online or in-store.

Our approach and progress

Our approach to ensuring product affordability focuses on the following areas:

Saving for our customers

Our Save for Our Customers initiative enables our brands to operate efficiently, keeping costs down and prices competitive, for example, by introducing more entry-priced products, expanding their high-quality own-brand assortments and delivering personalized value through digital omnichannel loyalty programs. Their own-brand ranges are an important tool in helping offer customers unique and high-quality products at a good value.

See also *Performance review* for information on our Save for Our Customers initiative.

During 2023, in addition to our existing AMS and Coopernic buying alliances, Ahold Delhaize joined the European retail alliance joint venture EURELEC, to help address persistent price differences between European markets.

For more information on how we ensure affordable products, see also **Strengthen operational excellence.**

IMPACTS ON CUSTOMERS

PRODUCT AFFORDABILITY CONTINUED

Expanding our reach

Our approach to increasing access to high-quality, affordable food and other items centers on our brands' convenient neighborhood locations and seamless digital shopping platforms. Our brands continuously look for opportunities to expand the brick-and-mortar store network and extend online shopping delivery.

For example, Food Lion announced the expansion of its Food Lion To Go grocery pick-up service to 45 more stores in Delaware, Georgia, Maryland, North Carolina, Pennsylvania, South Carolina, Tennessee, Virginia and West Virginia in December. With this development, the brand now offers Food Lion to Go pickup or home delivery in approximately 90% of its 10-state operating area.

Product assortment

Our great local brands have been agile in expanding their assortments with high-quality own-brand products at affordable prices and swift to pass on price reductions where possible.

For example, Delhaize Belgium is working to provide a wide offering of affordable products to its customers through its Little Lions program, launched in 2022, that puts 500 basic own-brand products in the spotlight at competitive prices. By Q3 2023, the Little Lions campaign expanded to 1,000 products – double the original offering.

To keep daily grocery shopping affordable, Albert Heijn has also expanded its range of Price Favorites from 1,700 to more than 2,000 top-quality products always offered at good value for money. Price Favorites are available for all daily groceries – including vegetables, fruit, breakfast cereals, cleaning products and toilet paper – and for every occasion.

Customer loyalty programs

Our brands continue to invest in and leverage the power of our digital capabilities to provide customers with meaningful, highly personalized discounts tailored to their needs and wallets.

How we measure performance

- Delivery on our Save for Our Customers program.

Our targets

TIMELINE	TARGET
Short-term	Save for Our Customers program to deliver ≥ €1 billion in 2024.

FAIR AND SAFE WORKPLACE

WORKPLACE CONDITIONS (OWN OPERATIONS)

Definition

Ensuring responsible labor practices in our own operations, which include workplace health and safety, compensation and benefits, talent and development, employee well-being and health promotion, and freedom of association topics.

Boundary: Own operations

General developments in 2023

Across all our markets, price inflation reduced consumer spending power and forced some customers to make different choices while shopping for their groceries, including downtrading. In addition, our brands and those of our competitors experienced an increase in shoplifting cases and, subsequently, in workplace violence related to prevention and response activities. Although physical injuries were relatively limited, we experienced two tragic fatalities this year. Store associates were also more exposed to verbal aggression, intimidation and threats, as well as additional pressure on their mental health and well-being.

Our impact

At Ahold Delhaize, over 402,000 associates look to our brands and businesses to provide a safe place to work and contribute to their health and well-being. As a company of great local brands that are close to the communities they serve, we have a keen understanding of the specific needs of people in all our brands' markets and act to keep associates safe and provide them with the support they need.

Our approach and progress

Workplace health and safety

This increased level of crime and violence prompted our brands to extend and strengthen their programs to ensure a safe working and shopping environment for associates and to ensure continuity of services to communities in sometimes challenging neighborhoods. In many communities, our brands' presence represents continued access to affordable and nutritious food. Brands in the U.S. and Europe not only revamped and strengthened their workplace violence prevention programs with in-person training for store management and associates to increase their skills in managing conflicts in the workplace, but also made significant and focused investments in prevention to support our store management and associates and to manage crime levels and product loss.

Stop & Shop continued to roll out advanced video technology to assist customer scanning behavior and reduce the abuse of self-checkouts to commit theft. Giant Food, Hannaford, Food Lion, The GIANT Company, Albert Heijn and Albert are in the process of piloting and selecting similar video technology to address the theft opportunity that self-checkouts offer. Mega Image is improving its Security Operating Center to assist store management in detecting and responding to crime incidents, combined with rapid security response teams for intervening in crime incidents. A few brands in the U.S. and Europe (including Hannaford, Albert Heijn and Albert) are piloting body-worn cameras to measure the added value for deescalating conflicts.

FAIR AND SAFE WORKPLACE

WORKPLACE CONDITIONS (OWN OPERATIONS) CONTINUED

Our U.S. brands are rolling out technology to prevent losses successfully by blocking the wheels of shopping carts with unpaid products in them so they cannot be pushed out of the store. All our brands have advanced capabilities and have put plans in place to ensure timely and adequate incident response and aftercare, often supported by third-party professionals, such as trauma response and mental support services.

As an often vital part of the communities we serve, our brands are also collaborating with relevant stakeholders, such as national and local governments, law enforcement, retail organizations and the media to contribute to a safer living environment and raise awareness in the communities we serve.

We believe that building a comprehensive safety culture, processes and tools across the organization is the foundation of building awareness and engaging associates. Visible leadership commitment and associate participation in safety provide a strong foundation for a positive culture in an organization. The Ahold Delhaize brands and businesses strive to maintain workplaces that are accident and injury free, recognizing that healthy and safe work environments reduce absences and improve business results.

In 2023, we created a comprehensive global safety policy to be implemented in 2024. The care for the health, safety and well-being of our colleagues, customers, suppliers and vendors is one of our core company values. Brand leadership is responsible for establishing and resourcing implementation plans and monitoring performance around locally relevant health and safety topics. We work through a Global Safety network, which comprises the Safety leads from each brand and other relevant experts. The team collaborates on strategic priorities, mitigation of common risks, shared best practices, subject matter expertise and common guidelines and expectations. The Global Safety network also provides support and resources for developing and maintaining global or common safety management systems that manage organizational exposures to loss, including mitigating injury and regulatory risks.

In 2023, we focused on building leadership on safety among brand management teams. We know that leaders are highly influential in creating a safe workplace. We invested time with brand executives to learn how they were approaching safety engagement and to gather success stories that could be shared more broadly across the company. Several brands – including bol, Albert Heijn, RBS and Mega Image – hosted workshops focused on how to be better safety leaders and advocates.

The teams put a lot of work into aligning key performance indicators, with a particular focus on reducing serious injuries and fatalities. We were encouraged by the improvement in workplace absenteeism rate, from 2.00 in 2022 to 1.89 for 2023. Although serious injury rate increased form 0.42 for 2022 to 0.47 for 2023, overall we had fewer serious injuries in 2023 and the rate is elevated as a result of working hours.

In addition to our work to improve associate safety, our brands also have a strong strategic focus on the health and well-being of associates, their families and communities. They show this by providing benefits that promote healthy living, work-life balance and financial security, in the spirit of our value, care. Our brands also have programs in place to inspire associates to focus on their mental health and well-being.

See also the **Cultivate best talent** section for more information on how we support associate health, well-being and talent and development. See also **Diversity, equity and inclusion** section for more information on pay equity.

How we measure performance

- Workplace injury absenteeism rate (number of injuries that result in lost days per 200,000 hours worked)
- Serious injuries and fatalities rate (per one million hours worked).

Our ambitions

TIMELINE	AMBITION
Short-term	Reduce absenteeism rate year-on-year
Aspiration	Through risk mitigation, education and awareness, reduce all serious injury and fatality occurrences

FAIR AND SAFE WORKPLACE

HUMAN RIGHTS IN THE SUPPLY CHAIN

Definition

Making sure human rights are respected in our supply chains, covering topics like child labor, forced labor, working conditions, discrimination and harassment, women's rights, freedom of association and compensation.

Boundary: Upstream value chain

General developments in 2023

December 10, 2023, marked the 75th anniversary of the Universal Declaration of Human Rights (UDHR), the international community's foundational statement affirming the inherent dignity and equal rights of all people.

Today, on the one hand, we find ourselves in a period of uncertainty amidst multiple global crises, including geopolitical conflict in many parts of the world, the climate crisis and persistent inequalities. On the other hand, we also see progress. There is increased alignment from stakeholders on their expectations of businesses relating to human rights. On December 14, 2023, the Council of the European Union and the European Parliament agreed on the text for the CSDDD, which will require many companies in the EU and beyond to conduct environmental and human rights due diligence on their global operations and value chain, and oblige them to adopt a transition plan for climate change mitigation. While the exact implementation date is not yet known, Ahold Delhaize has several years of experience with human rights due diligence and is now in the process of expanding that approach to social and environmental due diligence.

Our impact

As a global retailer, our commitment to respect human rights extends to the supply chains that our brands depend upon. The strong, long-term relationships our brands build with suppliers help us to gain visibility into the supply chain and aim to use our influence to ensure that the companies we deal with operate in a fair and ethical way that respects human rights.

Our approach and progress

Our commitment to human rights

Our commitment to human rights is an extension of our longstanding dedication to conducting business ethically, and anchored in the first principle of our Code of Ethics: we respect each other.

See also the **Business ethics and compliance** section for more information on our Code of Ethics.

In 2022, Ahold Delhaize updated its *Position on Human Rights*, which outlines our broad commitment to this important issue.

The Position on Human Rights is structured around the key affected stakeholders in our own operations and in the supply chain. It identifies specific vulnerable groups, including, but not limited to: women, members of the LGBTQ+ community, children, persons with disabilities, minorities, refugees, migrant workers and indigenous peoples. The document more clearly expresses our commitment by including our approach to due diligence and providing more information about how Ahold Delhaize and its brands provide access to remedy.

Our Position on Human Rights applies to the own operations and supply chains of all Ahold Delhaize brands and businesses and is owned and formally approved by the Executive Committee. The latest version is available on our website.

Ahold Delhaize also published its second *Human Rights Report* in June 2022, and we are planning to publish our third Human Rights Report during the course of 2024, focusing on the progress on our Roadmap on Human Rights. As with the Position on Human Rights, the 2022 Human Rights Report and its content were reviewed with – and approved by – functional and regional leadership, as well as the Executive Committee.

In the Human Rights Report, we describe in more detail how we embed our commitment to respect human rights throughout our own operations and in the supply chain. We focus on three important aspects: governance, implementation and access to remedy. In the report, we explain how we strengthened our governance of human rights, including the roles and responsibilities to implement our commitment across the organization, and how we engage on human rights and ethics through newsletters, campaigns, webinars and trainings. Ahold Delhaize's Executive Committee directly oversees the implementation of our Roadmap on Human Rights through a quarterly progress report and one or more annual in-person reviews.

In the Report, we also explain our overall approach to human rights due diligence and the operational processes we use to mitigate our impacts and manage the salient issues in our own operations and supply chain, including the existence of our Speak Up lines, which enable each of our brand's associates, third parties within and connected to our supply chains and the public to raise concerns.

Remediation and access to remedy are important aspects of an effective human rights due diligence process, and we commit to addressing allegations that human rights are not being properly respected. In the Human Rights Report 2022, we also explain how grievance mechanisms are carried out in the supply chain in collaboration with the standards and programs we implement.

FAIR AND SAFE WORKPLACE

HUMAN RIGHTS IN THE SUPPLY CHAIN CONTINUED

Social compliance

Our operational processes include our *Standards of Engagement*, as well as our social compliance and critical commodity programs and targets to monitor working conditions and mitigate social impacts in our supply chain.

We are making steady progress towards auditing and certifying production units in high-risk countries against acceptable standards, defined as any standard considered equivalent to amfori BSCI. As we explain in our *ESG statements*, we also accept stepping-stone standards in specific countries or as a first, temporary step for suppliers towards an acceptable standard. If we include stepping-stone standards, we are approaching 96% of production locations audited or certified on social compliance.

We focus our social compliance program on production locations in high-risk countries (as defined by amfori BSCI), and our critical commodity programs are specifically developed to address major social (and environmental) issues such as child labor and forced labor. In addition, we conduct an annual sustainability risk assessment that reviews social and environmental risks, based on our salient human rights issues, associated with product categories and raw materials and the geographies from which we source them. You can read more about our approach and the specific actions to address child labor and forced labor in our Human Rights Report 2022.

See also our performance on social compliance as reported in our *ESG statements*.

See also our second **Human Rights Report issued in June 2022** and our Position on Human Rights.

Standards of Engagement

The Standards of Engagement define our expectations and require that our suppliers maintain the same high level of business ethics, regard for human rights and the environment as Ahold Delhaize and its brands. The Standards of Engagement are included in agreements with suppliers and they contain the principles that we believe are necessary to support human rights and protect the environment.

To address changing demands and expectations, we revised our Standards of Engagement in 2023, after extensive consultation with colleagues across Ahold Delhaize and the brands, and the revised version took effect on January 1, 2024.

While there are no major changes in terms of requirements, the Standards of Engagement are now fully aligned with the updates made to the Position on Human Rights in 2022, as well as key objectives of our approach on health and sustainability. The Standards now more explicitly address some of the salient human rights impacts, including the need for age-verification mechanisms and the international principles on responsible recruitment in line with the outcomes of our human rights due diligence process and the expectations of stakeholders.

In addition, this version of the Standards of Engagement allows for closer cooperation with – and investigation of – suppliers, if and when reports or allegations arise of serious compliance issues. That aligns with the work we are doing, and external expectations on sustainability due diligence. Version 4.0 will replace version 3.0 over a three-year period, with each new contract or contract renewal.

You can find our updated *Standards of Engagement* on our website.

Industry committees and working groups

Our brands work together with industry organizations to drive food safety and social and environmental sustainability. In addition, we take an active role in various industry committees and working groups, including those of the amfori Business Social Compliance Initiative (BSCI) and the CGF's Sustainable Supply Chain Initiative, to address human rights issues in collaboration with the business community and other relevant stakeholders. In addition, the brands also partner locally and regionally to address human rights impacts in their supply chains, for example with IDH, the Sustainable Trade Initiative. You can read more about those partnerships in the *Human Rights Report 2022*.

FAIR AND SAFE WORKPLACE

HUMAN RIGHTS IN THE SUPPLY CHAIN CONTINUED

Sustainability due diligence

At Ahold Delhaize, we are of the opinion that sustainability due diligence (SDD) is the starting point of our CSRD journey, and, therefore, kicked off our first SDD process in the third quarter of 2023. This is not the first time Ahold Delhaize has conducted due diligence. This SDD process builds on our previous work on human rights due diligence, but this time, we expanded the scope to also include environmental topics.

Sustainability due diligence can be best described as an approach by which companies identify, address and mitigate the social and environmental impacts in their own organizations and throughout their value chains. In addition, companies are expected to track and communicate about their progress.

See also the Sustainability due diligence diagram for an overview of the different steps of a sustainability due diligence.

The steps and requirements for sustainability due diligence are originally based on the UN Guiding Principles on Business and Human Rights and the OECD Guidelines, and these now form the basis for upcoming European legislation: the CSDDD. By already performing sustainability due diligence, we are proactively taking steps to prepare Ahold Delhaize and the brands for the upcoming CSDDD requirements.

By the end of Q4 2023, we completed the initial overview of salient social and environmental impacts. Once formally approved, this list will be one of the key inputs into our double materiality assessment, which will be kicked off in Q1 2024. During Q1 2024, we will work – with internal and external stakeholders – to draft a due diligence roadmap and further prepare for the CSDDD.

In addition, and as part of our approach to due diligence, we are planning to perform at least two human rights impact assessments in 2024, focusing on understanding our most salient human rights impacts in the supply chain, so we can determine how to mitigate or reduce them.

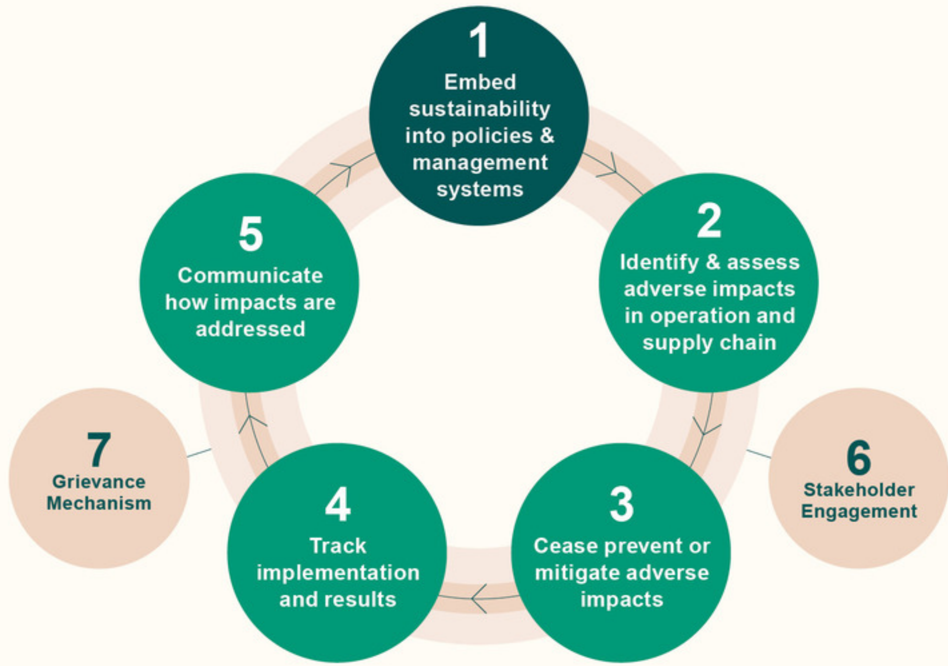
How we measure performance

Percentage of production sites of own-brand products in high-risk countries audited against an acceptable standard with a valid audit report or certificate and no non-compliance on deal-breakers.

Our ambitions

TIMELINE	AMBITION
Short-term	100% of production sites of own-brand products in high-risk countries audited against an acceptable standard with a valid audit report or certificate and no non-compliances on deal-breakers by 2025

Sustainability due diligence



DUE DILIGENCE		DESCRIPTION
1	**Embed sustainability into policies and management systems**	Embedding social and environmental due diligence in a company's governance and organization
2	**Identify and assess adverse impacts in operation and supply chain**	Taking proactive steps to understand how existing and proposed activities may affect social and environmental impacts
3	**Cease, prevent or mitigate adverse impacts**	Reflecting the results of the impact assessment on business processes
4	**Track implementation and results**	Monitoring the company's performance on human rights and the environment, tracking implementation and results
5	**Communicate how impacts are addressed**	Communicating and reporting on how impacts are addressed
6	**Stakeholder engagement**	Engaging with (affected) stakeholders and their legitimate representatives along the way
7	**Grievance mechanism**	Responding to allegations and providing for, or cooperating in, remediation, where appropriate

SOCIAL

DIVERSITY, EQUITY AND INCLUSION

DIVERSITY, EQUITY AND INCLUSION

Definition

Building a diverse and inclusive environment, fostering non-discriminatory workplace practices.

Boundary: Own operations

General developments in 2023: Why DE&I matters

In 2023, as we dove deeper into what it would take to create a sense of belonging and community for our brands' customers, we took clear steps towards engaging our leadership teams on what it takes to be sustainable leaders, including acknowledging the role health equity plays in addressing systemic inequities in our brands' communities. DE&I creates a fabric of trust and reliability only when we show actionable steps towards corporate responsibility and continuous positive change in communities both within and outside our walls.

At Ahold Delhaize, we pride ourselves on being open for everyone. We want every associate to thrive, and every customer to feel a sense of belonging and community in our brands. In addition, we want to role model how the innovation that comes from DE&I can pivot business practices and ultimately change the trajectory of our brands' communities and the planet.

Our DE&I approach

As an international company, our agile DE&I framework ensures our approach is relevant to our local brands. Globally, we have a common focus on holistic inclusion, using the strength of different perspectives to grow our brands; locally, our brands design, implement and drive DE&I strategies tailored to the communities where they live, work and serve. Our Global DE&I framework includes three pillars critical to this work: people, community and culture.

Our people

We define and celebrate diversity as anything and everything that makes us unique and anything and everything that makes us similar – inclusive of, but not limited to: generations, LGBTQ+, gender, race and ethnicity, disabilities, neurodiversity, religion, nationalities and more.

Our culture

Our shared values of courage, care, teamwork, integrity and humor are at the core of our work. They ensure that every voice matters, and that everyone feels respected as part of the Ahold Delhaize family.

Our communities

We believe in working together to improve the world we live in through community engagement and collaboration with external partners and organizations that share our values.

DIVERSITY, EQUITY AND INCLUSION

DIVERSITY, EQUITY AND INCLUSION CONTINUED

Performance toward our aspiration

We are committed to transparency in how we report our progress on DE&I.

100% gender balanced

Globally, our aspiration is to have a workforce that is 100% gender balanced at all levels. This year, we evolved our interpretation of what it means to be gender balanced. Because we are open for everyone, we want to ensure our gender representation includes all employees, including those who do not identify in binary terms. Therefore, our aspiration is not limited to a 50/50 split between men and women, but more representative of all people. We are working on ways to offer associates avenues toward self-identification across our geographies in 2024 so we can update our metrics in this space.

Compared to 2022, our overall proportion of women in management increased from 40% to 41%, while our director-level representation increased from 35% in 2022 to 36% in 2023. We saw the biggest increase at executive level (VP+), where we moved from 33% to 37% this year. See table *Our DE&I metrics*.

100% reflective of our communities

Our aspiration is to have a workforce that is reflective of the communities we serve. Each brand tracks and measures additional dimensions of diversity that are relevant to its local context and labor market. Across the U.S. brands, the focus is on racial and ethnical diversity, and for our European brands, the focus is on the number of roles offered to associates with disabilities. See table *Our DE&I metrics*.

100% inclusive

Globally, our aspiration is to be 100% inclusive every day. We measure the cultural aspects of inclusion through an inclusive workplace index that is part of our annual AES. In 2023, we enhanced our DE&I indices to capture a greater breadth of information. We now have foundational data we can use to measure DE&I progress in coming years.

We received a score of 81% on this index in 2023, which measures the following: if diversity is valued at Ahold Delhaize; if associates, regardless of their differences, are treated fairly; if associates can be their authentic selves; whether managers treat all associates with respect; and if associates are encouraged to share their ideas about improving our work environment. We are proud of this result, as 81% is significantly ahead of the global retail benchmark of 77%. See table *Our DE&I metrics*.

How we support DE&I

We trust, empower and hold accountable our internal and external partners, who are committed to advancing DE&I within our businesses, our brands' communities and society as a whole.

Balanced slates

Our commitment to balanced slates continues to be an important part of company and brand diversity, equity and inclusion strategies. Balanced slates are one tangible way we can source the very best talent and bring our DE&I aspirations to the forefront -- through minimizing unconscious bias in hiring, promotions and job assignments by ensuring equitable access to opportunities. Studies have shown that ensuring underrepresented groups have fair representation in candidate pools provides the best opportunity for hiring managers to diversify teams and select the best-qualified candidates. At Ahold Delhaize, we review and audit our senior-most leadership balanced slate outcomes, and brands determine locally through what job level they apply balanced slates.

Psychological safety

Building on a great foundational launch of psychological safety in 2022, our CSE brands implemented psychological safety workshops in all their brands. Using what we learned from CSE, we partnered with an external nonprofit, The Contentment Foundation, to create programmatic custom rollouts to take place across the Company in 2024. By the end of 2023, more than 1,000 senior leaders were engaged in leadership workshops on how to create psychologically safe work environment.

Women in Leadership forum

This year, we aligned around our purpose for having a Women in Leadership forum: to inspire and empower people to discuss important topics and challenge and support each other in creating more inclusive and equitable workplaces. We meet on a quarterly basis, introducing a new theme each time that is relevant and actionable for the group. In 2023, through stories and collaboration with our Supervisory Board, we focused deeply on enhancing our mindset of abundance, thinking positively to create positive change. We introduced our own definition of allyship, acknowledging our responsibility as leaders to commit to taking action to ask, listen, speak up for, show up for and support those who are marginalized.

Supplier diversity

Through the dedication and efforts of the PDL team in the U.S., we are developing mutually beneficial and successful partnerships with a talented group of diverse-owned suppliers that offer quality products and services, excellent customer service and competitive costs. We develop these relationships by incorporating the national and local businesses into the everyday process of category reviews and product or service bids.

Each quarter in 2023, PDL ran Supplier Diversity Matchmaking events and gave selected suppliers free pitch coaching classes to prepare them for the meetings. The GIANT Company spotlighted vendors during their 100th-year anniversary and included them in digital communications to customers. We are working hard to share best practices in this space and continue to create forums for decision makers that foster and encourage sharing and learning.

Top image: Associates from Hannaford

Bottom image: Gall & Gall associates

DIVERSITY, EQUITY AND INCLUSION

DIVERSITY, EQUITY AND INCLUSION CONTINUED

Pay equity

As a people business, at Ahold Delhaize, we pride ourselves on being open for everyone and we want every associate to thrive. We also believe it is important to compensate every associate equitably. To us, equity means that everyone has equal access to opportunities, regardless of background, and recognizes that we all have unique needs and experiences. We each have a role to play in this, as colleagues or as people leaders.

We believe that associates' total value proposition is more than the wages and benefits they receive. It includes other factors, such as working conditions, opportunities to learn and refine skills, safety, and the diversity and inclusiveness of the workforce. All these aspects are important to associates' well-being and appreciation of their overall working experience and are measured through Ahold Delhaize's AES.

Ahold Delhaize and all the brands recognize and support the right of every individual to receive equitable compensation for their work. Ensuring pay equity is an important mission for each brand and supports our DE&I aspirations.

Ahold Delhaize and each of its brands have adopted the following six overarching principles of fundamental "procedural justice" to guide fair compensation:

1. A solid base for comparing roles
2. Market-based compensation
3. Compensation in compliance with the law
4. Equal pay for equal work
5. Compensation aligned with individual performance and brand business strategy
6. Compensation that is transparent, consistent and explainable for the individual associate

More information about these principles can be found on our website, in our 2022 Human Rights Report under the heading *Compensation*. In addition, our brands and businesses consider these principles in establishing their compensation practices and in resolving disputes. The majority of associates in our brands are covered by collective labor agreements (CLAs). For associates outside of the CLAs, each brand has adopted an independent job evaluation methodology (Korn Ferry Hay) and has created policies and frameworks for determining job levels and titles, pay grades and bands, performance evaluation and wage increases.

Focusing on pay equity

We realize that creating and maintaining policies and frameworks is a critically important step, and that it is equally important to measure the outcome of these practices to ensure pay equity within each of the brands and businesses. The two areas Ahold Delhaize and each of its brands focus on when assessing the performance on pay equity are equal pay for equal work and analyzing any difference in (average/median) earnings between men and women. While both deal with pay differences at work, there are important distinctions between the two.

Equal pay for equal work

We are committed to ensuring all associates at Ahold Delhaize brands and businesses are paid equally for doing the same or equivalent jobs, or work of equal value. Prior to 2023, several brands had already conducted pay difference analyses internally and others conducted equal pay for equal work studies through an independent third-party expert in this field, taking into account local legal requirements. The purpose of these analyses is to close any unexplainable pay differences. In 2023, all brands finalized an equal pay for equal work analysis using the same methodology and by the same independent third party.

Based on these pay equity analyses, each brand identified opportunities to improve pay differences and developed plans to meet its goals. When the brands find unexplainable pay differences, they will adjust these differences to improve equal pay for equal work.

Ahold Delhaize and its brands are committed to continuing to perform pay equity analyses, refreshing them every three years and using the results to close any identified differences.

The gender pay difference

Gender pay difference is a measure of the average or mean difference in earnings between men and women across an organization or the labor market as a whole, regardless of role or seniority. The average gender pay difference shows the difference between the average hourly rate for all males compared with all females across all brands, expressed as a percentage of the average hourly rate for all males. If we were to rank all male and female associates separately, from the lowest to the highest paid, the associate whose pay falls precisely in the middle represents the median. The median gender pay difference shows the difference between the median hourly base rate for all males compared with all females, expressed as a percentage of the median hourly base rate of all males.

Ahold Delhaize is continuously committed to sharing gender pay difference figures, and we continue to conduct internal gender pay difference studies. In order to accurately track and report on our progress in this field, we have chosen to share the analysis covering the same population as in our 2022 Annual Report; the gender pay difference analysis covers 1,966 associates (male and female) in management positions in the Netherlands.

The study showed a provisional average gender pay difference of 2.93% (2022: 4.46%) and a median gender pay difference of 2.59% (2022: 2.99%) in favor of men in 2023. We are proud of the progress we have made on both aspects in comparison to our 2022 gender pay difference figures and will continue our efforts in 2024.

To support our fair compensation principle and our ambition for equal opportunities, we continue to review the gender distribution at all levels. In 2023, we were proud to see female representation at our most senior level (VP+) increase further, from 33% to 37%. We have also applied balanced slates to external hiring and internal succession planning at this most senior level to ensure we consider a more diverse pool of candidates.

Gender pay
Shows the difference in pay between women and men

"Median pay difference"
Population: Manager+, the Netherlands
M F
2.59%
(2022: 2.99%)

"Mean pay difference"
Population: Manager+, the Netherlands
M F
2.93%
(2022: 4.46%)

DIVERSITY, EQUITY AND INCLUSION

Top image: Associates in an Etos store

Bottom image: Associates at our support office in the Netherlands

DIVERSITY, EQUITY AND INCLUSION CONTINUED

Our continuous commitment

We remain committed to our DE&I aspiration to achieve 100% gender balance at all levels, to be 100% reflective of the communities our brands serve (as defined by each local brand), and to strive for 100% inclusion, every day. We will continue to perform pay equity studies for equal work, refreshing them every three years and using the results to close any unexplainable identified differences. And we will keep pushing ourselves further in reviewing our practices, integrating equity into our people decisions and building internal capabilities with a focus on all aspects of DE&I, such as representation and pay equity.

We are committed to delivering pay equity to all associates and providing a work environment where people -- regardless of gender, race/ethnicity, or any other status -- have equitable access to career opportunities and can reach their full potential. As part of this commitment, Ahold Delhaize and its brands will regularly review their policies and each brand will shape its focus in line with legislation, including new EU legislation, and local needs.

Note: Ahold Delhaize recognizes there are multiple personal pronouns used for different groups and identities, including gendered, gender neutral and gender inclusive.

DE&I accolades this year

Ahold Delhaize brands are honored to have been recognized across dozens of DE&I certified awards in 2023; here is a sampling of some of the top awards we have received:

Alfa Beta

- Gold Award at Diversity & Inclusion Awards 2023, through BOUSSIAS and the Diversity Charter Greece, recognizing collaboration with more than six NGOs and design of employability programs for refugees and immigrants

Stop & Shop

- Equality 100 Award as a Leader in LGBTQ+ Workplace Inclusion by Human Rights Campaign.

Giant Food

- Gold Loyalty360 Award in Corporate Social Responsibility by Loyalty360

Delhaize Serbia

- Most Inclusive Employer Award 2023, by the Responsible Business Forum, Smart Collective and USAID
- Third place, most gender-sensitive company, recognized by the Association of Business Women in Serbia

Mega Image

- A Top Employer bringing certified excellence in employee conditions by the Top Employers Institute.

The GIANT Company

- 100% on HRC Foundation's Corporate Equality Index for 2023/2024
- Best Places to Work for LGBTQ+ Equality by Human Rights Campaign

Food Lion

- Equality 100 Award as a Leader in LGBTQ+ Workplace Inclusion by Human Rights Campaign.
- One of America's Greatest Workplaces 2023 for Diversity by Newsweek.

How we measure performance

- Gender balance by level
- Reflective of our brands' communities
- Associate inclusive score

Our aspirations

At Ahold Delhaize, we are committed to ensuring we are an inclusive company.

TIMELINE	ASPIRATION
Long-term	A workforce that is 100% gender balanced at all levels
	A workforce that is 100% reflective of the communities we serve
	A workplace that is 100% inclusive – where all voices are heard and valued

DIVERSITY, EQUITY AND INCLUSION

DIVERSITY, EQUITY AND INCLUSION CONTINUED

Our DE&I metrics

We measure progress based on data from each of the applicable brands; they manage their workforces and are responsible for outcomes. The following table outlines aggregated data for the purposes of reporting on performance toward our DE&I aspirations.

	2023	2022	2021	2020
100% Gender balanced				
Female at VP+ level	**37%**	33%	27%	27%
Female at director level	**36%**	35%	34%	34%
Female at manager level	**41%**	40%	40%	39%
Female below manager level	**53%**	54%	54%	54%
Female: Total Ahold Delhaize	**52%**	53%	53%	54%
100% Inclusive				
Inclusive workplace index[1]	**81%**	80%	79%	79%

1 Annual associate engagement survey results, see *Definitions and abbreviations* for definitions.

	2023[2]	2022	2021	2020
100% Reflective of communities				
Racially/ethnically underrepresented at VP+ level (U.S.)[1]	**15%**	18%	17%	10%
Racially/ethnically underrepresented at director level (U.S.)[1]	**18%**	18%	19%	12%
Racially/ethnically underrepresented at manager level (U.S.)[1]	**22%**	22%	22%	15%
Racially/ethnically underrepresented below manager level (U.S.)[1]	**37%**	38%	37%	34%

1 Figures are for associates in the U.S. only, and exclude associates in Europe due to legal restrictions in Europe. The term "racially/ethnically underrepresented" refers to racial/ethnic groups that are underrepresented in the U.S. workforce generally (Black or African American, Asian, Native American or Alaska Native, Hispanic or Latino, Native Hawaiian or Other Pacific Islander, Two or More Races). Reported associate racial/ethnic categories in the U.S. are based on voluntary self-identification; associates with a missing racial/ethnic category are not included in the figures above. Each U.S. brand has adopted its own DE&I strategy to reflect our DE&I ambitions, and these figures represent an aggregation of the data of each brand.

2 Figures for 2023 exclude FreshDirect. The brand added significantly to our racial and ethnic diversity, which is why we see a decrease on some measures from 2022. However, if you compare against the numbers from before FreshDirect's acquisition in 2021, we have still shown improvement across all metrics.

3 Survey results exclude bol, FreshDirect, Pingo Doce and Delhaize Belgium.

4 Aggregation of data from each U.S. brand. Racial/ethnic diversity is based on self-identification; data where identification is missing is not included in the analysis.

Associate population diversity

81% Associate Employee Survey (AES) inclusion score[3]

402,000 Total associates

52% female

47% male

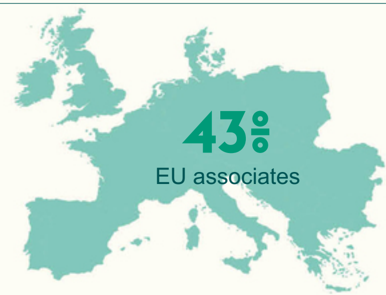
1% other

Gender diversity by region

47% female

52% male

1% other

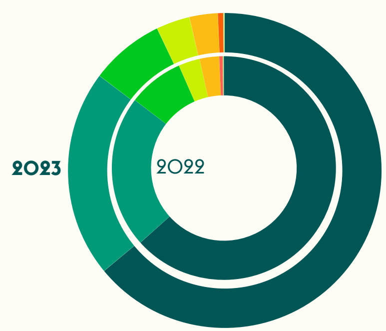


59% female

40% male

1% other

US associates: Racial and ethnic diversity[4]



	2023	2022
White	**63.1%**	62.8%
Black or African American	**21.0%**	21.8%
Hispanic or Latino	**7.5%**	8.0%
Two or more races	**3.4%**	3.1%
Asian	**2.9%**	2.8%
American Indian/Alaskan Native	**0.5%**	0.5%
Native Hawaiian/ Other Pacific Islander	**0.2%**	0.2%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Governance

Our commitment to integrity is foundational to effective governance. We believe that our values and ethical principles should guide everything we do. Having the right governance helps ensure that we take a structured approach to our ESG commitments and is critical to our success.

At Ahold Delhaize, governance is more than our policies, processes and controls. Effective governance depends on having an ethical culture in place, and we work hard to embed that culture in everything we do. Transparency and accountability are guiding principles of our approach to governance.

See also *Introduction to ESG* for how we manage our ESG performance.

BUSINESS ETHICS

BUSINESS ETHICS AND COMPLIANCE

Definition

Building strong practices for how we conduct business and ensuring our business is transparent to stakeholders. Establishing anti-competitive, anti-corruption and whistle-blower practices.

Boundary: Own operations

General developments in 2023

The increasingly complex regulatory environment in which we operate has heightened our focus on addressing new compliance risks. Evolving regulatory mandates in regional, national and local legislation across our operating footprint have required that we evolve our capabilities and resources through innovation and efficiency. Additionally, as our business continues to grow and evolve, we encounter new compliance risks that require additional capacity and expertise to effectively manage.

Our impact

At Ahold Delhaize, we are committed to conducting our business "the right way, every day." Our ethical culture drives ethical decision making in every aspect of our business, including compliance with external laws and regulations, a clear policy framework, and controls that create transparency and accountability.

Our Code of Ethics provides four ethical principles that guide our actions:

1. We respect each other.
2. We follow the law.
3. We act ethically in all of our relationships.
4. We have the courage to speak up.

Our approach and progress

Our ethical principles apply to all associates of Ahold Delhaize and its businesses. Manager-level and above associates are assigned an annual Code of Ethics training. In addition, the Code of Ethics and our ethical principles are communicated to associates through our website, local intranet pages, posters, videos, local campaigns and during our global Ethics Week. The full Code is available in the corporate governance section of our website at *www.aholddelhaize.com*.

In addition to our Code of Ethics, we have a global Governance, Risk Management and Compliance (GRC) framework that addresses and monitors key risks to our business, including risks related to ethical business practices such as conflicts of interest, anti-corruption and bribery, and competition. This framework also includes policies and controls that relate to internal processes as well as legal and regulatory risks. You can read more about the framework under *Risk management*.

In 2023, we conducted a global Ethical Culture Survey to measure our progress on awareness and implementation of our ethical principles among associates. We plan to conduct a follow-up survey in 2025 and will report on our progress.

BUSINESS ETHICS

BUSINESS ETHICS AND COMPLIANCE CONTINUED

Speak Up line

Ahold Delhaize and its brands provide multiple ways to report misconduct. Our Speak Up line enables associates and third parties, including individuals in our supply chains, to report misconduct, including irregularities, and raise concerns about improper behavior or possible violations of law or policy.

The Speak Up line is accessible online and by phone, 24 hours per day, seven days per week, in the local languages of the countries in which our brands operate. It is a confidential and secure service hosted by NAVEX. The Speak Up line is communicated to associates on our website, on the brands' intranets, on posters and in our annual Code of Ethics training and communications. You can find the contact details and more information about the process, including a response timeline, as well as the detailed Speak Up Policy, at *www.aholddelhaize.com*. In 2023, we updated our Speak Up Policy and related process to address new expectations of the EU whistleblower directive.

In 2023, our Speak Up lines received 4,741 reports (2022: 5,128), The top ten issue types reported were:

1. Unfair treatment (27%)
2. Misconduct or inappropriate behavior (26%)
3. Bullying (8%)
4. Discrimination (6%)
5. Request for guidance (6%)
6. Sexual or other harassment (5%)
7. Other violations of company policy (3%)
8. Retaliation (3%)
9. Workplace safety (3%)
10. Substance abuse (2%)

There were no substantiated reports involving senior management.

All reports are forwarded to the appropriate internal resource for review and investigation. If misconduct is substantiated, appropriate corrective action is taken and remedy provided.

Approximately 64.2% of reports were made anonymously in 2023. On average, reports were investigated and resolved within 30 days. Approximately 31% of investigated reports were substantiated. In 2023, there were no substantiated reports of significant financial reporting, accounting, fraud or ethical violations and there were no substantiated reports involving senior management.

The Ethics team of Ahold Delhaize and its brands review the reports from the Speak Up lines on a quarterly basis and discuss and incorporate learnings to improve the system and ensure that processes are in place to address and prevent the reported issues. In addition, the Ethical Culture Survey includes questions about the accessibility, potential barriers, implementation, performance and outcomes of the Speak Up line. In 2023, Ahold Delhaize also conducted a survey of a sample of users and worked with NAVEX to continuously improve the system.

No retaliation

Ahold Delhaize and its brands strongly encourage reporting misconduct. We will not retaliate or allow retaliation against anyone who, in good faith, reports potential misconduct. Any form of direct or indirect retaliation is strictly prohibited.

Corruption and bribery

Ahold Delhaize and its brands are committed to conducting business in an ethically responsible manner and complying with the law in all countries and jurisdictions in which we operate. This commitment includes compliance with laws relating to anti-corruption and bribery. The Ahold Delhaize Code of Ethics and our *Global Anti-Corruption and Bribery Policy* prohibit any form of corruption or bribery, including facilitation payments. This guidance is available to all associates and is addressed in our Code of Ethics training, as well as in training and communication for functions that are at risk of encountering corruption and bribery. Based on our monitoring systems across our operations, including the Speak Up line, there were no incidences of bribery or corruption during the year.

None of the Ahold Delhaize-controlled brands incurred any legal action, fines, penalties or settlements related to anti-competitive business practices in 2023, and there were no significant instances of non-compliance with laws or regulations.

Legal compliance

All significant instances of non-compliance with legal obligations are reviewed by the global GRC committee to ensure that the non-compliance is appropriately addressed and remediated.

During 2023, there were:

1. No confirmed incidents of legal non-compliance related to bribery, corruption, and anti-competitive business practices.
2. No significant breaches of laws or regulations, including social or environmental impacts.

Data privacy

The protection of personal data is paramount to Ahold Delhaize. Customers, associates and business partners entrust our businesses with their personal data and we are committed to safeguarding this information, consistent with relevant security and privacy legislation and regulations. At Ahold Delhaize and its brands, we strive to use customer data to benefit customers, whether it is checking their home address for deliveries, accessing their shopping history for personalized benefits or confirming account details for online orders. Our four privacy foundations guide how Ahold Delhaize and its brands manage personal data. More information is available on our *website*, as well as further information on key practices around how we maintain the *security of systems and data*. Ahold Delhaize and each of the brands have a privacy notice for customers and associates, in line with local legal obligations, available on their websites.

How we measure performance

Due to the nature of this material topic, we manage potential incidents as we become aware of them, but do not track specific indicators.

Our ambitions

AMBITION
We consistently strive to create a strong ethical culture where our decisions and actions align with our values and ethical principles and in which any misconduct is reported without fear of retaliation.

OUR CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)

The UN SDGs aim to promote sustainable development that meets the needs of the present without compromising the ability of future generations to meet their own needs. At Ahold Delhaize, we acknowledge the significance of the UN SDGs' 2030 Agenda for Sustainable Development. The SDGs have been a source of inspiration for us, and we have aligned our ESG priorities and strategy with them. To demonstrate our ongoing commitment, we raised the SDG flag at our headquarters in Zaandam on September 25, 2023. In this chapter, we provide some examples of how we contribute to the SDGs.

SDG NAME	EXAMPLES OF AHOLD DELHAIZE CONTRIBUTIONS TO THIS SDG	MATERIAL TOPIC RELATED TO THIS SDG
Zero hunger 2 ZERO HUNGER	• We enhance food accessibility through our brands' stores and pick-up and delivery services, as well as by donating food. In 2023, Ahold Delhaize brands donated 76 thousand tonnes of food. • Our brands promote healthier eating habits by providing healthier options in their product ranges, implementing food labeling and educating customers. • Our brands ensure that customers and communities have access to high-quality nutritious products and at prices they can afford, through initiatives such as Save for Our Customers and customer loyalty programs. For example, to keep daily grocery shopping affordable, Delhaize Belgium continues to guarantee the purchasing power of customers through its Little Lions initiative, which has, so far, put 500 basic own-brand products in the spotlight at competitive prices.	*Customers' health and nutrition* *Product affordability*
Good health and well-being 3 GOOD HEALTH AND WELL-BEING	• Our brands offer nutritional products in stores and, through Nutri-Score in Europe and Guiding Stars in the U.S., continue to drive transparency about nutritional value. • A key part of creating more sustainable consumption patterns is supporting customers in increasing their consumption of plant-based proteins, which, when produced sustainably, have fewer environmental impacts than animal-based proteins. • We aim to safeguard the health and well-being of associates.	*Customers' health and nutrition* *Sustainable products* *Workplace conditions*
Gender equality 5 GENDER EQUALITY	• Ahold Delhaize and each of its brands recognize and support the rights of all associates to be treated fairly and equally, regardless of their gender. Our Code of Ethics and Position on Human Rights include clear commitments and expectations on equal employment opportunities and respect in the workplace. Also, Ahold Delhaize is a signatory of the Women's Empowerment Principles. • Ahold Delhaize's Standards of Engagement prohibit discrimination in hiring, remuneration, access to training, promotion or retirement based on gender, and forbid any physical, sexual, psychological or verbal harassment. • Ahold Delhaize is committed to further accelerating our ambition to have a workplace that is 100% gender balanced at all levels, 100% reflective of the communities our brands serve and 100% inclusive. For example on December 8, 2023, Ahold Delhaize women in leadership community hosted a joint event on navigating gender diversity with the LEAD Network, an organization that strongly advocates for gender diversity in retail FMCG industries.	*Diversity, equity and inclusion* *Human rights in the supply chain*
Affordable and clean energy 7 AFFORDABLE AND CLEAN ENERGY	• Promoting sustainability in our operations. Our brands are building and remodeling stores by installing energy-efficient equipment, such as LED lights, doors on refrigerator cabinets, heat recuperation, heat pumps, CO_2 refrigeration systems (which not only reduce emissions, but are more energy efficient than conventional refrigerators) and improved insulation. They are also installing sensors that, for example, automate defrosting by sensing when it is needed and are more energy efficient than using a timer. • We are also seizing resource efficiency opportunities by generating renewable electricity at our own sites, where feasible, and targeting emissions reduction from our logistics suppliers and own vehicle fleet. As part of this work, we are establishing long-term partnerships with local renewable energy producers.	*Climate change*

OUR CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)

SDG NAME	EXAMPLES OF AHOLD DELHAIZE CONTRIBUTIONS TO THIS SDG	MATERIAL TOPIC RELATED TO THIS SDG
Decent work and economic growth	• Ahold Delhaize and each of its brands commit to respect fundamental human rights at work. Each brand is committed to providing safe, secure and inclusive environments where all associates and customers are respected and appreciated. In addition, each of our brands strives to provide associates with challenging and rewarding opportunities for personal and professional growth. More information about our commitment to respect human rights is available in Ahold Delhaize's Position on Human Rights. • Ahold Delhaize requires from suppliers that they comply with the Standards of Engagement or an equivalent commitment, and suppliers must observe all applicable laws and regulations of their country of operation. That includes requirements on – among others – working hours, compensation, freedom of association and occupational health and safety.	*Workplace conditions* *Human rights in the supply chain*
Reduced inequalities	• Ahold Delhaize and each of its brands recognize and support the right of associates to a workplace free from harassment and discrimination. Ahold Delhaize's Code of Ethics, Position on Human Rights and Standards of Engagement include clear commitments and expectations on equal employment opportunities and respect in the workplace in own operations and in supply chains. • In addition, Ahold Delhaize identified vulnerable groups as part of its work on human rights due diligence. Those vulnerable groups include – but are not limited to – women, members of the LGBTQ+ community, children, persons with disabilities, minorities, refugees, migrant workers and Indigenous Peoples. In the latest update to the Standards of Engagement, we included a reference to the international principles of responsible recruitment in relation to forced labor to reflect the vulnerability of migrant workers, as well as a requirement on land rights that particularly affect Indigenous Peoples.	*Diversity, equity and inclusion* *Human rights in the supply chain*
Responsible consumption and production	• We aim to move to a more circular system that reduces the negative impacts of plastic product packaging. Our brands continue to improve their own-brand product packaging by eliminating unnecessary plastic, switching to reusable and/or recyclable packaging, and increasing the use of recycled content in own-brand plastic packaging. • We aim to contribute to a food system that ensures everyone has access to nutritious food for generations to come. We continuously review our operational processes to reduce food waste, and divert unsold food to feed those in need within our brands' communities. We have a three-pronged approach to driving down food waste (for more information, see Food waste).	*Sustainable packaging* *Food waste*
Climate action	• In line with the indicators and targets of this SDG, we report on our GHG emissions and have set science-based emission reduction targets for our own operations (scope 1 and 2) and our value chain (scope 3) in line with the UN's goal to limit global warming to 1.5°C. • We also contribute to awareness-raising and education around climate action. Our local brands continue to help customers understand the impact of their buying decisions and make choices that fit their needs, their tastes and their values. They do this by stimulating and rewarding sustainable choices through loyalty programs and discounts, increasing product transparency through navigation systems and product labelling, improving assortments and products with more vegan and vegetarian choices, and increasing knowledge about a healthy lifestyle by giving access to free dietitians and knowledge platforms. • Recognizing the challenges of behavior change, we focus on addressing customer-identified barriers. We aim to facilitate easier, informed choices through accessible information, inspiration and incentives. Our commitment includes continuous improvement of our product offerings, ensuring that affordable, healthy and sustainable options remain accessible.	*Climate change*

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

OUR CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)

SDG NAME	EXAMPLES OF AHOLD DELHAIZE CONTRIBUTIONS TO THIS SDG	MATERIAL TOPIC RELATED TO THIS SDG
Life below water 14 LIFE BELOW WATER	• Ahold Delhaize and the brands are committed to ensuring that own-brand seafood is responsibly sourced. We utilize certification to manage risks connected to our critical commodities, and are aiming to have 100% of seafood certified against Ahold Delhaize-approved standards by 2025. • In practice, this means buying seafood with trustworthy certifications recognized by the Global Sustainable Seafood Initiative (GSSI), including the Marine Stewardship Council and Aquaculture Stewardship Council. • In addition, our brands are also partnering with NGOs and universities on topics related to this SDG. For example, Alfa Beta in Greece continues to work with WWF and local fishermen to improve local fisheries.	Sustainable products[1]
Life on land 15 LIFE ON LAND	• Our brands are working to further integrate sustainable agriculture expectations into their sourcing requirements. They work directly with suppliers to adopt sustainable agriculture practices, such as conserving natural resources, reducing land conversion and improving soil health. • We utilize certification to manage risks connected to our critical commodities, and are aiming to have 100% of own-brand tea, coffee, cocoa, palm oil, soy, wood fiber certified against Ahold Delhaize-approved standards by 2025. • Our brands have several initiatives in place that aim to drive improved farming practices; see Sustainable products for more information and examples.	Animal welfare Sustainable products
Peace, Justice and Strong Institution[2] 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	• Our ethical principles are the foundation of our commitment to conduct our business the right way, every day. Our Code of Ethics supports our commitment to comply with relevant legal and regulatory obligations and make ethical choices related to our business. • In addition to our Code of Ethics, we have a global GRC framework that addresses and monitors key risks to our business. This framework includes policies and controls that relate to internal processes (e.g., financial reporting, capital investments, purchasing and tax) as well as legal and regulatory risks (e.g., data privacy, competition and antitrust, and corruption and bribery). • The Ahold Delhaize Code of Ethics and our Global Anti-Corruption and Bribery Policy prohibit any form of corruption or bribery, including facilitation payments. This guidance is available to all associates and is addressed in our Code of Ethics training, as well as in training and communication for functions that are at risk of encountering corruption and bribery.	Business ethics and compliance
Partnerships for the Goals 17 PARTNERSHIPS FOR THE GOALS	• As leading global retailers, Ahold Delhaize and the brands are committed to consulting with many different stakeholder groups on ESG topics, and taking their needs into account in our day-to-day business. For example, we are a member of the United Nations Global Compact (UNGC) and CGF. • Related to specific material topics, we partner with other organizations to learn and share, and we use frameworks and methodologies. For example: – We calculate food waste according to the Food Loss and Waste Protocol (FLW Protocol), a multi-stakeholder effort to develop the global accounting and reporting standard for quantifying food and associated inedible parts removed from the supply chain. – Our assessment methodology for recyclability follows the guidelines of the Ellen MacArthur Foundation New Plastics Economy Global Commitment regarding recyclability of plastic packaging. Ahold Delhaize brands work with a number of external partners to recycle cardboard, paper, plastic, metal, glass, wood, electronics, cooking oil and food waste. – Our carbon footprint methodology follows the guidelines of the World Business Council for Sustainable Development (WBCSD)/World Resources Institute (WRI) and we report our GHG emissions with reference to the GHG Protocol on corporate GHG accounting and reporting.	Food waste Sustainable products Sustainable packaging Animal welfare Climate change Customers' health and nutrition Human rights in the supply chain Diversity, equity and inclusion Workplace conditions

1 Also see https://www.aholddelhaize.com/sustainability/our-position-on-societal-and-environmental-topics/seafood/
2 More specifically, our contribution is related to SDG 16.5 Substantially reduce corruption and bribery in all their forms.

2 Governance

OUR MANAGEMENT BOARD AND EXECUTIVE COMMITTEE

Our Management Board is responsible for the overall management of the Company and for the actions and decisions of the Executive Committee, which manages our general affairs and ensures effective implementation of the strategy and achievement of the Company's objectives. The Management Board (MB) and Executive Committee (ExCo) together support our business, meet the needs of our stakeholders and ensure we comply with relevant rules and regulations.

For a more detailed description of these responsibilities, see the *Rules of Procedure of the MB and ExCo* in the Governance section of our website at: *www.aholddelhaize.com*.

FRANS MULLER

President and Chief Executive Officer; Chair and member, Management Board and Executive Committee

Appointment effective: July 24, 2016 (appointed as CEO effective: July 1, 2018)

Career background
Before his appointment as President and CEO in 2018, Frans served as Deputy CEO and Chief Integration Officer since 2016. He was also Acting Chief Operating Officer for Delhaize America from October 2016 until January 2018. Prior to the merger between Ahold and Delhaize, Frans served as President and CEO of Delhaize Group.

Before joining Delhaize Group, Frans spent more than 15 years in various leadership positions for German retailer Metro AG, including as managing director Makro, president Asia Pacific and Russia/Ukraine, CEO Metro Group Buying and, most recently, member of the board of Metro AG and CEO Metro Cash & Carry. Earlier in his career, Frans held management and executive positions at KLM Cargo in Amsterdam, Frankfurt, Vienna and Singapore.

Other board memberships
Chairman of the board, Vlerick Business School; Co-chair, Consumer Goods Forum; supervisory board member of the Dutch central bank ("De Nederlandsche Bank").

Age: 62
Nationality: Dutch

JOLANDA POOTS-BIJL

Chief Financial Officer; Member Management Board and Executive Committee

Appointment effective: October 1, 2023

Career background
Jolanda joined Ahold Delhaize as Executive Vice President Finance and Member of the Executive Committee on August 14, 2023, before assuming her role as CFO as per October 1, 2023.

She is responsible for leading Ahold Delhaize's financial performance and has a strong focus on optimizing and nurturing sustainable long-term value creation.

Prior to joining Ahold Delhaize, Jolanda was CFO at offshore construction company Van Oord, where she also chaired Human Resources Management, Sustainability, Procurement and the digital transformation. She is an all-round executive with more than 20 years of boardroom experience serving as a member of global operating supervisory and executive boards across various industries and stakeholder settings, including listed, private equity, family-owned and government organizations.

Jolanda has substantial experience in digital and ESG, designing strategies to transform companies to the next level with great focus and care for people and development while stretching performance.

Other board memberships
Member of the supervisory board of Pon.

Age: 54
Nationality: Dutch

JJ FLEEMAN

Chief Executive Officer Ahold Delhaize USA; Member Management Board and Executive Committee

Appointment effective: April 12, 2023

Career background
Before being appointed CEO Ahold Delhaize USA, JJ served as President of Peapod Digital Labs since 2018. In this role, JJ led the development of digital and commercial platforms and tools that support the brands of Ahold Delhaize USA.

Prior to this, JJ served in a wide range of leadership roles at Ahold Delhaize USA and its brands. Most notably, he served as Chief Strategy Officer of Food Lion, responsible for developing its "Easy, Fresh and Affordable" strategy.

During his career, JJ has gained broad experience leading all aspects of retail, including merchandising, store operations, digital, loyalty, marketing, business development and store portfolios. He also served as the Global Integration and Program Leader as part of the merger that formed Ahold Delhaize.

Age: 50
Nationality: American

WOUTER KOLK

Chief Executive Officer Europe and Indonesia; Member Management Board and Executive Committee

Appointment effective: October 1, 2018

Career background
Before being appointed CEO Europe and Indonesia, Wouter had been Chief Operating Officer the Netherlands and Belgium and member of the Executive Committee of Ahold Delhaize since September 8, 2017.

Wouter re-joined Ahold in 2013 as Executive Vice President Specialty Stores and New Markets at Albert Heijn following a six-year period as CEO of international retailer WE Fashion. He became CEO Albert Heijn in January 2015.

Wouter first started at Ahold in 1991, and over the next 16 years served in several international commercial and general management roles, including Commercial Director Asia-Pacific based in Singapore, Regional Director Albert Heijn, General Manager Gall & Gall and General Manager of Etos.

Age: 57
Nationality: Dutch

GOVERNANCE

OUR MANAGEMENT BOARD AND EXECUTIVE COMMITTEE

JAN ERNST DE GROOT

Chief Legal Officer and Chief Sustainability Officer; Member Executive Committee*

Appointment effective: February 1, 2015

Career background
Jan Ernst de Groot has served as Chief Legal Officer and member of Ahold Delhaize's Executive Committee since 2016, the same role he had held at Ahold since 2015. Since 2022, he has also served as Chief Sustainability Officer. He is responsible for leadership on a wide range of activities, from legal, compliance and governance to work safety, food safety, healthy eating, ethics and social and environmental sustainability. Before joining Ahold, Jan Ernst served in various roles at executive and board level at KLM Royal Dutch Airlines and TNT Express. He started his career at law firm De Brauw Blackstone Westbroek.

Other board memberships
Member, executive board, VNO-NCW Confederation of Netherlands Industry and Employers; member, supervisory board, ADG Dienstengroep; chair, supervisory council, ARK Rewilding.

Age: 60
Nationality: Dutch

*Jan Ernst will retire as Chief Legal Officer and Chief Sustainability Officer in May 2024.

NATALIA WALLENBERG

Chief Human Resources Officer; Member Executive Committee

Appointment effective: January 17, 2022

Career background
Natalia Wallenberg has served as Chief Human Resources Officer and member of Ahold Delhaize's Executive Committee since January 17, 2022. Natalia is responsible for the Company's people strategy, including associate engagement, leadership, culture, DE&I and talent development. She brings experience across several industries – agriculture, financial services and real estate – and has lived and worked in various countries, including the United States, Switzerland, Russia, Belarus, UAE and now, the Netherlands.

Before joining Ahold Delhaize, Natalia worked at global agricultural technology leader Syngenta Group for nearly nine years, serving as their global head HR for several business units and R&D. Prior to this, she held a number of HR leadership roles at investment bank Renaissance Capital and IKEA.

Other board memberships
Member, board, American Chamber of Commerce in Amsterdam.

Age: 41
Nationality: Belarusian

BEN WISHART

Global Chief Information Officer; Member Executive Committee

Appointment effective: January 1, 2018

Career background
Ben Wishart became a member of Ahold Delhaize's Executive Committee on January 1, 2018. Ben joined Ahold in 2013 in the role of Global Chief Information Officer and has continued in this role for Ahold Delhaize. He is responsible for leadership and governance on technology matters globally, including strategy and solution delivery, enabling digital platforms, cyber defense and sourcing.

He previously served as chief information officer of Morrisons plc and Whitbread plc and held various senior Information Technology roles at Tesco plc following early career roles in consulting with CapGemini and sales and marketing with American Express.

Other board memberships
Independent non-executive director PayPoint.

Age: 61
Nationality: British

MANAGEMENT BOARD COMPOSITION: NATIONALITY

Dutch	3
American	1

EXECUTIVE COMMITTEE COMPOSITION: NATIONALITY

Dutch	4
American	1
British	1
Belarusian	1

MANAGEMENT BOARD COMPOSITION: GENDER

25% female | 75% male

EXECUTIVE COMMITTEE COMPOSITION: GENDER

29% female | 71% male

MANAGEMENT BOARD COMPOSITION: TENURE (YEARS)[1]

0-2	3-5	6+
50%	25%	25%

EXECUTIVE COMMITTEE COMPOSITION: TENURE (YEARS)

0-2	3-5	6+
42.8%	28.6%	28.6%

1 The composition reflects the years since first appointment as a member of the Management Board (see Reappointment schedule Management Board).

OUR SUPERVISORY BOARD

The Supervisory Board is responsible for supervising and advising our Management Board and overseeing the general course of affairs, strategy, operational performance and corporate governance of the Company. It is guided in its duties by the interests of the Company and the enterprise connected with the Company, taking into consideration the overall well-being of the enterprise and the relevant interests of all its stakeholders.

For a more detailed description of these responsibilities, see the *Rules of Procedure of the Supervisory Board* in the Governance section of our website at www.aholddelhaize.com.

PETER AGNEFJÄLL

Chair; Member Remuneration Committee and Governance and Nomination Committee

Appointment effective: April 10, 2019

Career background
Peter served as president and CEO of the IKEA Group from 2013 to 2017. He started his career there as a trainee in 1995 and, over the years, held several senior management positions within the company.

Other board memberships
Member board of directors, Orkla ASA; advisor to the private equity team of Abu Dhabi Investment Authority (ADIA).

Age: 52
Nationality: Swedish

BILL McEWAN

Vice Chair; Member Governance and Nomination committee; Member Health and Sustainability Committee

Appointment effective: July 24, 2016

Career background
Bill served on Delhaize's Board of Directors as of 2011 and was Chair of its Remuneration Committee. He is the former president and CEO of Sobeys Inc., and was a member of the board of directors of its parent company, Empire Company Limited. Between 1989 and 2000, Bill held senior marketing and merchandising roles with Coca-Cola Limited, Coca-Cola Bottling and The Great Atlantic and Pacific Tea Company (A&P), including as president of A&P's Canadian operations and president and CEO of its U.S. Atlantic Region.

Other board memberships
Board director, chair governance committee and member audit and finance and independent committees, Interac Corp.

Age: 67
Nationality: Canadian

RENÉ HOOFT GRAAFLAND

Chair Audit, Finance and Risk Committee; Member Health and Sustainability Committee

Appointment effective: January 1, 2015

Career background
René previously held the position of CFO and member of the executive board of Heineken N.V. until April 2015. Before being appointed as a member of Heineken's executive board in 2002, he held various international management positions with the company in Europe, Asia and Africa.

Other board membership
Chairman, supervisory board, Lucas Bols N.V.

Age: 68
Nationality: Dutch

KATIE DOYLE

Chair Health and Sustainability Committee; Member Governance and Nomination Committee

Appointment effective: April 10, 2019

Career background
Katie brings 30 years of experience leading and advising consumer health branded products and retail businesses. Currently, Katie is an executive advisor to a portfolio of private equity firms that invest and operate in consumer health and technology businesses. Previously, Katie was the CEO of an e-commerce business, Swanson Health Products; and a senior vice president and corporate officer at Abbott Laboratories responsible for its Nutrition division. Prior to these roles, she was a partner at McKinsey & Company, working with consumer goods and retail clients globally, for over twenty years.

Other board memberships
Non-executive director, Perrigo; non-executive director, FoodScience Corporation; board of trustees.

Age: 56
Nationality: American

GOVERNANCE

OUR SUPERVISORY BOARD

HELEN WEIR

Chair Governance and Nomination Committee; Member Audit, Finance and Risk Committee

Appointment effective: April 8, 2020

Career background
Helen has had a distinguished career as finance director of a number of large consumer-focused companies, including Marks and Spencer plc, where she also had responsibility for IT; John Lewis Partnership; Lloyds Banking Group plc; and Kingfisher plc.

Other board memberships
Chair, Mobico Group plc. non-executive director Compass Limited; senior independent director, Superdry Plc.

Age: 61
Nationality: British

PAULINE VAN DER MEER MOHR

Chair Remuneration Committee and Member Audit, Finance and Risk Committee

Appointment effective: April 13, 2022

Career background
Over the course of her career, Pauline has built extensive experience in both academia and business. She served as president of Erasmus University from 2010-2016, after a career in Human Resources and Legal at multinational companies such as ABN AMRO, TNT and Shell.

Other board memberships
Chair, supervisory board, ASM International; member, supervisory board NN Group; member, capital markets committee of the Dutch "Autoriteit Financiële Markten"; member, selection committee of the Dutch Supreme Court; member, "Begeleidingscollege" of the Dutch "Planbureau voor de Leefomgeving."

Age: 64
Nationality: Dutch

FRANK VAN ZANTEN

Member Remuneration Committee and Governance and Nomination Committee

Appointment effective: April 8, 2020

Career background
Frank has been CEO of Bunzl plc. (FTSE-100), a specialist international distribution and services group, since 2016. Frank joined Bunzl in 1994 when the company acquired his family-owned business in the Netherlands and he subsequently assumed responsibility for a number of businesses in other countries. In 2002, he became CEO of PontMeyer NV, a listed company in the Netherlands, before re-joining Bunzl in 2005 as managing director of the continental Europe business area.

Age: 57
Nationality: Dutch

JAN ZIJDERVELD

Member Audit, Finance and Risk Committee and Health and Sustainability Committee

Appointment effective: April 14, 2021

Career background
Jan spent almost 30 years at Unilever, in senior management positions in seven countries, most recently as CEO and president and member of the executive team of Unilever Europe. He also served as CEO of Avon from 2018-2020.

Other board memberships
Non-executive director, Pandora; non-executive director Symrise AG.

Age: 59
Nationality: Dutch

JULIA VANDER PLOEG

Member Remuneration Committee and Health and Sustainability Committee

Appointment effective: April 12,2023

Career background
Julia has over 25 years of experience leading digital, e-commerce and technology operations for complex global businesses across diverse industries, including retail.

She was most recently head of digital and technology for Hyatt Hotels Corporation from 2018-2022, with prior experience in senior operating roles for Volvo Car Corporation, McDonald's Corporation and Ticketmaster.

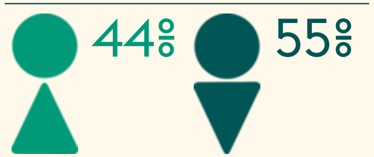
Other board memberships
Non executive director Extra Space Storage, independent director Neighborly.

Age: 53
Nationality: American

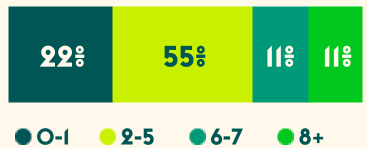
SUPERVISORY BOARD COMPOSITION: NATIONALITY

Dutch	4	British	1	Swedish	1
American	2	Canadian	1		

SUPERVISORY BOARD COMPOSITION: GENDER



SUPERVISORY BOARD COMPOSITION: TENURE (YEARS)



CORPORATE GOVERNANCE

We have designed our corporate governance structure to best support our business, meet the needs of our stakeholders and comply with laws and regulations.

This section contains an overview of our corporate governance structure and includes information required under the Dutch Corporate Governance Code 2022 ("Dutch Corporate Governance Code").

GOVERNANCE STRUCTURE

Koninklijke Ahold Delhaize N.V. (the "Company" or "Ahold Delhaize") is a public company under Dutch law, structured to execute our strategy and to balance local, regional and global decision making in line with our ethical principles and values.

In 2023, our Company comprised a GSO and two reportable segments: The United States and Europe, each of which is made up of a number of local brands and several supporting entities.

Ahold Delhaize has a two-tier board structure with a Supervisory Board and Management Board that are accountable to our shareholders. Our Management Board has ultimate responsibility for the overall management of Ahold Delhaize. The Supervisory Board supervises and advises the Management Board.

The Executive Committee comprises our Management Board and other key officers of the Company, led by the CEO. The Executive Committee has been established to involve a broader leadership team in the decision-making process and to optimize strategic alignment and operational execution while having the flexibility to adapt to developments in the business and across the Company and the industry.

The diagram on this page shows Ahold Delhaize's governance structure. A list of subsidiaries, joint ventures and associates is included in *Note 35* to the consolidated financial statements.

MANAGEMENT BOARD AND EXECUTIVE COMMITTEE

The Management Board and Executive Committee together support our business, meet the needs of our stakeholders and ensure we comply with relevant rules and regulations. The members of the Management Board, in principle, attend each Supervisory Board meeting. The members of the Executive Committee attend the Supervisory Board Committee meetings relevant to their respective responsibilities. The Chair of the Supervisory Board and the CEO coordinate and agree on the attendance at Supervisory Board meetings by members of the Executive Committee who are not also members of the Management Board.

According to our Articles of Association, the Management Board must consist of at least three members. For a more detailed description of the responsibilities and the requirements of the Management Board and the Executive Committee, see the *Rules of Procedure of the MB and ExCo* in the Governance section of Ahold Delhaize's website at *www.aholddelhaize.com*.

Composition of the Management Board and Executive Committee

The current members of the Management Board and Executive Committee are presented on the previous pages.

Currently, Ahold Delhaize has a Management Board that is 25% female and an Executive Committee that is 29% female. We recognize this leaves room for improvement, which is reflected in our broad and bold aspiration for diversity, equity and inclusion. In response to the Dutch gender board legislation, Ahold Delhaize defined the sub-top as senior vice president and above, and set an aspiration to achieve one-third female representation by the end of 2025 at the senior vice president and above level.

Governance structure

We are making good progress on this ambition, given the fact that, at the end of 2023, the senior vice president and above female representation was 32% (33 female, 69 male and one who chose not to register their gender), up from 29% (30 female, 72 male and two who chose not to register their gender) at the end of 2022. Representation at the end of 2021 was 26% (27 female and 77 male[1]). Generally, the Company and its brands aim to reflect the communities they serve, and have a workplace where all voices are heard and valued and where associates find purpose in their work, have equitable access to opportunities, and can grow and contribute to their fullest.

Ahold Delhaize aspires to be a company that is 100% gender balanced, 100% reflective of the communities served and 100% inclusive. For more information on DE&I at Ahold Delhaize, see *Diversity, equity and inclusion*.

Appointment, suspension and dismissal

The General Meeting of Shareholders can appoint, suspend or dismiss a Management Board member by an absolute majority of votes cast, upon a proposal made by the Supervisory Board. If another party makes the proposal, an absolute majority of votes cast, representing at least one-third of the issued share capital, is required. If this qualified majority is not achieved, but an absolute majority of the votes exercised was in favor of the proposal, then a second meeting may be held. In the second meeting, only an absolute majority of votes exercised, regardless of the number of shares represented at the meeting, is required to adopt the proposal.

1 The Sociaal Economische Raad (SER) requires adding associates who wish not to disclose their gender to the underrepresented group. As a result, the SER disclosure differs slightly.

CORPORATE GOVERNANCE

Management Board members are appointed for four-year terms and may be reappointed for additional terms not exceeding four years. The Supervisory Board may, at any time, suspend a Management Board member. The other members of the Executive Committee are appointed, suspended and dismissed by the Supervisory Board, at the proposal of the CEO.

Remuneration

On April 13, 2022, Ahold Delhaize's General Meeting of Shareholders adopted the current remuneration policy for Management Board members.

You can find the details of this policy in *Remuneration policy*. For details on the individual remuneration of Management Board members, see *2023 Remuneration* and for information on an aggregated basis, see *Note 31* and *Note 32* to the consolidated financial statements.

Reappointment schedule Management Board

NAME	EFFECTIVE DATE OF FIRST APPOINTMENT	YEAR OF POSSIBLE REAPPOINTMENT
Frans Muller	July 24, 2016	2027
Jolanda Poots-Bijl[1]	October 1, 2023	2027
JJ Fleeman	April 12, 2023	2027
Wouter Kolk	October 1, 2018	2026

1 Jolanda Poots-Bijl was appointed at the Extraordinary General Meeting of Shareholders held in July 2023 for a period of four calendar years ending at the annual General Meeting of Shareholders to be held in 2027.

Evaluation

In early 2024, the Management Board and the Executive Committee conducted a self-assessment. To facilitate the self-assessment, a questionnaire was filled out by all members. The consolidated output of the questionnaire was used to facilitate a structured dialogue chaired by the CEO.

Overall, the Executive Committee concluded that the team functions well. The team composition properly represents the Company in its dimensions of capability, experience, nationality, and tenure, especially with the new addition in 2024 of the CSO role. However, gender balance and cultural diversity remain a point of attention to achieve a true reflection of the Ahold Delhaize DE&I aspiration.

The atmosphere in the meetings encouraged critical thinking and deliberations were constructive. Although the effectiveness of the decision-making process improved, this remains a point of attention. The Management Board and Executive Committee meeting agendas address an appropriate range of strategic, operational and governance matters, and the offsite meetings allowed for more in-depth discussions.

Providing training and education for the Executive Committee on sustainability and digitization is essential to stay current with the global transformation in these areas. A number of steps have been taken in 2023, such as the Grounded in Goodness education and technology deep dives, but will remain a priority for 2024.

SUPERVISORY BOARD

The Supervisory Board is responsible for supervising the Management Board and overseeing the general course of affairs, strategy, operational performance and corporate governance of the Company, and for advising the Management Board and Executive Committee. Ahold Delhaize's Articles of Association require the approval of the Supervisory Board for certain major resolutions by the Management Board, including:

- Issuance of shares
- Repurchases of shares, and any reduction in issued and outstanding capital
- Allocation of duties within the Management Board and the adoption or amendment of the Rules of Procedure of the Management Board and the Executive Committee
- Significant changes in the identity or the nature of the Company or its enterprise

The Supervisory Board is responsible for monitoring and assessing its own performance. More detailed information on the Supervisory Board can be found in the *Supervisory Board report*. *The Rules of Procedure of the Supervisory Board* are available in the Governance section of Ahold Delhaize's public website at *www.aholddelhaize.com*.

Appointment, suspension and dismissal

The General Meeting of Shareholders can appoint, suspend or dismiss a Supervisory Board member by an absolute majority of votes cast, upon a proposal made by the Supervisory Board. If another party makes the proposal, an absolute majority of votes cast, representing at least one-third of the issued share capital, is required. If this qualified majority is not achieved but an absolute majority of the votes exercised was in favor of the proposal, then a second meeting may be held. In the second meeting, only an absolute majority of votes exercised is required, regardless of the number of shares represented at the meeting.

A Supervisory Board member is appointed for a four-year term and may be reappointed for another four-year period. The Supervisory Board member may subsequently be reappointed for a period of two years, which may be extended by, at most, two years, provided such appointments and reappointments contribute to a more diverse composition of the Supervisory Board.

Committees of the Supervisory Board

The Supervisory Board has four committees that are appointed by the Supervisory Board from its own members: the Audit, Finance and Risk Committee; the Governance and Nomination Committee; the Remuneration Committee; and the Health and Sustainability Committee.

CORPORATE GOVERNANCE

Audit, Finance and Risk Committee

The Audit, Finance and Risk Committee assists the Supervisory Board in fulfilling its oversight responsibility for, among others, the integrity and quality of Ahold Delhaize's financial statements and ESG reporting, financial and non-financial reporting processes, system of internal business and IT controls, risk management and control systems, and significant enterprise risks. The Audit, Finance and Risk Committee determines how the external independent auditor should be involved in the content and publication of financial reports other than the financial statements. The Committee reports to the Supervisory Board annually on its cooperation with the external independent auditor, including on the auditor's independence. The Supervisory Board takes these reports into account when deciding on the nomination for the (re)appointment of the external independent auditor.

Governance and Nomination Committee

The Governance and Nomination Committee advises the Supervisory Board on the following responsibilities in relation to the members of the Supervisory Board, the Management Board and the Executive Committee: preparing the selection criteria and appointment procedures; periodically evaluating the scope and composition, including diversity, of the three bodies; proposing the profile of the Supervisory Board; periodically assessing the performance of individual members of the three bodies and reporting the results to the Supervisory Board; developing succession planning; proposing the (re-)appointments of members of the Management Board and Supervisory Board; and supervising the Executive Committee's policy in relation to the selection and appointment criteria for senior management.

The Committee is also responsible for evaluating the Company's corporate governance and reporting the results to the Supervisory Board, and it assists the Supervisory Board in overseeing risks related to leadership composition and succession, attraction and retention of people and the governance of the Company.

Remuneration Committee

The Remuneration Committee advises the Supervisory Board in relation to remuneration of the Supervisory Board and Management Board. These responsibilities include analyzing the possible outcomes of the variable remuneration components and how they may affect the remuneration of the Management Board members, and preparing proposals for the Supervisory Board concerning the remuneration of the Supervisory Board and the remuneration policy for the Management Board to be adopted by the General Meeting. The Remuneration Committee prepares proposals for the Supervisory Board concerning the terms of employment, total compensation and performance criteria and application thereof of the individual members of the Management Board and reviews the terms of remuneration proposed by the CEO for the members of the Executive Committee who are not also members of the Management Board. In addition, the Committee prepares proposals for the Supervisory Board on any share or stock option compensation plans and ensures that the structures of Ahold Delhaize's compensation programs are in line with the Company's strategy, aimed at sustainable long-term value creation, and are applied in a consistent way throughout the organization. The Committee also oversees the total cost of approved compensation programs.

Health and Sustainability Committee

The Health and Sustainability Committee advises the Supervisory Board in relation to the Company's sustainability long-term vision, strategy and target setting. It monitors the Company's performance on sustainability targets and advises on ways to apply innovation to accelerate the achievement of these targets. The Health and Sustainability Committee is responsible for monitoring the Company's talent, leadership and culture development in the field of health and sustainability and assisting the Supervisory Board in fulfilling its oversight responsibilities for risks related to the topic.

For the full charter of each these committees, see the complete *Rules of Procedure of the Supervisory Board* of Koninklijke Ahold Delhaize N.V. on our website.

Conflict of interest

Each member of the Supervisory Board (other than the Chair) is required to immediately report any (potential) conflict of interest concerning a Supervisory Board member to the Chair of the Supervisory Board and the other members of the Supervisory Board. The Supervisory Board member with such (potential) conflict of interest must provide the Chair with all relevant information to the conflict of interest.

In case the Chair has a potential conflict of interest, he shall immediately report such (potential) conflict to the Vice Chair. The Chair must provide the Vice Chair with all information relevant to the conflict of interest. The Vice Chair will determine whether a reported (potential) conflict of interest qualifies as a conflict of interest.

Similarly, each member of the Management Board or the Executive Committee is required to immediately report any (potential) conflict of interest concerning a member of the Management Board or the Executive Committee to the Chair of the Supervisory Board and to the other members of the Management Board or Executive Committee and provide all information relevant to the conflict of interest.

We will record any such facts or transactions in the annual report for the relevant year, with reference to the conflict of interest and a confirmation that we have complied with best practice provisions 2.7.3 and 2.7.4 of the Dutch Corporate Governance Code. During 2023, no member of the Supervisory Board or the Management Board had a conflict of interest that was of material significance to the Company.

In addition, no transactions between the Company and legal or natural persons who hold at least 10% of the shares in the Company occurred in 2023, corresponding to the best practice provision 2.7.5 of the Code.

Diversity, equity and inclusion

In line with article 2.5.1. of the Dutch Corporate Governance Code, Ahold Delhaize has a global DE&I strategic framework that includes three pillars: our people, our culture and our communities as well as our 100/100/100 aspiration. Our ambition is that our brands reflect the communities they serve, provide a workplace where all voices are heard and valued, and where associates find purpose in their work, have equitable access to opportunities, and can grow and contribute to their fullest.

CORPORATE GOVERNANCE

Locally, each of our brands design, implement and drive their own DE&I strategies tailored to the communities where they live, work and serve. This agile DE&I strategy ensures each brand's strategy is relevant to its associates and the markets it serves. Ahold Delhaize aspires to be a company that is 100% gender balanced, 100% reflective of the communities our brands serve and 100% inclusive. In support of our 100% gender balance aspiration, our brands implement strategies, such as creating balanced slates during hiring processes and succession planning to ensure diverse candidate pools.

Our brands provide individual development plans (IDPs) and clearly defined career paths to support associates' advancement. Our brands have talent plans in place to provide equal access to growth opportunities, and they foster mentorship and sponsorship programs to empower all associates, including underrepresented associates, to thrive and excel within our organization.

In support of our ambition to be 100% reflective of the communities our brands serve, they develop Employer Value Propositions (EVPs) and other strategies that attract and engage the diverse talent pool they have access to. The brands also encourage the development of Business Resource Groups (BRGs) that address the specific needs and identities of their associates, including diverse focus areas such as neurodiversity, abilities, racial/ethnical, generational and multicultural topics. These BRGs actively partner with the brands' suppliers and relevant NGOs to further educate and engage the community.

In support of our 100% inclusion ambition, our brands employ an annual associate engagement survey (AES) as well as other employee listening programs to actively measure cultural aspects of inclusion to see where they are today and identify remaining gaps. Many brands deploy psychological safety training and encourage feedback through tools like the 360 assessment or the Speak Up line, to foster safe environments where associates can speak and share openly. For more information, see Diversity, equity and inclusion and Cultivate best talent.

SHARES AND SHAREHOLDERS' RIGHTS

General Meeting of Shareholders

Ahold Delhaize's shareholders exercise their rights through annual and extraordinary General Meetings of Shareholders. The Company is required to convene an Annual General Meeting of Shareholder (AGM) in the Netherlands each year, no later than six months after the end of the Company's financial year. Extraordinary General Meetings of Shareholders (EGM) may be convened at any time by the Supervisory Board, the Management Board, or at the request of one or more shareholders (and/or holders of depository receipts) representing at least 10% of the issued and outstanding share capital.

The agenda for the AGM must contain certain matters as specified in Ahold Delhaize's Articles of Association and under Dutch law, including the adoption of our annual financial statements. The General Meeting of Shareholders is also entitled to vote on important decisions regarding Ahold Delhaize's identity or character, including major acquisitions and divestments.

Shareholders (and/or holders of depository receipts) are entitled to propose items for the agenda of a General Meeting of Shareholders provided that they hold at least 1% of the issued share capital or the shares or depository receipts that they hold represent a market value of at least €50 million. Proposals for agenda items for a General Meeting of Shareholders must be submitted at least 60 days prior to the date of the meeting.

Adoption of resolutions

Subject to certain exceptions provided by Dutch law or our Articles of Association, resolutions are passed by an absolute majority of votes cast without a requirement for a quorum.

Proposals submitted to the agenda by shareholders require an absolute majority of votes cast at the AGM representing at least one-third of the issued shares. If this qualified majority is not achieved but an absolute majority of the votes exercised was in favor of the proposal, then a second meeting may be held. In the second meeting, an absolute majority of votes exercised is required to adopt the proposal, regardless of the number of shares represented at the meeting (unless the law or our Articles of Association provide otherwise).

A resolution to dissolve the Company may be adopted by the General Meeting of Shareholders following a proposal of the Management Board made with the approval of the Supervisory Board. Any proposed resolution to wind up the Company must be disclosed in the notice calling the General Meeting of Shareholders at which that proposal is to be considered.

Voting rights

Each common share entitles its holder to cast one vote. Dutch law prescribes a record date to be set 28 days prior to the date of the General Meeting of Shareholders to determine whether a person may attend and exercise the rights relating to the General Meeting of Shareholders. Shareholders registered at that date are entitled to attend and to exercise their rights as shareholders in relation to the General Meeting of Shareholders, regardless of a sale of shares after the record date. Shareholders may be represented by written proxy.

We encourage participation in our General Meetings of Shareholders. We use J.P. Morgan Chase Bank N.A., the Depositary for the Company's ADR facility, to enable ADR holders to exercise their voting rights, which are represented by the common shares underlying the ADRs.

Neither Ahold Delhaize nor any of its subsidiaries may cast a vote on any share they hold in the Company. These shares are not taken into account for the purpose of determining how many shareholders are represented or how much of the share capital is represented at the General Meeting of Shareholders.

Cumulative preferred shares

In March 1989, the Company entered into an agreement with the Dutch foundation Stichting Continuïteit Ahold Delhaize (SCAD), as amended and restated in April 1994, March 1997, December 2001, December 2003 and May 2018 (the "Option Agreement"). The Option Agreement was designed to, in accordance with the purpose of SCAD under its articles, potentially exercise influence in the event of a public offer or a potential change of control over the Company, to safeguard the interests of the Company and its stakeholders and to potentially avert, to the best of its ability, influences that might conflict with those interests by affecting the Company's continuity, strategy or identity.

CORPORATE GOVERNANCE

Pursuant to the Option Agreement, SCAD has been granted an option to acquire cumulative preferred shares from the Company from time to time for no consideration.

SCAD and the members of its board are independent from the Company. The current members of the board of SCAD are:

NAME	PRINCIPAL OR FORMER OCCUPATION
E.M. Hoekstra, Chair	Former Member Executive Board of Directors SHV Holding and former CEO and Chairman of Royal Vopak
B. Vree, Vice Chair	Former CEO APM Terminals Europe and Former CEO of Smit Internationale
B.M.A. van Hussen	Lawyer and former M&A partner at DLA Piper
C.M.S. Smits-Nusteling	Former CFO KPN
G.J.G. Van Breen	Former CEO A.S. Watson Benelux

For further details on Ahold Delhaize's cumulative preferred shares, including restrictions on transfer, see *Note 21* to the consolidated financial statements. The related documents are available on our public website at *www.aholddelhaize.com.*

Issuance of additional shares and preemptive rights

Shares may be issued following a resolution by the General Meeting of Shareholders on a proposal of the Management Board made with the approval of the Supervisory Board. The General Meeting of Shareholders may resolve to delegate this authority to the Management Board for a period of time not exceeding five years. A resolution of the General Meeting of Shareholders to issue shares, or to authorize the Management Board to do so, is also subject to the approval of each class of shares whose rights would be adversely affected by the proposed issuance or delegation. On April 12, 2023, the General Meeting of Shareholders approved a delegation of this authority to the Management Board, relating to the issuance and/or granting of rights to acquire common shares up to a maximum of 10% of the issued share capital until and including October 12, 2024, and subject to the approval of the Supervisory Board.

Upon the issuance of new common shares, holders of Ahold Delhaize's common shares have a preemptive right to subscribe to common shares in proportion to the total amount of their existing holdings of Ahold Delhaize's common shares. According to the Company's Articles of Association, this preemptive right does not apply to any issuance of shares to associates. The General Meeting of Shareholders may decide to restrict or exclude preemptive rights. The General Meeting of Shareholders may also resolve to designate the Management Board as the corporate body authorized to restrict or exclude preemptive rights for a period not exceeding five years.

On April 12, 2023, the General Meeting of Shareholders delegated to the Management Board, subject to the approval of the Supervisory Board, the authority to restrict or exclude the preemptive rights of holders of common shares upon the issuance of common shares and/or upon the granting of rights to subscribe for common shares until and including October 12, 2024.

Repurchase by Ahold Delhaize of its own shares

Ahold Delhaize may only acquire fully paid-up shares of any class in its capital for consideration following authorization by the General Meeting of Shareholders and subject to the approval of the Supervisory Board and certain provisions of Dutch law and the Company's Articles of Association, if:

1. Shareholders' equity minus the payment required to make the acquisition is not less than the sum of paid-in and called-up capital and any reserves required by Dutch law or Ahold Delhaize's Articles of Association; and
2. Ahold Delhaize and its subsidiaries would not, as a result, hold a number of shares exceeding a total nominal value of 10% of the issued share capital.

In line with the above, the Management Board was authorized by the General Meeting of Shareholders on April 12, 2023, to acquire a number of common shares in the Company until and including October 12, 2024. Such acquisition of common shares, at the stock exchange or otherwise, will take place at a price between par value and 110% of the opening price of the shares at AEX by NYSE Euronext on the date of their acquisition, provided that the Company and its subsidiaries will not hold more than 10% of the issued capital. Ahold Delhaize may acquire shares in its capital for no consideration or for the purpose of transferring these shares to associates through share plans or option plans, without authorization of the General Meeting of Shareholders.

Major shareholders

Ahold Delhaize is not directly or indirectly owned or controlled by another corporation or by any government. The Company does not know of any arrangements that may, at a subsequent date, result in a change of control, except as described under *Cumulative preferred shares*.

Articles of Association

Our Articles of Association outline certain of the Company's basic principles relating to corporate governance and organization. The current text of the Articles of Association is available at the Trade Register of the Chamber of Commerce and Industry for Amsterdam and on our public website at *www.aholddelhaize.com*.

The Articles of Association may be amended by the General Meeting of Shareholders. A resolution to amend the Articles of Association may be adopted by an absolute majority of the votes cast upon a proposal of the Management Board. If another party makes the proposal, an absolute majority of votes cast representing at least one-third of the issued share capital is required. If this qualified majority is not achieved but an absolute majority of the votes is in favor of the proposal, then a second meeting may be held. In the second meeting, only an absolute majority of votes, regardless of the number of shares represented at the meeting, is required.

The prior approval of a meeting of holders of a particular class of shares is required for a proposal to amend the Articles of Association that makes any change in the rights that vest in the holders of shares of that particular class.

CORPORATE GOVERNANCE

Right of inquiry

The thresholds for shareholders to exercise the right of inquiry ("het enquêterecht") are based on article 2:346 subclause 1 under c of the Dutch Civil Code, regardless of the current nominal share capital of the Company. More information on the nominal value of shares can be found in *Note 21* to the consolidated financial statements.

External independent auditor

The General Meeting of Shareholders appoints the external independent auditor. The Audit, Finance and Risk Committee recommends to the Supervisory Board the external independent auditor to be proposed for (re)appointment by the General Meeting of Shareholders. In addition, the Audit, Finance and Risk Committee evaluates and, where appropriate, recommends the replacement of the external independent auditor.

On April 12, 2023, the General Meeting of Shareholders appointed KPMG Accountants N.V. as the external independent auditor of the Company for the financial year 2024.

DECREE ARTICLE 10 EU TAKEOVER DIRECTIVE

According to the Decree Article 10 EU Takeover Directive, we are required to report on, among other things, our capital structure; restrictions on voting rights and the transfer of securities; significant shareholdings in Ahold Delhaize; the rules governing the appointment and dismissal of members of the Management Board and the Supervisory Board and the amendment of the Articles of Association; the powers of the Management Board (in particular the power to issue shares or to repurchase shares); significant agreements to which Ahold Delhaize is a party and which are put into effect, changed or dissolved upon a change of control of Ahold Delhaize following a takeover bid; and any agreements between Ahold Delhaize and the members of the Management Board or associates providing for compensation if their employment ceases because of a takeover bid.

The information required by the Decree Article 10 EU Takeover Directive is included in this *Corporate governance* section, in the *Information about Ahold Delhaize share* section, as well as in the notes referred to in these sections or included in the description of any relevant contract.

COMPLIANCE WITH DUTCH CORPORATE GOVERNANCE CODE

Ahold Delhaize complies with the relevant principles and best practices of the Dutch Corporate Governance Code applicable to the Company in 2023, as reported in the *Governance* section. The Dutch Corporate Governance Code can be found at *www.mccg.nl*.

At the Extraordinary General Meeting of Shareholders on March 3, 2004, our shareholders consented to apply the Dutch Corporate Governance Code. Ahold Delhaize continues to seek ways to improve its corporate governance.

CORPORATE GOVERNANCE STATEMENT

The Dutch Corporate Governance Code requires companies to publish a statement concerning their approach to corporate governance and compliance with the Code. This is referred to in article 2a of the decree on additional requirements for management reports "Besluit inhoud bestuursverslag" last amended on July 1, 2022 (the "Decree"). The information required to be included in this corporate governance statement as described in articles 3, 3a and 3b of the Decree, which are incorporated and repeated here by reference, can be found in the following sections of this Annual Report:

- The information concerning compliance with the Dutch Corporate Governance Code, as required by article 3 of the Decree, can be found in the section *Compliance with the Dutch Corporate Governance Code* in this *Corporate Governance* section.
- The information concerning Ahold Delhaize's diversity policy, as required by article 3a sub d of the Decree, can be found in the *Composition of the Management Board and Executive Committee* section of this *Corporate governance* section, the *Diversity, equity and inclusion section,* as well as in the *Composition of the Supervisory Board* section in the *Supervisory Board report*.
- The information concerning Ahold Delhaize's risk management and control frameworks relating to the financial reporting process, as required by article 3a sub a of the Decree, can be found in the relevant section under *Risk management*.
- The information regarding the functioning of Ahold Delhaize's General Meeting of Shareholders and the authority and rights of our shareholders, as required by article 3a sub b of the Decree, can be found in the relevant sections under *Shares and shareholders' rights* in this *Corporate Governance* section.
- The information regarding the composition and functioning of Ahold Delhaize's Management Board, Executive Committee and Supervisory Board and its committees, as required by article 3a sub c of the Decree, can be found in the *Our Management Board and Executive Committee, Our Supervisory Board* and *Corporate governance* sections as well as in the *Supervisory Board report*.
- The information concerning the inclusion of the information required by the Decree Article 10 EU Takeover Directive, as required by article 3b of the Decree, can be found in the *Decree Article 10 EU Takeover Directive* part in this *Corporate Governance* section.

MESSAGE FROM THE SUPERVISORY BOARD CHAIR

> I'm proud of how hard teams at the brands worked to adapt to constant change, support their communities and ensure that customers continued to have access to affordable, healthy products and services.

Dear shareholder,

Our 2023 Supervisory Board Report looks back on another year of operating in a turbulent environment.

Throughout the year, we worked to support and challenge the Company's management, helping them navigate through these uncertain times. Geopolitical challenges, inflation, violence, social unrest – these and other challenges continued to affect the lives of people across the Company and its markets this year. I'm proud of how hard teams at the brands worked to adapt to constant change, support their communities and ensure that customers continued to have access to affordable, healthy products and services.

To ensure the Company can continue to meet the demands of this challenging macro and competitive environment, Ahold Delhaize is in the process of refreshing its priorities. During 2023, the Company's management team took the Supervisory Board along on the journey to evaluate its operations and strategy. As a Supervisory Board, we were closely involved in providing advice and guidance. We had regular meetings during which we gave input and challenged the Management Board and Executive Committee on numerous topics, ensuring they had looked at every aspect of the strategy refresh from a variety of different viewpoints. I appreciate the strong spirit of collaboration and two-way conversation we shared. I believe that this strategy refresh, of which a full update will be shared with the external market during our Strategy Day in May, will set the Company on the path to future success during the next phase of Ahold Delhaize's growth.

Throughout 2023, management continued to build on our Leading Together Strategy to drive omnichannel growth, elevate healthy and sustainable, cultivate best talent and strengthen operational excellence.

Ahold Delhaize's healthy and sustainable approach remained at the Company's heart, and I'm proud to see this continued focus on doing the right thing for people and planet. Making sure what is healthy and sustainable is accessible to all is particularly important during times of high inflation and economic hardship for many consumers. You can read more about how they did this in *Elevate healthy and sustainable*.

In 2023, the Health and Sustainability Committee did a deep dive on health, to explore how the brands can advise and encourage customers toward healthier habits, while ensuring they take local market circumstances into account. Because we believe this will be an increasingly important topic, the Supervisory Board will follow a tailor-made education program on sustainability and related topics in 2024.

We continued to focus on solid succession planning during the year and reinforcing the strength of Ahold Delhaize's leadership teams. I was pleased that CEO Frans Muller was reappointed at the 2023 AGM. With his deep business experience and strategic acumen, Frans has built a strong and diverse leadership team and is driving the Company's performance both in financial results and in areas like sustainability and DE&I. At that same meeting, JJ Fleeman was appointed to succeed Kevin Holt as CEO Ahold Delhaize USA. JJ's successful 30-year career within the U.S. businesses is a testament to how the Company provides opportunities for great talent, and we are happy to have been able to find a leader for this role from within our brands.

We also welcomed a new CFO, Jolanda Poots-Bijl, appointed at the 2023 Extraordinary General Meeting, to succeed Natalie Knight. Jolanda is a passionate leader in finance with a strong track record of successfully developing strategy while, at the same time, driving its implementation. We're very pleased to have her on board.

Following Chief Legal Officer (CLO) and CSO Jan Ernst de Groot's decision to retire in 2024, the Company decided to create a dedicated role for Sustainability in the Executive Committee. We are grateful for all that Jan Ernst has done over the past nine years to structure and support the Company's strong governance, and, to support our health and sustainable strategy. Linn Evans, currently CLO and General Counsel at Ahold Delhaize USA, will assume the role of CLO for Ahold Delhaize. I am delighted we were able to bring another talented leader from within the company for this role. We are also happy that Alex Holt, currently CSO and Executive Committee member at Woolworths Group, Australia and New Zealand, will assume the role of CSO on Ahold Delhaize's Executive Committee.

Turning to the Supervisory Board, I was honored to be reappointed as Chair, and look forward to continuing to provide guidance and support to Ahold Delhaize's leadership team. Bill McEwan and Katie Doyle were also reappointed for another term, and we remain focused on succession planning for our own team, to ensure that we continue to be able to support and advise the Company in the best way possible.I would like to express my gratitude to René Hooft Graafland for his valuable contributions over the years, as his term of appointment will come to an end at the upcoming AGM.

I would like to close by thanking Ahold Delhaize's Management Board, Executive Committee, and, above all, the associates who work across the local brands and businesses for another year of helping customers and communities through difficult times, while, at the same time, building a strong future for the Company.

On behalf of the Supervisory Board,

Peter Agnefjäll

SUPERVISORY BOARD REPORT

COMPOSITION OF THE SUPERVISORY BOARD

The composition of Ahold Delhaize's Supervisory Board should suit the nature of the Company's business, activities and the desired expertise, experience, background and independence of its members. The Supervisory Board profile was updated on August 10, 2022, and is published on the Company's website at *www.aholddelhaize.com* and assessed annually by the Supervisory Board. The Supervisory Board is responsible for determining its optimal number of members, which is dependent on the combined qualifications of the members in view of the required qualifications of the Supervisory Board as a body. The preferred size is between eight and 10 members. The Supervisory Board currently comprises nine members.

After the General Meeting of Shareholders on April 12, 2023, Bala Subramanian stepped down from the Supervisory Board. At the same meeting, shareholders reappointed (i) Peter Agnefjäll for a term of four years, given his successful and forward-looking leadership, strategic insight and commitment. (ii) Katie Doyle for a term of four years, given her extensive experience in the field of (omnichannel) retail, her expertise and continued focus on healthy living and sustainability, and her global experience, and (iii) Bill McEwan for a term of one year, considering his extensive executive experience in North American retail. With the reappointment of Bill McEwan, we withdrew the voluntary approach introduced at the time of the merger between Ahold and Delhaize Group in 2016, under which prior tenure of Supervisory Board members on the board of Delhaize Group was taken into account when deciding on their tenure at Ahold Delhaize. The General Meeting of Shareholders also appointed Julia Vander Ploeg for a period of four years, given that she is a seasoned international executive with a background in digital and e-commerce.

In accordance with provision 2.1.5 of the Dutch Corporate Governance Code, Ahold Delhaize's diversity policy for the Supervisory Board states that we aim to represent the diversity of the markets and communities we serve, achieving gender balance and ethnic and generational diversity. It is the ambition to reach 50/50 gender balance in the Supervisory Board, similar to Ahold Delhaize's ambition for gender balance at every level.

Currently, four Supervisory Board members are female and five are male, and the Supervisory Board comprises five different nationalities. We recognize this leaves room for improvement, which is reflected in our broad and bold aspiration for DE&I and taken into account in the Supervisory Board succession planning.

Ongoing education

It is essential that the Supervisory Board members are knowledgeable about how Ahold Delhaize and its affiliated businesses are run, understand trends in the markets we operate in and have the specific expertise needed to carry out their duties, including in the field of sustainability and digitization. As part of ongoing education, the Company organized several deep dives for the Supervisory Board in 2023. These deep dives gave the Supervisory Board the opportunity to get acquainted with senior officers and key talents of the Company and its great local brands and, in turn, gave these associates exposure to the Supervisory Board. The deep dives included topics such as scope 3, Ahold Delhaize's implementation of the CSRD and related challenges it is facing, psychological safety and the Company's use of artificial intelligence, as well as multiple sessions on the brands.

Our new Board member followed a thorough multi-day induction program, during which she was introduced to the members of the Executive Committee, key officers at the GSO and a number of leaders of the great local brands.

Evaluation

The Supervisory Board conducted its annual evaluation for 2023, assessing its own performance as well as the performance of its committees and individual members, including the interaction with the Management Board. To facilitate the evaluation, a questionnaire with open questions was filled out by all Supervisory Board members. In addition, the members of the Management Board provided input on the evaluation. The consolidated results of the questionnaires were utilized to facilitate a structured discussion on the outcomes during a Supervisory Board meeting held in February 2024. The Supervisory Board also reflected on the outcomes of the 2022 self-assessment, and the main priorities for 2023.

Priorities for 2023 included, among others, a need to invest sufficient quality time in discussing short-term and long-term strategy-related topics and, together with management, reviewing the Company's operating framework. We determined the Supervisory Board meetings could become more effective by enhancing the balance between time for presentations and time for discussion. We also found engagement with stakeholders, especially around the Company's ESG agenda, to be a priority.

The Supervisory Board took a structured approach to address these priorities, which included scheduling relevant knowledge sessions, deep-dives and informal meetings. The Supervisory Board prioritized maintaining a balance in our discussions between topics related to gaining information, maintaining oversight and ensuring compliance, and topics related to short-term and long-term strategy. Throughout the year, the Company maintained continued engagement with multiple stakeholders on ESG topics.

After reflecting on the outcomes of the 2023 self-assessment and considering the input from the Management Board, the Supervisory Board identified the following main priorities and actions for the year 2024:

- Continuing to prioritize sustainability matters and digitization,
- Finding a balance in the level of involvement,
- Implementing the outcome of the strategic priorities refresh after the Strategy Day in May 2024

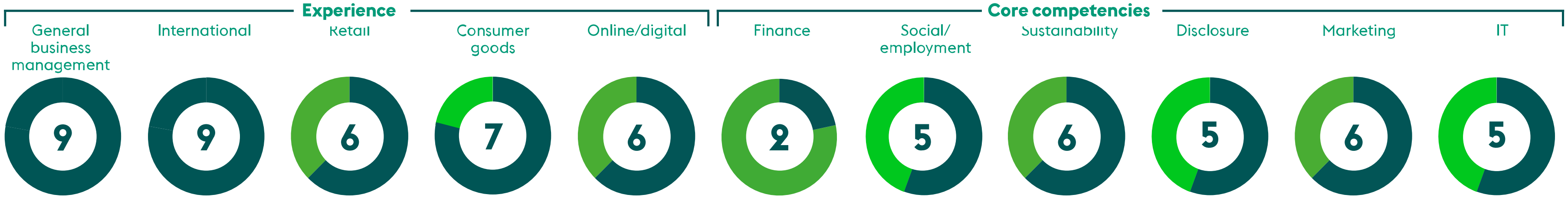
The Supervisory Board is confident that prioritizing these main actions and priorities will improve our effectiveness in facing the challenges ahead.

Furthermore, the Supervisory Board acknowledges the (new) requirement pursuant to best practice provision 2.2.6 of the Dutch Corporate Governance Code that the evaluation should take place periodically under the supervision of an external expert. Such evaluation will be done periodically.

SUPERVISORY BOARD REPORT

Supervisory Board profile

	EXPERIENCE					CORE COMPETENCIES					
NAME	GENERAL BUSINESS MANAGEMENT	INTERNATIONAL	RETAIL	CONSUMER GOODS	ONLINE/DIGITAL	FINANCE	SOCIAL/ EMPLOYMENT	SUSTAINABILITY	DISCLOSURE	MARKETING	IT
Peter Agnefjäll	*	*	*	*	*		*	*			*
Bill McEwan	*	*	*	*			*	*	*	*	
René Hooft Graafland	*	*		*		*			*	*	
Katie Doyle	*	*	*	*	*			*		*	*
Helen Weir	*	*	*	*	*	*	*		*		*
Frank van Zanten	*	*			*		*	*	*	*	*
Jan Zijderveld	*	*	*	*	*			*		*	
Pauline van der Meer Mohr	*	*					*	*	*		
Julia Vander Ploeg	*	*	*	*	*					*	*



Reappointment schedule Supervisory Board

NAME	DATE OF BIRTH	EFFECTIVE DATE OF FIRST APPOINTMENT	REAPPOINTMENT FOR SECOND AND THIRD TERM	END OF CURRENT APPOINTMENT
Peter Agnefjäll	April 21, 1971	April 10, 2019	2023	2027
Bill McEwan	July 28, 1956	July 24, 2016	2023	2024
René Hooft Graafland	September 24, 1955	January 1, 2015	2022	2024
Katie Doyle	October 20, 1967	April 10, 2019	2023	2027
Helen Weir	August 17, 1962	April 8, 2020		2024
Frank van Zanten	February 24, 1967	April 8, 2020		2024
Jan Zijderveld	May 9, 1964	April 14, 2021		2025
Pauline van der Meer Mohr	February 22, 1960	April 13, 2022		2026
Julia Vander Ploeg	June 27, 1970	April 12, 2023		2027

SUPERVISORY BOARD REPORT

SUPERVISORY BOARD ENGAGEMENT

A total of 12 Supervisory Board meetings took place during the year. In February, April and November, we held in-person meetings in Zaandam, the Netherlands. In June, we held in-person meetings in the U.S. city of Chicago and in September, we held an in-person meeting in Boston, also in the U.S. In connection with the meetings, we organized business visits and sessions with senior leadership and breakfasts with talents. All meetings, with the exception of the private meetings, were attended by the Management Board and several other members of the Executive Committee. Senior management and key talents of the Company were also regularly invited to present on specific topics.

The Supervisory Board focused on a number of key topics and challenges during 2023. The Supervisory Board and management regularly discussed opportunities to ensure that the vision and strategy of the Company drive sustainable long-term value creation. The topics discussed included the implications and challenges of the current economic climate, geopolitical challenges, violence, social unrest and the effects of inflation on the Company's business and on that of the brands in their specific markets.

For the past four years, our Leading Together strategy has provided a solid framework as we continue to evolve our business model to serve customers' omnichannel shopping journeys and achieve strong results. Building on this strategy, and to ensure the Company can continue to meet future demands, management is in the process of refreshing Ahold Delhaize's strategic priorities to adapt to changes in the macro and competitive environment. Throughout 2023, the Management Board and Executive Committee ensured that the Supervisory Board was taken along through the process and that there was an open and transparent dialogue with the Supervisory Board to evaluate the company's operations and strategy. The Supervisory Board is pleased to note that, throughout this process, doing the right thing for people and planet, sustainable long-term value creation and the interest of all stakeholders were integral to the evaluation.

The Management Board ensured an open dialogue with the Supervisory Board in relation to the various strategic M&A projects announced in 2023. In supporting Delhaize management in their decision to transform their business and strengthen its position in the competitive Belgian retail market, the Supervisory Board paid specific attention to the progress made and effect on all stakeholders (both financial and non-financial) seen throughout the year. The Supervisory Board closely followed the process leading up to and approved the acquisition of the local Romanian supermarket chain Profi, which is subject to regulatory approval. The Supervisory Board also closely followed and supervised the FreshDirect developments throughout the year and supported management's decision to divest the business to Getir after an extensive review of the U.S. online operations.

These regular updates and dialogues on strategic matters enabled the Supervisory Board to provide guidance and oversight and challenge the Management Board on the strategic value of its plans. These interactions ensured that the interests of all stakeholders were firmly embedded in the decision-making processes.

During 2023, the Supervisory Board discussed and continued to challenge management on its healthy and sustainable approach. At several meetings, the Supervisory Board, through its Health and Sustainability Committee, discussed how Ahold Delhaize can further contribute to making the food system more sustainable and healthier for consumers. Ahold Delhaize has the ambition to lead towards a more sustainable and healthy food system, while also considering that our brands' customer base is highly diverse and multi-faceted. For instance, we see a generally positive attitude among customers towards healthy eating, and, simultaneously, the challenges of affordability, time to consciously shop and cook, and a lack of information to make healthier choices. This provides a direct opportunity for the Ahold Delhaize brands to make healthy food affordable and accessible for all. The Supervisory Board is pleased to see that local brands actively embed this aim in their day-to-day business, with new initiatives continuously being undertaken across the Company.

The Supervisory Board regularly discussed and evaluated the succession plans for both the Management Board and Supervisory Board, with reference to expiring terms. This resulted in the reappointment for additional terms of Peter Agnefjäll for four years, Bill McEwan for one year, and Katie Doyle four years, and the appointment of Julia Vander Ploeg for a period of four years at the AGM in 2023. Following further succession planning in 2023, and looking forward, the Supervisory Board resolved to nominate Helen Weir and Frank van Zanten for reappointment for additional terms of four years each at the AGM in 2024, in line with their valuable contributions to the Supervisory Board. In addition, the Supervisory Board resolved to nominate Bill McEwan for reappointment for an additional two years in light of his extensive retail experience in North America and his valuable contributions as member and Vice Chair of the Supervisory Board. These proposed reappointments will ensure a strong foundation for continuity of knowledge retention within the Supervisory Board, given how these members' different backgrounds and areas of expertise compliment each other. The importance of DE&I in succession-planning discussions was regularly emphasized by both the Supervisory Board and the Management Board. Recognizing its value in driving results and reflecting the communities served by the Company's brands, the boards consistently assessed opportunities to enhance their performance in this area.

January: During a meeting in January, the Supervisory Board discussed several strategic business topics. Upon the recommendation of the Governance and Nomination Committee, the Supervisory Board approved the nomination of Julia Vander Ploeg for appointment as member of the Supervisory Board.

February: During a two-day meeting, the Supervisory Board discussed and approved Ahold Delhaize's 2022 Q4/full year results, the dividend proposal, the issuance of a sustainability-linked bond to underscore the Company's commitment to its healthy and sustainable approach and Ahold Delhaize's health and sustainability targets for 2023-2025.

The Supervisory Board further discussed the 2022 results on Ahold Delhaize's health and sustainability KPIs and various strategic topics, including a post-investment review for the second half of 2022, and received an update on Ahold Delhaize's Technology function.

Upon the recommendation of the Nomination and Governance Committee, the Supervisory Board approved the motions to nominate Bill McEwan for reappointment for a period of one year, and to nominate Katie Doyle for reappointment for a period of four years.

Upon the recommendation of the Remuneration Committee, the Supervisory Board approved the Company's performance and short-term incentive multiplier for 2022 and the 2023 salary adjustments for the Executive Committee members.

In a separate meeting at the end of February, the Supervisory Board approved the Annual Report 2022 and the Agenda and explanatory notes for the 2023 AGM in April.

SUPERVISORY BOARD REPORT

April: The Supervisory Board received a detailed update on the transformation in Belgium and the FreshDirect development, as well as ongoing strategic projects. Based on the recommendation of the Governance and Nomination Committee, the Supervisory Board also discussed and approved the new compositions of the various committees. In addition, the Supervisory Board prepared itself for the AGM.

May: During May, the Supervisory Board approved the Q1 2023 interim report and discussed the report of the Audit, Finance and Risk Committee, including the report of the external independent auditor and internal auditor. The Supervisory Board received an extensive update on a number of projects, such as the transformation in Belgium, the FreshDirect development and the strategy refresh.

June: During a three-day meeting in Chicago, in the U.S., the Supervisory Board visited a wide variety of retailers as well as PDL. The Supervisory Board and Management Board discussed various strategy-related topics during these days, including the strategy refresh, the FreshDirect development, and a post-investment review for the first half of 2023, and received an Ahold Delhaize USA supply chain update.

August: During this meeting, the Supervisory Board approved the Q2 2023 interim results and the interim dividend payment. The Supervisory Board also received updates on a variety of strategy topics, including the transformation in Belgium.

September: The Supervisory Board held a three-day meeting in Boston, in the U.S., during which it approved the Ahold Delhaize Euro Ecommercial Paper, the acquisition of the local Romanian supermarket chain Profi and the decision to join European retail alliance EURELEC, to address price differences between European markets. The Supervisory Board and Management Board also extensively discussed the ongoing strategy refresh, the progress made in the transformation in Belgium, and the FreshDirect development.

November: During a three-day meeting in Zaandam, the Supervisory Board discussed and approved the budget for 2024, the long-term plans for 2025 and 2026, the €1 billion share buyback to commence in January 2024, and the Q3 2023 interim results. Management provided an update on technology at Ahold Delhaize and various strategic topics. In addition, the Supervisory Board approved the decision to divest the FreshDirect business to Getir.

December: During two additional meetings, the Supervisory Board received an update on, among other things, the strategy refresh, including topics such as the Stop & Shop Allston Yards development project in Boston, and approved a capital investment for the Food Lion Charlotte omnichannel remodels.

In addition, throughout the year, the Supervisory Board held several private meetings without other attendees. These private sessions addressed, among other things, the evaluation of the functioning of the Management Board and the Executive Committee and their individual members, as well as the functioning of the Supervisory Board itself. The CEO was regularly invited to (parts of) the private meetings to discuss the performance of the Management Board and the Executive Committee.

During 2023, the Chair and the CEO continued to hold weekly one-on-one meetings to discuss progress on a variety of topics.

Lastly, the external independent auditor attended the meeting in February 2023, at which the 2022 Annual Report and financial statements were brought forward for adoption by the General meeting of Shareholders. The external independent auditor also attended the quarterly meetings, at which the financial results were discussed.

ATTENDANCE

Except for a limited number of occasions, and for valid reasons, Supervisory Board members attended all Supervisory Board meetings in 2023.

In all cases, the Supervisory Board members who were not able to attend made sure they were represented. All Supervisory Board members made adequate time available to give sufficient attention to matters concerning the Company.

BOARD ATTENDANCE	SUPERVISORY BOARD		AUDIT, FINANCE AND RISK COMMITTEE		GOVERNANCE AND NOMINATION COMMITTEE		REMUNERATION COMMITTEE		HEALTH AND SUSTAINABILITY COMMITTEE	
NUMBER OF MEETINGS:	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED
Peter Agnefjäll	12	12			5	5	5	5		
Bill McEwan	12	11			3	3	3	3	4	4
René Hooft Graafland	12	12	5	5					4	4
Katie Doyle	12	12			5	5			4	4
Helen Weir	12	10	5	5	5	5				
Frank van Zanten	12	12			5	5	5	5		
Bala Subramanian	4	1			2	1			1	0
Jan Zijderveld	12	12	5	5					4	3
Pauline van der Meer Mohr	12	11	5	5			5	5		
Julia Vander Ploeg	8	8					2	2	3	3

INDEPENDENCE

The Supervisory Board confirms that, during 2023, as well as on the date of publication of this report, Supervisory Board members were independent within the meaning of provision 2.1.8 of the Dutch Corporate Governance Code.

SUPERVISORY BOARD REPORT

SHARE POSITIONS

The following Supervisory Board members held shares in the Company during 2023:

MEMBER	POSITION
Peter Agnefjäll	7,200 common shares
Bill McEwan	7,125 American Depository Receipts
Helen Weir	1,000 common shares

The positions of Peter Agnefjäll, Bill McEwan and Helen Weir were held for the long term and remained unchanged during 2023.

COMMITTEES OF THE SUPERVISORY BOARD

The committees of the Supervisory Board are assigned specific tasks, have advisory powers and provide the Supervisory Board with regular updates on their meetings. The current composition of the Supervisory Board committees is detailed in the following table.

	AUDIT, RISK AND FINANCE COMMITTEE	GOVERNANCE AND NOMINATION COMMITTEE	REMUNERATION COMMITTEE	HEALTH AND SUSTAINABILITY COMMITTEE
Peter Agnefjäll (Chair)		Member	Member	
Bill McEwan		Member		Member
René Hooft Graafland	Chair			Member
Katie Doyle		Member		Chair
Helen Weir	Member	Chair		
Frank van Zanten		Member	Member	
Jan Zijderveld	Member			Member
Pauline van der Meer Mohr	Member		Chair	
Julia Vander Ploeg			Member	Member

Audit, Finance and Risk Committee

The CEO, the CFO, the CLO, the Senior Vice President Internal Audit, the Senior Vice President Tax and Accounting and representatives of the external independent auditor are invited to, and attend, the Audit, Finance and Risk Committee meetings.

In 2023, the Audit, Finance and Risk Committee held five meetings. The attendance rate of the members of this Committee was 100%. Throughout the year, the Committee closely monitored the financial closing process and reviewed the publication of quarterly results. The Committee received several updates on the risk profile of the Company and its financial position. During every quarterly meeting, the Committee received an update on tax and accounting; internal audit; internal control; governance, risk management and compliance; ethics; product integrity; asset protection and business continuity; occupational health and safety; information and cybersecurity; data privacy; and litigation. The Committee also paid specific attention to ESG reporting topics such as the CSRD, sustainability due diligence, CSRD implementation and double materiality assessment. The Committee discussed trends, incidents and incident response. The Committee also discussed and reviewed with the external auditor the annual external audit plan, the findings based on their performed procedures per quarter as well as their annual board reporting, including their observations on the internal control framework on Controls over Financial Reporting, IT and ESG-related controls. During its meeting in November, the Committee assessed the functioning of the Internal Audit function, based on a survey that was filled out by key officers of the Company who frequently interact with the Internal Audit department. The Internal Audit function is assessed at least every five years by an independent third party based on the Institute of Internal Auditors International Professional Practices Framework.

The Audit, Finance and Risk Committee and its Chair met with the Senior Vice President Internal Audit and the external independent auditor as often as was considered necessary. The Audit, Finance and Risk Committee had a private meeting with the new external independent auditor in February 2024, as this was deemed a logical point in time to discuss and evaluate the independent external auditor's first year audit over the financial year 2023.

The Supervisory Board has determined that René Hooft Graafland and Helen Weir are "Audit Committee Financial Experts" within the meaning of provision 2.1.4 of the Dutch Corporate Governance Code.

Governance and Nomination Committee

In 2023, the Committee held five meetings to which the CEO and the CHRO, among others, were invited. In addition, the Committee held five private meetings. The attendance rate of the members of this Committee was 96%. The Committee evaluated the performance of the members of the Supervisory Board and the Executive Committee and recommended approval of the 2023 goals for the members of the Management Board and the Executive Committee. The Committee received several updates on succession and talent planning and DE&I. Together with management, the Committee reflected on the outcome of the AES.

SUPERVISORY BOARD REPORT

In view of Natalie Knight's wish to retire and step down from the Management Board in June 2023, the Committee engaged in several sessions with the CEO to determine the composition of the Management Board, and recommended that the Supervisory Board nominate Jolanda Poots-Bijl for appointment as new member of the Management Board. Following appointment by the shareholders, Jolanda joined the Company in mid-August as Executive Vice President Finance and member of the Executive Committee and assumed the role of CFO starting on October 1, 2023. Her term of appointment will end in the fourth calendar year after the year of appointment at the annual General Meeting in 2027.

In addition, the Governance and Nomination Committee provided guidance to the Supervisory Board on various matters related to the selection and appointment of members of the Supervisory Board, Management Board and Executive Committee. This included evaluating the composition and diversity of the three bodies on a regular basis, proposing the profile of the Supervisory Board, assessing the performance of individual members of the three bodies and reporting the results to the Supervisory Board, creating succession plans, proposing appointments or reappointments of members of the Management Board and Supervisory Board, and overseeing the Executive Committee's policy on selecting and appointing senior management.

Remuneration Committee

In 2023, the Committee held five meetings to which the CEO and the CHRO, among others, were invited to attend. In addition, the Committee held three private meetings. The attendance rate of the members of the Committee was 100%. The Committee extensively considered and discussed the incentive design approach for 2023, taking into account the view of all relevant key stakeholders, both internally and externally. The Committee discussed and supported the salary recommendations for members of the Management Board and the Executive Committee, as well as the newly appointed Executive Committee members starting in 2024, and advised the Supervisory Board on the 2023 short-term and long-term incentive targets. The Committee also reviewed and discussed the remuneration benchmarks for the Management Board and Executive Committee.

See the *Remuneration report* for more information on the remuneration of the Management and Supervisory Boards.

Health and Sustainability Committee

During 2023, the Committee held four meetings. The attendance rate of its members was 90%. During these meetings, the Committee received a global update of the health and sustainability landscape, including the expectations of customers, associates, investors and other stakeholders. The Committee regularly reviewed the Company's performance against the four main KPIs of the Healthy and Sustainable targets – healthy sales, food waste, GHG emissions and sustainable packaging – and encouraged management to explore whether more could be done. The Committee provided recommendations to management and the Supervisory Board after discussing and challenging the content and ambition level of the proposed targets for 2024, 2025 and 2026. In September, the Committee conducted an in-depth discussion on Ahold Delhaize's health approach, focusing on the brands' role in helping customers make healthier choices.

Conclusion

The Supervisory Board concluded that during the year 2023, its composition, with an extensive and varied expertise and skill set, was suitable to support the Company. The Supervisory Board appreciated the frequency of meetings and the level of information provided, as well as the commitment from the Company and its Management Board to support all of Ahold Delhaize's activities.

The Supervisory Board feels it has received sufficient information and time to carry out its duties towards the Company and all its stakeholders, and was able to support Management during another challenging year, in which the Company continued to help customers and communities to eat well, save time and live better, while, at the same time, focusing on delivering strong financial results and addressing topics on the forefront of society.

We are grateful to Ahold Delhaize's shareholders for their continued trust in and support of the Company, its strategy and its management.

Most of all, the Supervisory Board would like to express its gratitude to associates and management of the Company and its great local brands for their passion and dedication in delivering on Ahold Delhaize's promises to customers and all its other stakeholders.

Supervisory Board
Zaandam, the Netherlands

February 27, 2024

RISK MANAGEMENT

Ahold Delhaize has a diverse portfolio of brands, geographic footprint and business structure. Because of this, it is critically important that we manage risks in a proactive and responsible way to ensure we can deliver on our Leading Together strategy.

GOVERNANCE, RISK MANAGEMENT AND COMPLIANCE

Our GRC Framework, which has been established based on our values and ethical principles, is tailored to our structure and designed to respond to the dynamic needs of our brand-centric business. It gives our management a transparent view of the risks we take, face and manage and that have a strategic impact on our great local brands and our global organization.

The GRC Framework consists of global policies and controls as well as a GRC Committee structure at global and brand levels that serves as a forum for identifying, addressing and monitoring relevant risks in all corners of our business.

The global GRC Committee is responsible for reviewing Ahold Delhaize's GRC actions, issues and events. The GRC Committee is chaired by the CLO and (i) advises the Management Board and Executive Committee on matters concerning the GRC Framework, including an overall GRC vision and strategy, (ii) oversees activities to develop and maintain a fit-for-purpose GRC Framework and (iii) engages with Ahold Delhaize's senior management on important developments in the context of governance, risk and compliance.

ENTERPRISE RISK MANAGEMENT

Through our ERM program, which is embedded in the execution of our strategy, the leadership of each of the brands and global functions review their strategic, operational, financial, regulatory and ESG risks, as well as their related mitigating actions, twice per year. Our Executive Committee performs a semi-annual review of all the risks reported by the brands and the outcome is aggregated into an ERM report that is presented to the Management Board and Supervisory Board, as required by the Dutch Corporate Governance Code. Ahold Delhaize's ERM program contributes to the formation of policies, procedures and controls, the scope of internal audit activities, and the business planning and performance process.

Governance, Risk Management and Compliance Framework

RISK MANAGEMENT

RISK APPETITE

Our risk appetite is defined by our Management Board and Supervisory Board and is integrated into the businesses through our strategy, global policies, procedures, controls and budgets. Our appetite for each risk is determined by considering key opportunities and potential threats to achieving our strategic, operational, financial, compliance, and ESG objectives and can be categorized as follows:

STRATEGIC RISKS	Our approach
Strategic risks originate from trends, developments or events that could prevent us from executing and realizing our strategic objectives. **Risk appetite: average-above average**	Ahold Delhaize has a diverse portfolio of brands, geographic footprint and business structure. Because of this, it is critically important that we manage risks in a proactive and responsible way to ensure we can deliver on our Leading Together strategy. We use fact-based analysis that derives insights from our different markets and brands to support our strategic decision-making process in a way that considers the financial, economic, social and political developments that may impact our ability to achieve our strategic objectives.
OPERATIONAL RISKS	**Our approach**
Operational risks include unforeseen incidents that could result from failures in internal processes or systems, human error or adverse external events and could negatively impact the day-to-day operation of our business. **Risk appetite: low**	Ahold Delhaize, due to the complex and diverse nature of our business and supply chain, is subject to a range of operational risks. We strive to minimize the likelihood of business disruptions and the related impact of operational failures. We establish and manage a GRC Framework with global policies that regulate the achievement of our objectives at local and global level. We constantly review and invest in our structure and processes to ensure they are fit for purpose and address any identified operational risk.
FINANCIAL RISKS	**Our approach**
Financial risks include uncertainty of financial returns on investments, reduction in liquidity, erosion of profits, potential financial losses due to financing policies, and other external factors such as the macroeconomic environment, unreliability of suppliers, economic restrictions and reduction of the customer base. **Risk appetite: low**	Ahold Delhaize has a prudent financial strategy focused on maintaining our solid investment-grade credit rating. We are averse to any risks that could jeopardize the integrity of our financial reporting. Our financial risk management, risk appetite and sensitivities are further detailed in *Note 30* of the consolidated financial statements.
COMPLIANCE RISKS	**Our approach**
Compliance risks relate to unanticipated failures to comply with applicable laws and regulations as well as our own policies and procedures. **Risk appetite: very low**	At Ahold Delhaize, our values are an essential part of our strategic framework. We strive to behave according to our values as we go about our daily work. One of our values is "integrity," which means that the Company and all its associates do the right thing to earn customers' trust. We strive for full compliance with laws and regulations and with our policies and procedures everywhere we do business.
ESG RISKS	**Our approach**
ESG risks concern developments, trends and events related to environmental, social and governance matters, including both physical and transition risks related to climate change and the impact of ESG stakeholder expectations on our strategy and performance. **Risk appetite: average**	Our approach to ESG starts with our efforts to better understand the world we live in, the challenges we face in the long, medium and short term, and what our stakeholders expect of us. Using this knowledge, we determine the topics where we have, or can have, the most impact or that impact us the most. We set ourselves targets and commitments around ESG topics and monitor our performance against a range of KPIs. For more details, see *Environmental, Social and Governance*.

RISK MANAGEMENT

GRC framework

The Ahold Delhaize control framework incorporates risk assessment, control activities and monitoring into our business practices at entity-wide and functional levels. We have adopted a "Three lines of defense" model (see chart on this page) to provide reasonable assurance that risks to achieving important objectives are identified and mitigated.

Monitoring and assurance

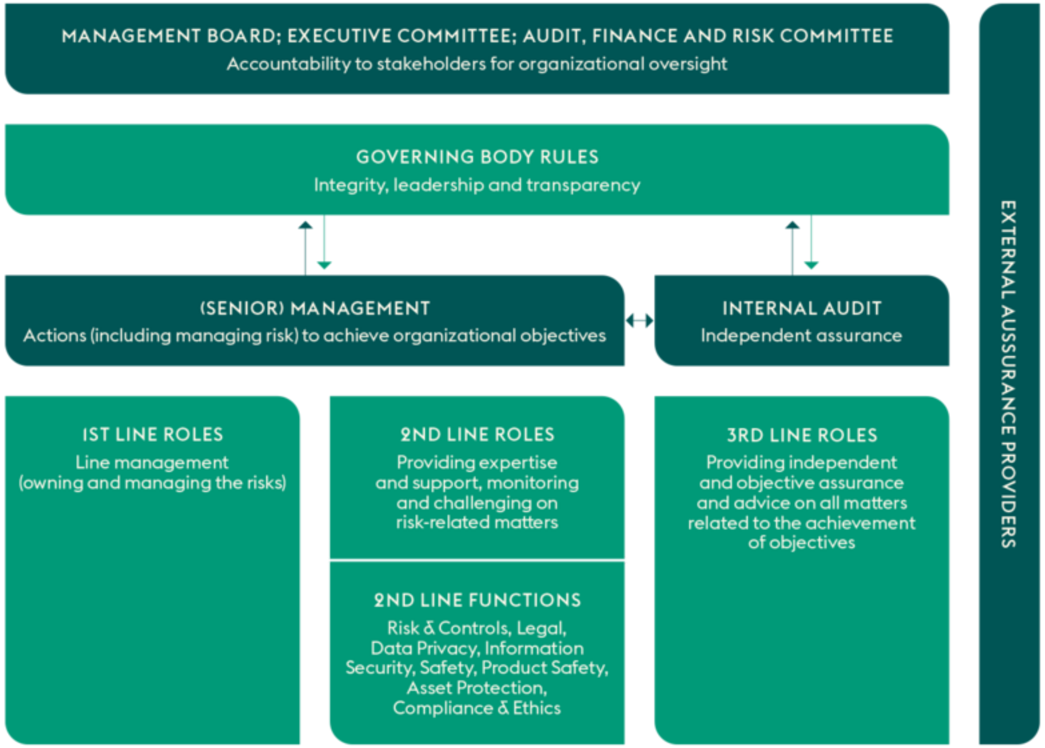
A key element of our GRC framework is monitoring and assurance. We use a comprehensive business planning and performance review process to monitor the Company's performance. This process covers the adoption of strategy, budgeting and the reporting of current and projected results. We assess business performance according to both financial and non-financial (including sustainability) targets. In order to meet business needs and the requirements of the Dutch Corporate Governance Code, we have a Group-wide management certification process in place, which requires that the executive management team members at each of the reporting entities send letters of representation to the Financial Disclosure Committee on a quarterly basis. These letters confirm whether the reporting entities follow Ahold Delhaize's Code of Ethics, policies on fraud prevention and detection, accounting and internal control standards, and disclosure requirements.

Reporting

Each of the businesses is required to maintain and manage a sound internal control environment with robust policies, procedures and controls and a strong financial discipline. The control framework is regularly monitored by our second line of defense through testing activities and the results are reported to brand and global GRC committees as well as to the Audit and Finance Committee.

Both our Risk & Controls and Internal Audit functions help to ensure that we maintain and improve the integrity, the design and the operation of our system of risk management and internal control. Internal Audit undertakes regular risk-based, independent and objective audits. These functions also monitor the effectiveness of corrective actions undertaken by management.

Three lines of defense model



DECLARATIONS

INTRODUCTION

This 2023 Ahold Delhaize Annual Report dated February 27, 2024 (the Annual Report), comprises regulated information within the meaning of sections 1:1 and 5:25c of the Dutch Act on Financial Supervision "Wet op het financieel toezicht."

For the consolidated and the parent company's 2023 financial statements "jaarrekening" within the meaning of section 2:361 of the Dutch Civil Code, see *Performance: Financial statements*. The members of the Management Board and the Supervisory Board have signed the 2023 financial statements pursuant to their obligation under section 2:101, paragraph 2 of the Dutch Civil Code.

The following sections of this Annual Report together form the management report, or the "bestuursverslag" within the meaning of section 2:391 of the Dutch Civil Code:

- *Strategic report*
- *Governance*, the following subsections:
  - *Our Management Board and Executive Committee*
  - *Our Supervisory Board*
  - *Corporate governance*
  - *Risk management*
  - *Remuneration*
- *ESG statements*
- *Definitions and abbreviations*
- *Financial alternative performance measures*.

For other information, or "overige gegevens" within the meaning of section 2:392 of the Dutch Civil Code, see section **Other information** under Performance.

DECLARATIONS

The members of the Management Board, as required by section 5:25c, paragraph 2, under c of the Dutch Act on Financial Supervision, confirm that to the best of their knowledge:

- The 2023 financial statements included in this Annual Report give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.
- The management report included in this Annual Report gives a true and fair view of the position of the Company and the undertakings included in the consolidation taken as a whole as of December 31, 2023, and of the development and performance of the business for the financial year then ended.
- The management report includes a description of the principal risks and uncertainties that the Company faces.

ANNUAL DECLARATION ON INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS

The Management Board, as required by section 1.4.3 of the Dutch Corporate Governance Code, makes the following declaration:

The Management Board is responsible for establishing and maintaining adequate internal risk management and control systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve important business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. This report provides sufficient insights into any significant deficiencies in the effectiveness of the internal risk management and control systems, with regard to the risks associated with the strategy and activities of the Company and its affiliated business, including the strategic, operational, compliance and reporting risks. Management is not aware of any critical failings of these systems during 2023.

This report includes those material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of 12 months after the preparation of the report.

With respect to financial reporting based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis and management has assessed whether the risk management and control systems provide reasonable assurance that the 2023 financial statements do not contain any material misstatements. This assessment was based on the criteria set out in COSO: Internal Control – Integrated Framework 2013 and our internal control framework. It included tests of the design and operating effectiveness of entity-level controls, transactional controls at significant locations and relevant IT general controls. Any control weaknesses not fully remediated at year-end were evaluated.

Based on this assessment, the Management Board determined that the Company's financial reporting systems are adequately designed, operated effectively in 2023 and provide reasonable assurance that the financial statements are free of material misstatement.

Management Board

- Frans Muller, President and CEO
- Jolanda Poots-Bijl, CFO
- JJ Fleeman, CEO Ahold Delhaize USA
- Wouter Kolk, CEO Europe and Indonesia

This Annual Report, including the 2023 financial statements, which are audited by KPMG Accountants N.V., has been presented to the Supervisory Board.

The 2023 financial statements and the independent auditor's report relating to the audit of the 2023 financial statements were discussed with the Audit, Finance and Risk Committee in the presence of the Management Board and the external independent auditor. The Supervisory Board recommends that the General Meeting of Shareholders adopt the 2023 financial statements included in this Annual Report and recommends the proposal to pay a cash dividend for the financial year 2023 of €1.10 per common share. An amount of €0.49 per common share was paid as interim dividend on August 31, 2023. The remaining amount of €0.61 per common share shall be payable on April 25, 2024.

Supervisory Board

- Peter Agnefjäll (Chair)
- Bill McEwan (Vice Chair)
- René Hooft Graafland
- Katie Doyle
- Helen Weir
- Pauline van der Meer Mohr
- Frank van Zanten
- Jan Zijderveld
- Julia Vander Ploeg

REMUNERATION

LOCAL MATTERS

Delhaize Belgium

MESSAGE FROM THE REMUNERATION COMMITTEE CHAIR

"I am proud to be part of an organization that has set a dual focus on healthier people and a healthier planet, based on the idea that the two are intrinsically linked."

Dear stakeholder,

I am pleased to introduce Ahold Delhaize's 2023 Remuneration report, on behalf of the members of the Remuneration Committee.

LOOKING BACK ON 2023

The year 2023 was packed with geopolitical instability and economic uncertainty, with cost-of-living impacts cutting deep for both consumers and associates. Despite these challenges, it was also a year when the Company made progress on reducing its total carbon footprint. Ahold Delhaize wants to lead the industry transformation to a healthy and sustainable food system and launched an updated Climate Plan in 2023. Partly due to our ambitious emissions-reduction targets, the company was named one of the ten most sustainable grocers in the U.S. by Progressive Grocer.

I am extremely proud to be part of an organization that has set a dual focus on healthier people and a healthier planet, based on the idea that the two are intrinsically linked. Our "Grounded in Goodness" approach is centered around our belief that what is healthy and sustainable should be accessible and available to all – a belief that is represented in our Executive Remuneration Policy by our 25% non-financial sustainability targets in both our short- and long-term incentive programs.

Stakeholder engagement

In 2023, we continued to focus on engaging with our key stakeholders, to help broaden our understanding of their needs and concerns and ultimately help us deliver our strategy and be a responsible business. Our key stakeholders remain the same as last year: our brands' customers, associates, investors, communities, regulators and governments, Non-Governmental Organizations (NGOs) and suppliers. To enhance transparency on how we engage with them and in compliance with the Dutch Corporate Governance Code, we have published our *Policy on Stakeholder Engagement*.

Corporate governance code

The Supervisory Board is responsible for overseeing the company's compliance with corporate governance standards and best practices. The Remuneration Committee continues to contribute to improve its corporate governance.

2023 Appointments and base salary adjustments

Following the regular performance review process for 2022, conducted by the Governance and Nominating Committee at the outset of the year, the Remuneration Committee reviewed the Management Board members' base salary remuneration for 2023. The base salaries of Management Board members were increased as of January 1, 2023, by 5.0% for Frans Muller and 3.0% for Wouter Kolk.

As a Remuneration Committee, we considered external and internal salary movements, Company and individual performance, and the internal pay ratios within several scenarios, in line with our Remuneration Policy for the Management Board and Dutch Corporate Governance Code.

These considerations were also used to determine the remuneration packages of CFO Jolanda Poots-Bijl and Ahold Delhaize USA CEO JJ Fleeman at their appointments, as adopted by the shareholders at the AGM and EGM in 2023, as well as at the appointments of the other Executive Committee members, CLO Linn Evans and CSO Alex Holt, in 2023.

MESSAGE FROM THE REMUNERATION COMMITTEE CHAIR

CEO and Management Board performance

Throughout the year, the Management Board oversaw the implementation of Ahold Delhaize's Leading Together strategy:

- Supporting our local brands' efforts to keep prices as low as possible for customers in an era of higher-than-usual inflation, rising commodity prices and soaring energy costs.
- Strengthening the business portfolio with mergers, acquisitions and strategic partnerships, including the acquisition of Profi, which is subject to regulatory approval, and the divestment of FreshDirect.
- Continuously progressing toward our ambition to reduce food waste by 50% by 2030 versus our 2016 baseline.
- Making continued progress on our 1.5º C-aligned GHG emissions-reduction targets for scope 1, 2 and 3, with the ultimate aim to be net-zero across our own operations and value chain by 2050.
- Continuously progressing on our 100/100/100 DE&I aspiration by investing in skills and capabilities and increasing female representation in senior leadership.

Again, this year, we employed a rigorous process to monitor and evaluate CEO and Management Board performance. Driven by the Company's Leading Together strategy, the Supervisory Board Committees established and thoroughly reviewed performance objectives and targets at the outset of the year, followed by full Supervisory Board consideration and approval. These performance objectives were structured in line with shared strategic objectives on key financial, ESG, NPS and associate engagement targets, individual goals connected to each of the four strategic growth drivers, and development goals aimed at continuously improving the Management Board members' leadership capability and capacity, both individually and as a team.

As the year came to a close, the Supervisory Board's Governance and Nomination Committee conducted a formal Management Board evaluation process. CEO performance was evaluated in close collaboration with the Supervisory Board Chair and with broader Supervisory Board participation and input. Each Management Board member's individual review included a self-assessment against the defined objectives and metrics, the CEO's assessment and performance rating and formal review by the Committee.

The outcomes of this process were factored into the determinations by the Remuneration Committee of Management Board base salary adjustments for 2024. And finally, while we are informed by the benchmarking against our selected peer group, the determinations we make are not solely led by these benchmarks. They provide a reference point that informs how we determine fixed and variable compensation to ensure we remain in line with competitive market pay levels. We continue to position Management Board members' total remuneration "at or near the median" of our peer group.

2023 annual cash incentive

At the end of 2023, it became clear that the results for the 2023 annual cash incentive would finish ahead of plan with payouts above target level. The Supervisory Board considers the performance targets for 2023 to have been robust, with clear, specific and auditable metrics. For the second year, we are disclosing the targets, pay-out ranges and actual results in this Remuneration report.

Long-term share vesting

The 2021 long-term incentive program GRO share grant will vest on the day after the 2024 AGM. Like the 2020 GRO grant, earnings per share growth and the share of healthy food sales reached the maximum performance target, while return on capital exceeded the target. Results for total shareholder return did not meet the plan. The overall vesting outcome for the 2021 GRO share grant is 120% of target.

Transparency and disclosure

The Annual Report 2022 was the first to report on our new Remuneration Policy, which we believe provided the optimal starting point for our enhanced disclosures. This level of transparency and disclosure is continued in this 2023 Remuneration report.

LOOKING FORWARD

Expectations for 2024

The year 2024 will be a year to review and design our remuneration strategy for the future against rapidly changing societal expectations. The geopolitical and economic developments are expected to be volatile and will continue to impact our brands' customers, associates and communities. We will continue to monitor business performance and internal and external conditions throughout the year, and we will intervene and act where required through thought leadership and in line with our strategy.

Our annual report on remuneration

In this 2023 Remuneration report, we provide details of decisions made for the Management Board relating to their 2023 remuneration for which, along with this statement, we will seek shareholder endorsement with an advisory vote at the 2024 AGM.

As Chair of the Remuneration Committee, I would like to thank you for your ongoing interest in Ahold Delhaize.

Pauline van der Meer Mohr

REMUNERATION

EXECUTIVE REMUNERATION PRINCIPLES AND PROCEDURES

The current Management Board Remuneration Policy was adopted by the General Meeting of Shareholders on April 13, 2022. The policy is designed to support a long-term focus with a strong emphasis on ESG factors, which are an important part of how Ahold Delhaize measures success. This is in line with our Leading Together strategy and deep focus on health and sustainability. The policy aligns the interests of the Management Board with the interests of the Company's stakeholders and features a detailed disclosure on short- and long-term performance.

This section provides a summary of our principles and procedures and how they relate to our remuneration policies. The full Principles and Procedures are part of our Remuneration Policies for the Management Board and Supervisory Board, available on our website.

Our full remuneration principles and procedures are included in the Remuneration Policies for the Management Board and Supervisory Board, available on our **website**.

PRINCIPLES

ALIGNMENT WITH COMPANY STRATEGY

Our Remuneration Policy is aligned with the Company's long-term strategy.

TRANSPARENCY

The Company provides extensive disclosure of how our remuneration policies are implemented, including, for the Management Board, incentive targets, intervals and performance realized.

PAY FOR PERFORMANCE

Our Remuneration Policy supports a pay-for-performance culture with an emphasis on sustainable long-term value creation.

ALIGNMENT WITH STAKEHOLDER INTERESTS

The Remuneration Policy aligns the focus of the Company and its senior management with the interests of the Company's stakeholders and society at large.

CONSISTENCY

The structure of Management Board remuneration is generally consistent with the remuneration structure for other senior associates of the Company.

COMPETITIVE PAY

We benchmark the competitiveness of our remuneration policies annually against a relevant labor market peer.

Applies to Management Board only

Applies to Management Board and Supervisory Board

PROCEDURES

ESTABLISHING, REVISION, AND EXECUTION

Our Remuneration Policy is established, revised and executed by the Supervisory Board, and subject to adoption by the General Meeting of Shareholders.

RISK ASSESSMENT

The Remuneration Committee conducts regular and comprehensive analyses of the risks associated with variable compensation. This includes calculating remuneration under different scenarios and considering different performance assumptions.

DISCRETION AND DEROGATION

The Supervisory Board may exercise discretion in the execution of our Remuneration Policy, and, in exceptional circumstances, deviate from it.

COMPLIANCE

The design and implementation of our Remuneration Policy are compliant with all applicable laws, rules and regulations, and corporate governance requirements.

REMUNERATION POLICY FOR THE MANAGEMENT BOARD

The current Remuneration Policy for the Management Board was adopted by the General Meeting of Shareholders on April 13, 2022 (94.87% of votes in favor), and became effective retroactively as of January 1, 2022.

BENCHMARK PEER GROUP

As an international company, Ahold Delhaize must remain attractive for top leaders from the industry and beyond to continue to have a strong and diverse Management Board. Management Board remuneration levels are benchmarked annually. The benchmark peer group consists of a total of 18 peer companies in Europe and the United States. This labor market peer group reflects the Company's geographic operating areas and the markets that are most relevant in relation to the recruitment and retention of top management. As a Dutch-headquartered company and considering the Company's Dutch and Belgian footprint, the AEX market practice in the Netherlands and BEL20 market practice in Belgium are included.

EUROPEAN PEERS	U.S. PEERS	AEX AND BEL20
Tesco	Kroger	Unilever
Carrefour	Costco	Philips
Metro Cash & Carry	Target	Heineken
Casino Guichard-Perrachon	Walgreens Boots Alliance	Randstad
J Sainsbury	Best Buy	Akzo Nobel
Danone	Lowe's Companies	AB InBev

To accommodate potential changes in the labor market peer group due to delistings, mergers or other extraordinary circumstances, the Supervisory Board may exercise discretion to substitute comparable companies.Typically, geographical composition leads the replacement determination. For example, if a European-based company is dropped, it is generally replaced by another European-based company.

We consider the composition of Total Direct Compensation when benchmarking base salary levels. The target Total Direct Compensation level is typically at or near the median, while consideration is given to Ahold Delhaize's size relative to the peer group, with a fixed-to-variable pay ratio that supports the pay-for-performance culture and a long-term strategic focus. More information is included in the *Remuneration Policies*, available on our website.

TOTAL DIRECT COMPENSATION

The basic elements of the Total Direct Compensation provided to Management Board members are (1) a base salary, (2) an annual cash incentive, and (3) a long-term share-based incentive.

In addition to Total Direct Compensation, members of the Management Board are offered pensions and additional arrangements in line with local practices.

ELEMENT	DESCRIPTION
Base salary	The level of the base salary of the members of the Management Board is derived, as one component, from the benchmarking of Total Direct Compensation. Adjustment of individual base salaries is at the discretion of the Supervisory Board.
Annual cash incentive plan: Executive Incentive Plan (EIP)	The Company's priority and goal are to expand market share while focusing on margins to increase profitability and prudently managing capital spending and expenses to secure strong and sustainable cash flow. Consequently, the EIP employs three financial measures that reflect the fundamental key financial metrics of a retail organization: sales growth (30%), underlying operating margin (25%) and operating cash flow (20%). In addition, ESG and other strategic imperatives (25%) are included. See *Definitions of EIP performance measures* for detailed information. In support of the pay-for-performance culture and in recognition of the Company's focus on margins, the underlying operating margin measure serves as a threshold. The at-target pay-out as a percentage of base salary is 100%, contingent on the full achievement of the objectives, with a cap at 125% of the at-target value in the event of above-target performance.
Long-term share-based incentive plan: Global Reward Opportunity (GRO)	Under the GRO program, performance shares are granted as a three-year program. The vesting of these performance shares is subject to performance over three years. As of 2022, the GRO program employs three financial measures: return on capital (RoC) (35%), underlying earnings per share (EPS) growth (25%) and total shareholder return (TSR) (15%). In addition, a non-financial performance[1] measure (25%) related to health and sustainability targets is included. See *Definitions of GRO performance measures* for detailed information. In line with market practice, the target value of long-term incentives granted varies per role. For the CEO, the target value is 275% of base salary; for the CEO Ahold Delhaize USA, the target value is 275% of base salary; for the CFO, the target value is 200% of base salary; and for the CEO Ahold Delhaize Europe and Indonesia, the target value is 175% of base salary.

1 Please note the weighting of the non-financial performance has increased in 2022 in line with our deepened focus on health and sustainability.

REMUNERATION POLICY FOR THE MANAGEMENT BOARD

PENSIONS AND OTHER CONTRACT TERMS

Pension

The pension plan for Management Board members based in the Netherlands is consistent with the plans offered to other associates of the Company in the Netherlands and is referred to as a defined benefit plan, based on career average salary. All existing pension arrangements in the Netherlands are in line with the applicable fiscal pension regulations.The current legal retirement age is between 67 and 70 (depending on year of birth), with the option for early retirement from age 55. The pensionable salary is capped at the legal maximum (2023: €128,810). Each Management Board member working under a Dutch contract pays a pension premium contribution identical to that of all other associates of the Company in the Netherlands.

In addition, Management Board members receive a gross (age-dependent) pension allowance and can choose to participate in a Net Pension Arrangement by investing the net (after-tax) amount of the pension allowance. The Net Pension Arrangement is identical to that of all other associates of the Company in the Netherlands whose pensionable salary exceeds the cap. Participation in this Net Pension Arrangement is voluntary.

Members of the Management Board working under a non-Dutch contract are offered pensions in line with local practices.

Loans

The Company does not provide loans to members of the Management Board, nor does the Company issue guarantees to the benefit of members of the Management Board.

Additional arrangements

In addition to the remuneration of the Management Board members, a number of additional arrangements apply. These include expense allowances, insurance, use of company cars and, where applicable, relocation support and allowances, which apply to other senior associates and are in line with market practice. In addition, third-party tax services are provided to ensure compliance with the relevant legislative requirements.

(Service) Agreements

The term of appointment for Management Board members is, in general, four years. If the Company terminates the (service) agreement of any member of the Management Board, the severance payment is limited to one year's base salary. The agreement may be terminated by the Company with a notice period of 12 months and by the Management Board member with a notice period of six months.

SHAREHOLDING REQUIREMENTS AND SHARE OWNERSHIP GUIDELINES

Shareholding and share ownership guidelines are in place to emphasize our focus on long-term sustainable value creation.

Management Board members must retain the shares awarded under the GRO program for a minimum period of five years from the grant date. The sale of a portion of the shares is permissible to finance tax due at the date of vesting.

Management Board members are required to acquire and hold shares in the Company with a value equal to a multiple of their annual base salary. The CEO and the CEO Ahold Delhaize USA are required to acquire and hold shares in the Company with a value at least equal to 400% of the annual base salary. All other members of the Management Board are required to hold shares in the Company with a value at least equal to 300% of the respective base salaries. The holding may be built up by retaining all after-tax shares from the GRO program and does not require personal share purchases.

CLAWBACK

A clawback provision is in place and may be applied to the Management Board members' annual cash incentive plan (EIP) as well as the long-term share-based incentive program (GRO).

MANAGEMENT BOARD REMUNERATION AT A GLANCE

In 2023, Ahold Delhaize delivered stable results, which are reflected in the outcomes of our short-term and long-term incentives.

The Management Board remuneration balances the needs of internal and external stakeholders with the Company's commitment to making a sustainable contribution to society and supports a pay-for-performance culture with an emphasis on sustainable, long-term value creation.

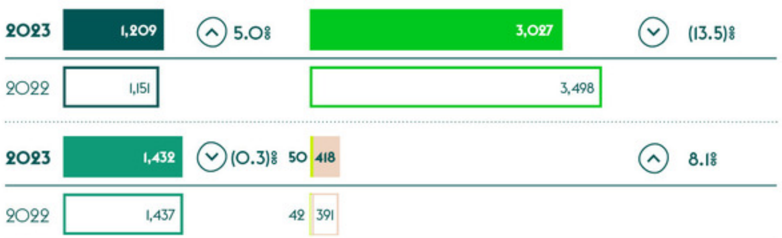
The at-target payout annual cash incentive is set at 100% of the annual base salary for all Management Board members, with a minimum of 0% in the event of below-target performance and a maximum of 125% of the at-target. The long-term incentive opportunities were increased in 2022, to bring remuneration packages in line with the target positioning while increasing long-term focus and further aligning the interests of the Management Board with those of the Company's shareholders. The emphasis on long-term sustainable value creation is further reflected in the shareholding and share ownership guidelines.

In this report, we disclose the remuneration of both our current and former Management Board members; we focus on our current Management Board members and, where required, refer to the compensation of former Management Board members in a footnote. Full data can be found in the *Total remuneration* table.

The change in remuneration – as shown in the visual – is predominately caused by a lower expense for share-based compensation compared to 2022. See *Total remuneration* for more details about the IFRS costs and entitlement.

Frans Muller Chief Executive Officer (in € thousand)

Total 2023 €6,136 Total 2022 €6,519

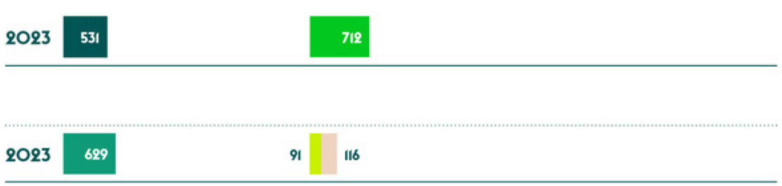


Jolanda Poots-Bijl[1] Chief Financial Officer (in € thousand)

Total 2023 €440 Total 2022 €0

JJ Fleeman[1] CEO Ahold Delhaize USA (in € thousand)

Total 2023 €2,079 Total 2022 €0



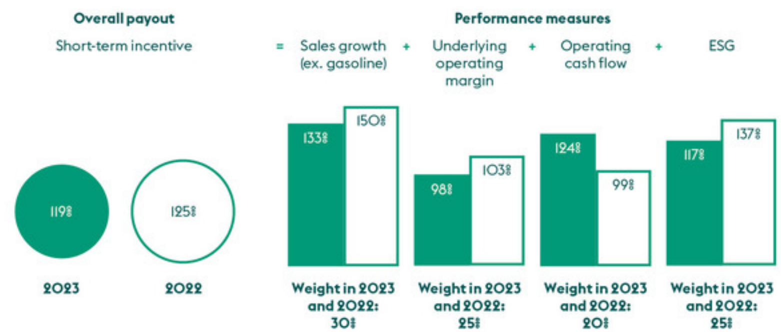
Wouter Kolk CEO Ahold Delhaize Europe & Indonesia (in € thousand)

Total 2023 €3,215 Total 2022 €3,396

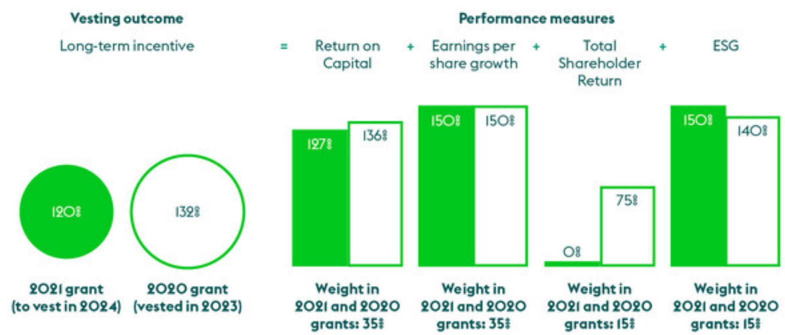
Base salary (fixed) · Annual cash incentive (variable) · Long-term equity-based incentive (variable)[2] · Pension · Other

1 Jolanda was appointed Management Board member as per October 1, 2023. JJ was appointed Management Board member as per April 12, 2023. Remuneration shown relates to the service period as Management Board member.
2 Board members are required to acquire and hold shares in the Company with a value equal to a multiple of their annual base salary and must retain the shares awarded under the GRO plan for a minimum period of five years from the grant date.

Annual cash incentive Executive Incentive Plan



Long-term equity-based incentive Global Reward Opportunity



2023 MANAGEMENT BOARD REMUNERATION

The remuneration paid to the members of the Management Board in 2023 was in accordance with the Remuneration Policy for the Management Board.

BASE SALARY

The annual base salaries of the members of the Management Board were reviewed by the Remuneration Committee in early 2023. The Committee considered external and internal salary movement, Company and individual performance and the determination and assessment of internal pay ratios. It also sought the input of the individual Management Board members.

As of January 1, 2023, the annual base salary of Frans Muller was increased by 5.0% and the annual base salary of Wouter Kolk was increased by 3.0%.

Base salaries per Management Board member

€ THOUSAND	2023	2022	% CHANGE[4]
Frans Muller CEO	**1,209**	1,151	5.0%
Jolanda Poots-Bijl[1] CFO	**165**		
JJ Fleeman[2,3] CEO Ahold Delhaize USA	**531**		
Wouter Kolk CEO Ahold Delhaize Europe and Indonesia	**769**	747	3.0%

1 The 2023 salary reflects the amount received for the period of Jolanda's appointment to the Management Board as per October 1, 2023, until the end of the year. Jolanda's full year salary amounts to €660,000.
2 The 2023 salary reflects the amount received for the period of JJ's appointment to the Management Board as per April 12, 2023, until the end of the year. JJ's full year salary amounts to $800,000. The 2023 salary has been converted from U.S. dollars into euros using the 2023 Q2-Q4 year-to-date average dollar-euro exchange rate of €1 = $0.9224.
3 As of October 1, 2024, JJ's base salary will increase to $900,000, subject to successful completion of predefined performance criteria, as approved by the AGM on April 12, 2023.
4 The annual base salary of Natalie Knight was not increased for 2023, the annual base salary of Kevin Holt was increased by 2%. See *Total remuneration* for detailed information.

ANNUAL CASH INCENTIVE: EIP

The members of the Management Board participated in the annual cash-based EIP. Three performance measures were used to track the Company's financial performance during the year: sales growth, underlying operating margin and operating cash flow. In addition, healthy sales and food waste reduction were included as ESG and other strategic imperatives in support of the Company's healthy and sustainable ambitions. See following table for the definitions and weight per performance measure.

Definitions of EIP performance measures

PERFORMANCE MEASURE	WEIGHT	DEFINITION	RELEVANCE TO OUR STRATEGY
Sales growth (ex. gasoline)[1]	30%	Sales growth (ex. gasoline) quantifies how much sales grew year over year, excluding gasoline sales, expressed as a percentage of last year's sales excluding gasoline.	Our goal is to expand market share, while, at the same time, focusing on margins to increase profitability, and manage capital spending and expenses prudently to secure a strong and sustainable cash flow that allows us to cover financial obligations, make investments in the business and remunerate existing shareholders.
Underlying operating margin	25%	Underlying operating margin is the result of dividing underlying operating profit (excluding gasoline operating profit) by third-party sales (excluding gasoline sales).	
Operating cash flow[2]	20%	Operating cash flow is defined as the cash flow generated by the core operations of the Company, adjusted for net lease payments and after tax.	
ESG and other strategic imperatives	25%	ESG and other strategic imperatives are one or more variable performance measures that are defined annually by the Supervisory Board to highlight specific strategic and key business priorities of the Company. Over the past years, Ahold Delhaize has increased the weight of ESG-related metrics in our incentive plans. Similar to 2022, two performance measures were selected for 2023 that reflect the Company's commitment to a healthy and sustainable future: • Healthy sales (15%): The percentage of healthy own-brand food sales as a proportion of total own-brand food sales. • Food waste reduction (10%): Tonnes of food waste per €1 million food sales.	Our businesses flourish when our brands' communities are healthy and resilient. We aim to enable customers and associates to eat healthier, while at the same time reducing our global footprint. • Healthy products: We employ this measure to drive performance in pursuit of our objective to facilitate healthier eating. • Food waste: We employ this measure to drive performance against our objective of reducing food waste.

1 For incentive purposes, sales growth performance is calculated using constant rates to ensure individuals are not rewarded nor penalized for foreign exchange rate developments, but only for true business performance.
2 For incentive purposes, we look at operating cash flow to reflect the true business performance of our operations. In case of unforeseen or unusual circumstances occurring during the performance period that have an impact on the performance of the incentive plan as assessed at the end of the performance period, the Supervisory Board can consider an adjustment, in accordance with the principles of reasonableness and fairness.

2023 MANAGEMENT BOARD REMUNERATION

EIP performance realized

EIP performance targets were set in the context of the Company's mid-term strategic and operational objectives.

The at-target payout as a percentage of base salary was set at 100%, contingent on the full achievement of the EIP objectives. In the event of above-target performance, payout is limited to 125% of the target value.

In close dialogue with the Company's stakeholders, Ahold Delhaize is committed to full, ex-post disclosure of all targets and performance intervals for all metrics in both the short-term and long-term incentive plans. Please find below the EIP performance targets and intervals for 2023 and our performance on these metrics.

Actual EIP payout

€ THOUSAND	BASE SALARY	TARGET BONUS	PERFORMANCE MULTIPLIER	2023 ACTUAL BONUS[1]	2022 ACTUAL BONUS[2]	% CHANGE
Frans Muller CEO	1,209	100% of base salary	118.5%	1,432	1,437	(0.3%)
Jolanda Poots-Bijl[3] CFO	165	100% of base salary	118.5%	196	—	
JJ Fleeman[4] CEO Ahold Delhaize USA[5]	531	100% of base salary	118.5%	629	—	
Wouter Kolk CEO Ahold Delhaize EU&I	769	100% of base salary	118.5%	911	932	(2.3%)

1 The 2023 EIP represents accrued annual cash incentives to be paid in 2024, subject to shareholder approval of the 2023 financial statements.
2 The 2022 EIP represents the actual amount paid in 2023.
3 The 2023 EIP for Jolanda reflects the period from her appointment to the Management Board per October 1, 2023, until the end of the year.
4 The 2023 EIP for JJ reflects the period from his appointment to the Management Board per April 12, 2023, until the end of the year. The figure has been converted from U.S. dollars into euros using the 2023 Q2-Q4 year-to-date average dollar-euro exchange rate of €1 = $0.9224.
5 The performance measures and results as stated in this section also apply to former MB members, to the extent eligible to EIP. See *Total Remuneration* for the 2023 outcome for Kevin Holt.

PERFORMANCE MEASURE	WEIGHTING	TARGET	PERFORMANCE 0%	ACTUAL	150%	PERFORMANCE MULTIPLIER 2023[4]	PERFORMANCE MULTIPLIER 2022
Sales growth (ex. gas)	30%	2.5%	(2.2)%	4.1%	4.9%	**133%**	**150%**
Underlying operating margin (ex. gas)[1]	25%	4.0%	3.2%	4.0%	4.2%	**98%**	**103%**
Operating cash flow (in millions)[2]	20%	4,381	3,012	4,709	5,066	**124%**	**99%**
ESG and other strategic imperatives[3]							
Healthy products	15%	55.0%	53.0%	55.2%	56.0%	**110%**	**128%**
Food waste	10%	3.5	3.8	3.4	3.3	**129%**	**150%**
Total (%)	100%					**118.5%**	**124.8%**

1 Underlying operating margin is the result of dividing underlying operating profit (excluding gasoline operating profit) by third-party sales (excluding gasoline sales). Gasoline operating profits are excluded from the calculation (EPM accounts definition). The amounts are calculated in local currencies or consolidated using target foreign exchange rates. Underlying operating profit (excluding gasoline) is the total operating income excluding gasoline and adjusted for impairments of non-current assets, gains and losses on the sale of fixed assets, restructuring and related charges, and other unusual items, as well as unplanned insurance and pension benefits relating to changes in discount rates.
2 Operating cash flow is defined as the cash flows generated by the core operations of the company after tax. Operating cash flow is calculated in local currencies or consolidated using target foreign exchange rates.
3 ESG and other strategic imperatives are consolidated using target foreign exchange rates and are corrected for baseline adjustments and other unplanned (algorithmic) changes.
4 The total performance multiplier is capped at 125%, in accordance with the Remuneration Policy for the Management Board.

2023 MANAGEMENT BOARD REMUNERATION

LONG-TERM SHARE-BASED INCENTIVE: GRO

The members of the Management Board participated in Ahold Delhaize's long-term share-based incentive plan, Global Reward Opportunity (GRO). Under the GRO plan, performance shares were granted with a three-year vesting period. The vesting of these shares is subject to Company performance over these three years.

Performance targets are determined for the three-year performance period based on the Company's strategy and long-term planning. Management Board members will be required to hold shares for five years after the grant date – including post-tenure.

Definitions of GRO performance measures

PERFORMANCE MEASURE	DEFINITION	RELEVANCE TO STRATEGY	WEIGHT 2023 GRANT	WEIGHT 2022 GRANT	MIN-MAX
Total shareholder return (TSR)	TSR is share price growth plus dividends paid during the performance period. TSR is benchmarked against a TSR performance peer group[1]. No performance shares will vest to Management Board members if the Company ranks below the sixth position in the performance peer group.	TSR is used to compare the performance of different companies and stocks over time. The relative TSR position reflects the market perception of the overall performance of the Company relative to a reference group.	15%	15%	0-150%
Underlying earnings per share growth (EPS)[2]	Underlying EPS is the underlying income from continuing operations of the Company, divided by the weighted average number of shares for the year. The growth is measured by dividing the EPS at the end of the performance period by the EPS at the start of the performance period.	EPS reflects our focus on growth, measured through revenue growth.	25%	25%	0-150%
Return on capital (RoC)	Return on capital is calculated as underlying operating income before depreciation and amortization divided by the annual rolling average of the sum of company-owned property, plant and equipment at purchase price, intangible assets (excluding goodwill) at purchase price, operating working capital components and repayment of lease liabilities divided by 8%.	RoC is used as a measure of how effective we are at turning our investments into profit.	35%	35%	0-150%
Healthy and sustainable	Healthy and sustainable comprises performance measures that reflect our long-standing commitment to sustainability. As of the 2022 GRO grant, healthy and sustainable is measured based on carbon emissions reductions (scope 1 and 2) solely and the weight has been increased from 15% to 25%. Our performance on CO_2 emissions is measured as a percentage reduction of absolute scope 1 (direct) and 2 (indirect) CO_2 emissions. By focusing on CO_2-emission reduction and excluding healthy sales and food waste in the performance measures for the 2022 grant and onwards, we have eliminated potential duplication in performance measures in EIP and GRO. For the 2021 GRO grant, vesting in 2024, healthy and sustainable is still measured based on healthy products, food waste reduction and carbon-emissions reductions.[3]	Our brands' businesses flourish when communities are healthy and resilient. Our brands aim to make it easy and fun for customers and associates to eat healthier, while at the same time reducing our global footprint. CO_2 emissions: We employ this measure to drive performance against our objective to reduce CO_2 (scope 1 and 2) plus equivalent emissions.	25%	25%	0-150%

1 Wm Morrison was replaced with Albertsons in the 2022 GRO award. The TSR peer group is included in *Note 32* and the Remuneration Policies for the Management Board and Supervisory Board, available on our website.
2 For incentive purposes, EPS performance is calculated using constant rates to ensure individuals are not rewarded nor penalized for foreign exchange rate developments, but only for true business performance. In case of unforeseen or unusual circumstances occurring during the performance period that have an impact on the performance of the incentive plan as assessed at the end of the performance period, the Supervisory Board may consider an adjustment, in accordance with the principles of reasonableness and fairness. With respect to EPS growth specifically, planned or anticipated corporate events occurring during the performance period, including share buybacks, transactions and M&A activity that may, positively or negatively, affect EPS performance, are always factored into the performance targets. In case of a significant unplanned share buyback that was not incorporated into the budget, an adjustment will be made to ensure that EPS performance for incentive purposes is not positively affected.
3 The 2021 grant falls under the old policy (2020) and the EIP under the new policy (2022). There is no overlap in the 2022 Management Board Remuneration policy between the performance measure of GRO – Sustainability and the performance measure in EIP – ESG and other strategic imperatives (healthy sales). Detailed information regarding the performance measures for the 2021 grant can be found in *Vesting of previous grants*, including performance target and intervals.

2023 MANAGEMENT BOARD REMUNERATION

Award of new grants

The 2023 GRO share grant was made on April 13, 2023, the day after the 2023 AGM. The vesting of the 2023 GRO performance shares in 2026 will be subject to performance as mentioned in the definitions of GRO performance measures.

2023 GRO share grant and maximum vesting[1]

	PERFORMANCE SHARES[2]					
	ROC (35%)	EPS (25%)	TSR (15%)	HEALTHY AND SUSTAINABLE (25%)	TOTAL AT-TARGET GRANT	TOTAL MAXIMUM VESTING
Frans Muller CEO	96%	69%	41%	69%	275%	413%
Jolanda Poots-Bijl[3] CFO	70%	50%	30%	50%	200%	350%
JJ Fleeman CEO Ahold Delhaize USA	96%	69%	41%	69%	275%	413%
Wouter Kolk CEO Ahold Delhaize Europe and Indonesia	61%	44%	26%	44%	175%	263%

1 Natalie Knight and Kevin Holt received a 2023 GRO grant. Natalie's full grant forfeited upon termination. Detailed information can be found in the section *Performance shares*.
2 All percentages represent a percentage of base salary.
3 Jolanda Poots-Bijl is eligible for a pro-rata 2023 GRO grant in relation to her service period in 2023, which will be granted retroactively in 2024.

2023 GRO share grant calculation – example: Frans Muller, CEO

	AT-TARGET SHARE GRANT	GRANT VALUE	NUMBER OF PERFORMANCE SHARES GRANTED
RoC performance shares	96%	€1,163,356	41,146
EPS performance shares	69%	€830,969	29,390
TSR performance shares	41%	€498,581	17,634
Healthy and sustainable performance shares	69%	€830,969	29,390
Total	275%	€3,323,876	117,560

Table assumes a base salary of €1,208,682 and a six-month average share price of (rounded) €28.27.

2023 MANAGEMENT BOARD REMUNERATION

Vesting of previous grants

The vesting of the 2020 (vested in 2023) and 2021 (vesting in 2024) GRO grants was, and is, subject to performance on three financial measures and one non-financial performance measure.

Performance realized

A recurring topic in our dialogue with stakeholders has been the call for increased transparency about the performance targets and intervals in our incentive plans. This is the second year we are providing full, ex-post disclosure of all targets and performance intervals for all metrics in both the short-term and long-term incentive plans.

For the 2020 and 2021 GRO grants, the non-financial performance measure was healthy and sustainable, broken down to three performance criteria with a weight of 5% each[1]:

a. Healthy sales: The percentage of healthy own-brand food sales as a proportion of total own-brand food sales

b. Food waste reduction: Tonnes of food waste per €1 million food sales

c. CO_2 emissions: Percentage reduction of absolute scope 1 (direct) and 2 (indirect) CO_2 emissions. For the 2022 GRO grant, healthy and sustainable is measured based on carbon emissions reductions (scope 1 and 2).

1 As of the 2022 grant, to vest in 2025, the weight of the healthy and sustainable target was increased to 25% and carbon emissions reduction was selected as the sole performance measure. Underlying earnings per share growth was reduced to 25%, to support the greater emphasis on ESG factors.

Share ownership

As of January 1, 2024, the Management Board members (excluding the former Management Board members) held the following shares and other interest in Ahold Delhaize.

Number of shares

NUMBER OF SHARES	COMMON SHARES SUBJECT TO ADDITIONAL HOLDING REQUIREMENT[1]	OTHER COMMON SHARES	TOTAL COMMON SHARES
Frans Muller[2]	157,682	274,549	432,231
Jolanda Poots-Bijl[3]	0	—	0
JJ Fleeman[3]	0	13,952	13,952
Wouter Kolk	62,937	74,641	137,578
Total	**220,619**	**363,142**	**583,761**

1 In line with best practice 3.1.2 VI of the Dutch Corporate Governance Code 2022 and the Management Board remuneration policy, shares granted and vested under the GRO program to Management Board members should be held for five years after the grant date – including post-tenure, except to finance tax payable at the vesting date.
2 Additionally, 9,579 shares are held by Frans Muller in the form of American Depository Receipts.
3 As Jolanda Poots-Bijl and JJ Fleeman started their Management Board roles in 2023, they are allowed to build up the required share ownership (300% and 400% respectively) by retaining all after-tax shares from the GRO plan. The build-up does not require personal share purchases.

PERFORMANCE MEASURE	WEIGHTING	TARGET	PERFORMANCE 0%	100%	150%	PERFORMANCE MULTIPLIER 2023	PERFORMANCE MULTIPLIER 2022
Return on capital	35%	12.3%	8.8%	13.3%	14.1%	**127%**	**136%**
EPS growth	35%	(7.4)%	(17.4)%	4.8%	(2.4)%	**150%**	**150%**
Total shareholder return	15%	4th	<7th	7th	1st	**—%**	**75%**
Healthy and sustainable[1]							
Healthy sales	5%	51.5%	50.5%	53.0%	52.5%	**150%**	**121%**
Food waste reduction	5%	(21.4)%	(17.4)%	(32.5)%	(25.4)%	**150%**	**150%**
Carbon emissions	5%	(21.4)%	(16.4)%	(34.6)%	(26.4)%	**150%**	**150%**
Total (%)	100%					**120%**	**132%**

1 Healthy and sustainable performance measures are consolidated using target foreign exchange rates and are corrected for baseline adjustments and other unplanned (algorithmic) changes.

2023 MANAGEMENT BOARD REMUNERATION

2021 GRO share grant (to vest in 2024)

	TOTAL NUMBER OF PERFORMANCE SHARES GRANTED IN 2021[1]	MULTIPLIER	TOTAL NUMBER OF PERFORMANCE SHARES TO VEST IN 2024[2]	SHARE PRICE[3]	ESTIMATED VALUE IN € THOUSAND[3]
Frans Muller CEO					
2021 TSR grant	16,720	—%	—		
2021 RoC grant	39,013	127%	49,546		
2021 EPS grant	39,013	150%	58,519		
2021 Sustainability grant	16,720	150%	25,080		
Total vesting April 11, 2024	**111,466**		**133,145**	**€26.02**	**3,464**
JJ Fleeman[4] CEO Ahold Delhaize USA					
2021 TSR grant	3,192	—%	—		
2021 RoC grant	7,446	127%	9,456		
2021 EPS grant	7,446	150%	11,169		
2021 Sustainability grant	3,192	150%	4,788		
Total vesting April 11, 2024	**21,276**		**25,413**	**€26.02**	**661**
Wouter Kolk CEO Ahold Delhaize Europe and Indonesia					
2021 TSR grant	6,950	—%	—		
2021 RoC grant	16,216	127%	20,594		
2021 EPS grant	16,216	150%	24,324		
2021 Sustainability grant	6,950	150%	10,425		
Total vesting April 11, 2024	**46,332**		**55,343**	**€26.02**	**1,440**

1 The 2021 GRO grant was awarded on April 15, 2021.
2 As all Natalie Knight's unvested GRO shares forfeited upon termination of her service agreement, none of the 2021 GRO shares granted will vest in 2024. Information regarding the 2021 GRO shares granted to Kevin Holt is provided in the *Performance shares* section.
3 The estimated value is based on the closing share price on the last trading day of the financial year (December 29, 2023) of €26.02. The actual value will be determined at vesting on April 11, 2024.
4 The GRO shares that are scheduled to vest for JJ in 2024 were awarded to him in 2021 in his capacity of associate at that time.

2020 GRO share grant (vested in 2023)

	TOTAL NUMBER OF PERFORMANCE SHARES GRANTED IN 2020[1]	MULTIPLIER	TOTAL NUMBER OF PERFORMANCE SHARES VESTED IN 2023[2]	SHARE PRICE[3]	ESTIMATED VALUE IN € THOUSAND[3]
Frans Muller CEO					
2020 TSR grant	17,261	75%	12,945		
2020 RoC grant	40,274	136%	54,772		
2020 EPS grant	40,274	150%	60,411		
2020 Sustainability grant	17,261	140%	24,165		
Total vesting April 13, 2023	**115,070**		**152,293**	**€31.55**	**4,805**
JJ Fleeman[4] CEO Ahold Delhaize USA					
2020 TSR grant	2,563	75%	1,922		
2020 RoC grant	5,979	136%	8,131		
2020 EPS grant	5,979	150%	8,968		
2020 Sustainability grant	2,563	140%	3,588		
Total vesting April 13, 2023	**17,084**		**22,609**	**€31.55**	**713**
Wouter Kolk CEO Ahold Delhaize Europe and Indonesia					
2020 TSR grant	7,175	75%	5,381		
2020 RoC grant	16,740	136%	22,766		
2020 EPS grant	16,740	150%	25,110		
2020 Sustainability grant	7,175	140%	10,045		
Total vesting April 13, 2023	**47,830**		**63,302**	**€31.55**	**1,997**

1 The 2020 GRO grant was awarded on April 9, 2020.
2 Detailed information regarding the 2020 GRO grant (vested in 2023) for Natalie Knight and Kevin Holt is provided in the *Performance shares* section.
3 The total value is based on the share price on April 13, 2023, the vesting date, of €31.55. The estimated value of each grant as previously disclosed in the Annual Report 2022 was based on the closing share price on the last trading day of the financial year 2022 (December 31, 2022) of €30.14.
4 JJ's 2023 GRO vesting was not related to GRO shares awarded or vested in relation to his activities as a member of the Management Board.

2023 MANAGEMENT BOARD REMUNERATION

(SERVICE) AGREEMENTS, PENSION AND OTHER INDIVIDUAL ELEMENTS

The following is a summary of Management Board service agreements.

Frans Muller

Frans was reappointed at the AGM in April 2023 for another term of four years, ending on the day of the AGM in April 2027. If the Company terminates his current service agreement for reasons other than cause, Frans is entitled to a severance payment equal to one year's base salary. His service agreement may be terminated by the Company with a notice period of 12 months and by Frans with a notice period of six months. Frans participates in the Company's Dutch pension plan.

Jolanda Poots-Bijl

On May 1, 2023, Ahold Delhaize announced that its Supervisory Board had nominated Jolanda Poots-Bijl as member of the Management Board. Following shareholder approval during the EGM on July 5, 2023, she joined the Company in mid-August as Executive Vice President Finance and member of the Executive Committee and started as CFO and member of the Management Board on October 1 after an induction period. She is appointed for a term ending on the day of the AGM in April 2027. If the Company terminates her current service agreement for reasons other than cause, Jolanda is entitled to a severance payment equal to one year's base salary. Her service agreement may be terminated by the Company with a notice period of 12 months and by Jolanda with a notice period of six months. Jolanda participates in the Company's Dutch pension plan.

JJ Fleeman

On November 15, 2022, the Company announced that its Supervisory Board had nominated JJ Fleeman as CEO Ahold Delhaize USA and member of the Management Board. The appointment was approved by shareholders during the AGM on April 12, 2023, and effective on that date. JJ is appointed for a term of four years, ending on the day of the AGM in April 2027.

If the Company terminates his employment agreement for reasons other than cause, JJ is entitled to a severance payment equal to one year's base salary, unless he is eligible for retirement. His employment agreement may be terminated by the Company with a notice period of 12 months and by JJ with a notice period of six months. JJ receives a housing allowance of up to $5,000 net per month. He participates in the Company's U.S. pension plans.

Wouter Kolk

Wouter was reappointed in 2022 as a member of the Management Board for a term of four years ending on the day of the AGM in April 2026. If the Company terminates his service agreement for reasons other than cause, Wouter is entitled to a severance payment equal to one year's base salary. His service agreement may be terminated by the Company with a notice period of 12 months and by Wouter with a notice period of six months. Wouter participates in the Company's Dutch pension plan.

FORMER MANAGEMENT BOARD MEMBERS

Kevin Holt

On November 15, 2022, the Company announced that Kevin Holt will step down from the Management Board at the AGM on April 12, 2023. As executive leadership transition and continuity is critical, Kevin remained attached to the Company as an advisor to the Management Board until December 31, 2023, after which he retired. Kevin was not eligible for a severance payment.

Natalie Knight

On January 10, 2023, the Company announced that Natalie Knight had resigned and would leave Ahold Delhaize and that a six-month notice period applied. Natalie's service ended on July 10, 2023. Natalie was not eligible for a severance payment.

2023 MANAGEMENT BOARD REMUNERATION

TOTAL REMUNERATION

The following table provides an overview of the remuneration costs expensed in 2023 and 2022 per Management Board member. The costs reported here are not in all cases equal to the amounts that were received by the individual Management Board members. Share-based compensation expense represents the non-cash cost for Ahold Delhaize of performance shares awarded to members of the Management Board. These costs are recognized over the three-year vesting period of the performance shares in accordance with IFRS 2, “Share-based Payment.” The actual value of the 2020 GRO share grant, as received after vesting in 2023 by each Management Board member, is detailed in the table *2020 GRO share grant (vested in 2023)*. The actual value of the 2021 GRO share grant that will vest in 2024 is contingent upon the share price at the vesting date of April 11, 2024. The number of performance shares that are expected to vest is detailed in the table *2021 GRO share grant (to vest in 2024)*.

Total remuneration in 2023 and 2022 per Management Board member

		DIRECT REMUNERATION						DEFERRED REMUNERATION							
		BASE SALARY		ANNUAL CASH INCENTIVE: EIP[1]		OTHER[2]		LONG-TERM SHARE-BASED INCENTIVE: GRO[3]		PENSION[4]		TOTAL REMUNERATION		FIXED VS. VARIABLE REMUNERATION[5]	
	€ THOUSAND	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Frans Muller	Costs (IFRS)	**1,209**	1,151	**1,432**	1,437	**418**	391	**3,027**	3,498	**50**	42	**6,136**	6,519	**21%–79%**	19%–81%
	Entitlement[6]							**3,464**	4,088			**6,573**	7,109	**20%–80%**	17%–83%
Jolanda Poots-Bijl[7]	Costs (IFRS)	**165**		**196**		**35**		**45**		**(1)**		**440**	—	**41%–59%**	NA
	Entitlement							**—**	—			**395**	—	**46%–54%**	NA
JJ Fleeman	Costs (IFRS)	**531**		**629**		**116**		**712**		**91**		**2,079**	—	**28%–72%**	NA
	Entitlement[6,8]							**661**	—			**2,028**	—	**29%–71%**	NA
Wouter Kolk	Costs (IFRS)	**769**	747	**911**	932	**248**	240	**1,248**	1,440	**39**	37	**3,215**	3,396	**26%–74%**	24%–76%
	Entitlement[6]							**1,440**	1,699			**3,407**	3,655	**25%–75%**	22%–78%
FORMER MB MEMBERS															
Natalie Knight[9]	Costs (IFRS)	**378**	727	**—**	908	**171**	301	**(886)**	1,540	**86**	53	**(251)**	3,529	**NA**	23%-77%
	Entitlement							**—**	1,823			**635**	3,812	**100%–0%**	21%-79%
Kevin Holt[10]	Costs (IFRS)	**1,051**	1,061	**1,246**	1,324	**267**	236	**5,276**	3,558	**526**	422	**8,366**	6,601	**14%–86%**	18%-82%
	Entitlement[6]							**2,851**	3,650			**5,941**	6,693	**20%–80%**	18%-82%

1 The 2023 EIP represents accrued annual cash incentives to be paid in 2024, subject to shareholder approval of the financial statements.
2 Other mainly includes gross allowances for net pension, tax compensation (tax equalization charges or refunds), allowances for housing expenses, relocation costs, international school fees, employer’s contributions to social security plans, benefits in kind such as company cars, tax advice, medical expenses and the associated tax gross-up.
3 The fair value of each year’s grant is determined on the grant date and expensed on a straight-line basis over the vesting period. The expense for 2023 reflects this year's portion of the share grants over the previous four years (plans 2020 to 2023).
4 Pension costs are the total net periodic pension costs of the applicable pension plans.
5 Fixed pay comprises the base salary. Variable pay comprises the annual cash incentive plan and the long-term share-based plan.
6 The 2023 entitlement value for the long-term share-based plan is the estimated value based on the closing share price as of the last trading day of the financial year (December 29, 2023) of €26.02 as presented in the table *2021 GRO share grant (to vest in 2024)*. The actual value will be determined at vesting on April 11, 2024. The 2022 entitlement value for the long-term share-based program is the value of the 2020 grant, which vested in 2023, measured per the last trading day of the financial year 2022.
7 The 2023 remuneration reflects the amount received for the period of Jolanda’s appointment to the Management Board as per October 1, 2023, until the end of the year. Jolanda is entitled to a 2023 GRO grant in relation to her 2023 service period, which will be granted retroactively in 2024. An estimated time-apportioned IFRS cost has been recognized.
8 JJ Fleeman’s 2023 remuneration has been converted from U.S. dollars into euros using the 2023 Q2-Q4 year-to-date average dollar-euro exchange rate of €1 = $0.9224. The 2023 GRO entitlement value relates to JJ’s 2021 GRO grant, which was granted to him in the capacity of associate. The estimated entitlement value is not pro-rated.
9 Natalie’s service ended on July 10, 2023. Based on the Management Board remuneration policies, her entitlement to EIP and GRO forfeited.
10 Kevin Holt stepped down from the Management Board at the annual General Meeting of Shareholders on April 12, 2023. He remained with Ahold Delhaize USA in an advisory capacity until his retirement on December 31, 2023. Kevin was not eligible for a severance payment. Kevin’s 2023 remuneration has been converted from U.S. dollars into euros using the 2023 year-to-date average dollar-euro exchange rate of €1 = $0.9248. As a result of the shorter service period due to retirement, the expenses for the outstanding GRO grants were expended over the shorter service period.

2023 MANAGEMENT BOARD REMUNERATION

MANAGEMENT BOARD REMUNERATION IN CONTEXT

This section places the remuneration of the members of the Management Board and its development over time in the broader context of the remuneration of associates, the Company's performance, and (for the CEO) external peers.

Internal context

Associates are at the center of our brands' relationships with customers and communities. In establishing the employment conditions of their associates, our brands set compensation and benefits levels in line with job-level and local market practices and regularly review remuneration practices, considering societal and market dynamics as well as economic conditions. For the majority of associates, remuneration is based on collective bargaining agreements structured primarily as fixed annual salaries or hourly wages. In addition, store managers and general management associates are eligible to receive a performance-based annual bonus. Associates in senior management positions are eligible for performance-based annual bonuses as well as Ahold Delhaize performance share grants that are linked to the long-term goals of the Company. We consistently apply this approach to our Management Board, whereby we determine remuneration by establishing a relevant reference market, determining the target level within that reference market, and setting a variable-to-fixed ratio that is reflective of our performance culture.

As a large part of the remuneration of the Management Board is linked to the business performance, the ratio between the total remuneration of the respective members of the Management Board and the average remuneration of all associates across the group will be strongly influenced by the overall business performance of our Company. Therefore, in years of strong performance, the ratio within the Company is likely to be higher than in years of below-target performance.

The following table sets out the total remuneration for the members of the Management Board, the average remuneration of all associates across the group, and the overall annual performance multiplier and long-term incentive vesting outcomes for 2019 through 2023. To ensure consistency with our standing disclosure practice and to allow for external comparison, the Management Board remuneration detailed below reflects the remuneration costs expensed per Management Board member for the respective year. Likewise, the average remuneration of all associates is calculated as the total (IFRS-based) labor costs divided by the number of associates on an FTE basis. In accordance with the guidance provided by the Monitoring Committee Dutch Corporate Governance Code, contracted personnel is taken into account in this calculation.

Management Board remuneration and Company performance

€ THOUSAND	2023	% CHANGE	2022	% CHANGE	2021	% CHANGE	2020	% CHANGE	2019
Management Board remuneration									
CEO	**6,136**	(6)%	6,519	14%	5,718	(5)%	6,024	38%	4,356
CFO[1,2]	**189**	(95)%	3,529	14%	3,097	(16)%	3,679	6%	3,463
CEO Ahold Delhaize USA[3]	**3,917**	(41)%	6,601	36%	4,868	(8)%	5,270	42%	3,714
CEO Ahold Delhaize Europe and Indonesia[4]	**3,215**	(5)%	3,396	13%	2,996	(5)%	3,142	72%	1,827
Average associate remuneration									
Average FTE remuneration	**55**	8%	51	18%	43	(14)%	50	19%	42
Company performance									
Annual cash incentive plan (EIP) overall performance multiplier[5]	**119%**	(5)%	125%	— %	125%	(17)%	150%	69%	89%
Long-term share-based program (GRO) overall performance multiplier[6]	**120%**	(9)%	132%	5%	126%	8%	117%	72%	68%

1 From October 1, 2023, up to and including December 31, 2023, CFO refers to Jolanda Poots-Bijl. From April 8, 2020, up to and including July 10, 2023, CFO refers to Natalie Knight. From January 1, 2019, up to April 8, 2020, CFO refers to Jeff Carr.
2 In 2023, there was a release of share-based compensation expense for Natalie. For 2023, there are no full year values available, as there is a gap between Jolanda's start date and Natalie's termination date. As a result, the remuneration for the CFO significantly dropped.
3 From April 12, 2023, up to and including December 31, 2023, CEO Ahold Delhaize USA refers to JJ Fleeman. From January 1, 2019, up to April 12, 2023, CEO Ahold Delhaize USA refers to Kevin Holt.
4 In 2020, Ahold Delhaize recorded a $1.7 billion (€1.4 billion) expense for incremental pension liabilities due to withdrawal and settlement agreements of several U.S. multi-employer plans. This expense increased the average associate remuneration to €50 thousand per FTE. If this expense was excluded, the average FTE remuneration would be €44 thousand.
5 After careful consideration, the Supervisory Board decided to adjust the 2021 EIP multiplier downward to 125%.
6 The GRO overall performance multiplier reflects the total performance in the three-year performance period.

2023 MANAGEMENT BOARD REMUNERATION

The following table details the pay ratio of the CEO, CFO, CEO Ahold Delhaize USA and CEO Ahold Delhaize Europe and Indonesia compared to the average remuneration of associates in our stores, warehouses and support offices worldwide.

PAY RATIO	2023	2022	2021	2020[1]		2019
Chief Executive Officer	112	128	132	122	137	105
Chief Financial Officer[2 3]	3	69	72	74	84	83
CEO Ahold Delhaize USA[4]	71	129	113	106	120	89
CEO Ahold Delhaize Europe and Indonesia	58	67	69	63	72	44

1 In 2020, Ahold Delhaize recorded a $1.7 billion (€1.4 billion) expense for incremental pension liabilities due to withdrawal and settlement agreements of several U.S. multi-employer plans. These incremental labor costs increased the average associate remuneration per FTE, impacting the ratio between the total remuneration of the members of the Management Board and the average remuneration of all associates across the group. To facilitate multi-year comparison, the table shows the 2020 pay ratio including this expense (left) as well as excluding this expense (right).
2 From October 1, 2023, up to and including December 31, 2023, CFO refers to Jolanda Poots-Bijl. From April 8, 2020, up to and including July 10, 2023, CFO refers to Natalie Knight. From January 1, 2019, up to April 8, 2020, CFO refers to Jeff Carr.
3 In 2023, there was a release of share-based compensation expense for Natalie. For 2023, there are no full year values available as there is a gap between Jolanda's start date and Natalie's termination date. As a result, the remuneration for the CFO significantly dropped and the CFO pay ratio does not provide a representative and comparable number.
4 From April 12, 2023, up to and including December 31, 2023, CEO Ahold Delhaize USA refers to JJ Fleeman. From January 1, 2019, up to April 12, 2023, CEO Ahold Delhaize USA refers to Kevin Holt.

EXTERNAL CONTEXT

To put Ahold Delhaize's pay ratio into perspective, the following table and chart illustrate how Ahold Delhaize's CEO pay ratio compares to the CEO pay ratio of the companies in the benchmark peer group. All numbers are based on the publicly disclosed 2022 annual reports of the respective companies. For comparison purposes, the ratios have been calculated using the same methodology as is used to determine Ahold Delhaize's pay ratio.

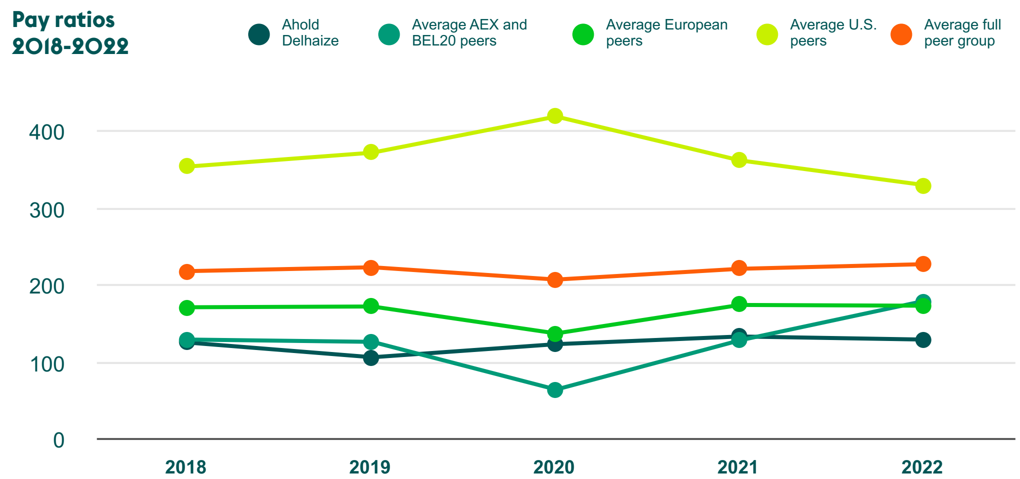
Ahold Delhaize's 2022 pay ratio was lower than the previous year. This trend is in line with the average pay ratios of our European and U.S. peers. The average pay ratios of our AEX, BEL20 peers is impacted by one party with a significant increase in pay ratio. Corrected for this, the pay ratio of the AEX, BEL20 peer group would also show a decline.

PAY RATIO	2022[1]	2021	2020	2019	2018
Ahold Delhaize	128	132	122	105	124
Average AEX and BEL20 peers	178	127	63	125	128
Average European peers	172	173	136	171	170
Average U.S. peers	329	361	418	371	353
Average full peer group	226	220	206	222	217

1 As of 2022, Danone is included as the replacement for Wm Morrison following its delisting.

It is important to note that pay ratios can vary greatly from one industry to another and that, even within the same industry, comparing pay ratios is challenging due to differences in market conditions (e.g., the mix of high- and low-paying countries).

In determining the compensation of the Management Board, the Supervisory Board will continue to monitor the development of pay ratios in the Company and in comparison to the benchmark peer group.



MANAGEMENT BOARD SHARE-BASED COMPENSATION

PERFORMANCE SHARES

The following table summarizes the status of the GRO program during 2023 for the individual Management Board members.

	GRANT DATE	VESTING DATE	END OF RETENTION PERIOD	OUTSTANDING AT THE BEGINNING OF 2023	GRANTED	PERFORMANCE ADJUSTMENT[1]	VESTED[2]	FORFEITED	OUTSTANDING AT THE END OF 2023	MAXIMUM NUMBER OF SHARES[3]	FAIR VALUE PER SHARE AT THE GRANT DATE (€)
Frans Muller											
2020 TSR grant	April 9, 2020	April 13, 2023	April 9, 2025	17,261	—	(4,316)	12,945	—	—	N/A	14.51
2020 RoC grant				40,274	—	14,498	54,772	—	—	N/A	19.98
2020 EPS grant				40,274	—	20,137	60,411	—	—	N/A	19.98
2020 Sustainability grant				17,261	—	6,904	24,165	—	—	N/A	19.98
2021 TSR grant	April 15, 2021	April 11, 2024	April 15, 2026	16,720	—	—	—	—	**16,720**	25,080	7.41
2021 RoC grant				39,013	—	—	—	—	**39,013**	58,519	20.25
2021 EPS grant				39,013	—	—	—	—	**39,013**	58,519	20.25
2021 Sustainability grant				16,720	—	—	—	—	**16,720**	25,080	20.25
2022 TSR grant	April 13, 2022	2025 AGM + 1 day	April 13, 2027	16,357	—	—	—	—	**16,357**	24,535	14.31
2022 RoC grant				38,166	—	—	—	—	**38,166**	57,249	25.51
2022 EPS grant				27,262	—	—	—	—	**27,262**	40,893	25.51
2022 Sustainability grant				27,262	—	—	—	—	**27,262**	40,893	25.51
2023 TSR grant	April 13, 2023	2026 AGM + 1 day	April 13, 2028	—	17,634	—	—	—	**17,634**	26,451	21.25
2023 RoC grant				—	41,146	—	—	—	**41,146**	61,719	28.02
2023 EPS grant				—	29,390	—	—	—	**29,390**	44,085	28.02
2023 Sustainability grant				—	29,390	—	—	—	**29,390**	44,085	28.02
JJ Fleeman[4]											
2020 TSR grant	April 9, 2020	April 13, 2023	April 13, 2023	2,563	—	(641)	1,922	—	—	N/A	14.51
2020 RoC grant				5,979	—	2,152	8,131	—	—	N/A	19.98
2020 EPS grant				5,979	—	2,989	8,968	—	—	N/A	19.98
2020 Sustainability grant				2,563	—	1,025	3,588	—	—	N/A	19.98
2021 TSR grant	April 15, 2021	April 11, 2024	April 11, 2024	3,192	—	—	—	—	**3,192**	4,788	7.41
2021 RoC grant				7,446	—	—	—	—	**7,446**	11,169	20.25
2021 EPS grant				7,446	—	—	—	—	**7,446**	11,169	20.25
2021 Sustainability grant				3,192	—	—	—	—	**3,192**	4,788	20.25

MANAGEMENT BOARD SHARE-BASED COMPENSATION

	GRANT DATE	VESTING DATE	END OF RETENTION PERIOD	OUTSTANDING AT THE BEGINNING OF 2023	GRANTED	PERFORMANCE ADJUSTMENT[1]	VESTED[2]	FORFEITED	OUTSTANDING AT THE END OF 2023	MAXIMUM NUMBER OF SHARES[3]	FAIR VALUE PER SHARE AT THE GRANT DATE (€)
JJ Fleeman (continued)											
2022 TSR grant	April 13, 2022	2025 AGM + 1 day	2025 AGM + 1 day	2,772	—	—	—	—	**2,772**	4,158	14.31
2022 RoC grant				6,467	—	—	—	—	**6,467**	9,700	25.51
2022 EPS grant				4,619	—	—	—	—	**4,619**	6,928	25.51
2022 Sustainability grant				4,619	—	—	—	—	**4,619**	6,928	25.51
2023 TSR grant	April 13, 2023	2026 AGM + 1 day	April 13, 2028	—	11,142	—	—	—	**11,142**	16,713	21.25
2023 RoC grant				—	25,997	—	—	—	**25,997**	38,995	28.02
2023 EPS grant				—	18,569	—	—	—	**18,569**	27,853	28.02
2023 Sustainability grant				—	18,569	—	—	—	**18,569**	27,853	28.02
Wouter Kolk											
2020 TSR grant	April 9, 2020	April 13, 2023	April 9, 2025	7,175	—	(1,794)	5,381	—	**—**	N/A	14.51
2020 RoC grant				16,740	—	6,026	22,766	—	**—**	N/A	19.98
2020 EPS grant				16,740	—	8,370	25,110	—	**—**	N/A	19.98
2020 Sustainability grant				7,175	—	2,870	10,045	—	**—**	N/A	19.98
2021 TSR grant	April 15, 2021	2024 AGM + 1 day	April 15, 2026	6,950	—	—	—	—	**6,950**	10,425	7.41
2021 RoC grant				16,216	—	—	—	—	**16,216**	24,324	20.25
2021 EPS grant				16,216	—	—	—	—	**16,216**	24,324	20.25
2021 Sustainability grant				6,950	—	—	—	—	**6,950**	10,425	20.25
2022 TSR grant	April 13, 2022	2025 AGM + 1 day	April 13, 2027	6,752	—	—	—	—	**6,752**	10,128	14.31
2022 RoC grant				15,754	—	—	—	—	**15,754**	23,631	25.51
2022 EPS grant				11,253	—	—	—	—	**11,253**	16,879	25.51
2022 Sustainability grant				11,253	—	—	—	—	**11,253**	16,879	25.51
2023 TSR grant	April 13, 2023	2026 AGM + 1 day	April 13, 2028	—	7,141	—	—	—	**7,141**	10,711	21.25
2023 RoC grant				—	16,661	—	—	—	**16,661**	24,991	28.02
2023 EPS grant				—	11,901	—	—	—	**11,901**	17,851	28.02
2023 Sustainability grant				—	11,901	—	—	—	**11,901**	17,851	28.02

MANAGEMENT BOARD REMUNERATION

MANAGEMENT BOARD SHARE-BASED COMPENSATION

	GRANT DATE	VESTING DATE	END OF RETENTION PERIOD	OUTSTANDING AT THE BEGINNING OF 2023	GRANTED	PERFORMANCE ADJUSTMENT[1]	VESTED[2]	FORFEITED	OUTSTANDING AT THE END OF 2023	MAXIMUM NUMBER OF SHARES[3]	FAIR VALUE PER SHARE AT THE GRANT DATE (€)
FORMER MANAGEMENT BOARD MEMBERS											
Natalie Knight											
2020 TSR grant	April 9, 2020	April 13, 2023	April 9, 2025	7,698	—	(1,925)	5,773	—	—	N/A	14.51
2020 RoC grant				17,961	—	6,465	24,426	—	—	N/A	19.98
2020 EPS grant				17,961	—	8,980	26,941	—	—	N/A	19.98
2020 Sustainability grant				7,698	—	3,079	10,777	—	—	N/A	19.98
2021 TSR grant	April 15, 2021	2024 AGM + 1 day	April 15, 2026	7,820	—	—	—	7,820	—	—	7.41
2021 RoC grant				18,247	—	—	—	18,247	—	—	20.25
2021 EPS grant				18,247	—	—	—	18,247	—	—	20.25
2021 Sustainability grant				7,820	—	—	—	7,820	—	—	20.25
2022 TSR grant	April 13, 2022	2025 AGM + 1 day	April 13, 2027	7,516	—	—	—	7,516	—	—	14.31
2022 RoC grant				17,536	—	—	—	17,536	—	—	25.51
2022 EPS grant				12,526	—	—	—	12,526	—	—	25.51
2022 Sustainability grant				12,526	—	—	—	12,526	—	—	25.51
2023 TSR grant	April 13, 2023	2026 AGM + 1 day	April 13, 2028	—	7,717	—	—	7,717	—	—	21.25
2023 RoC grant				—	18,005	—	—	18,005	—	—	28.02
2023 EPS grant				—	12,861	—	—	12,861	—	—	28.02
2023 Sustainability grant				—	12,861	—	—	12,861	—	—	28.02
Kevin Holt[5]											
2020 TSR grant	April 9, 2020	April 13, 2023	April 13, 2023	15,412	—	(3,853)	11,559	—	—	N/A	14.51
2020 RoC grant				35,962	—	12,946	48,908	—	—	N/A	19.98
2020 EPS grant				35,962	—	17,981	53,943	—	—	N/A	19.98
2020 Sustainability grant				15,412	—	6,164	21,576	—	—	N/A	19.98
2021 TSR grant	April 15, 2021	2024 AGM + 1 day	2024 AGM + 1 day	13,760	—	—	—	—	**13,760**	20,640	7.41
2021 RoC grant				32,107	—	—	—	—	**32,107**	48,160	20.25
2021 EPS grant				32,107	—	—	—	—	**32,107**	48,160	20.25
2021 Sustainability grant				13,760	—	—	—	—	**13,760**	20,640	20.25

MANAGEMENT BOARD SHARE-BASED COMPENSATION

	GRANT DATE	VESTING DATE	END OF RETENTION PERIOD	OUTSTANDING AT THE BEGINNING OF 2023	GRANTED	PERFORMANCE ADJUSTMENT[1]	VESTED[2]	FORFEITED	OUTSTANDING AT THE END OF 2023	MAXIMUM NUMBER OF SHARES[3]	AT THE GRANT DATE (€)
Kevin Holt (continued)											
2022 TSR grant	April 13, 2022	2025 AGM + 1 day	April 13, 2027	13,984	—	—	—	—	**13,984**	20,976	14.31
2022 RoC grant				32,629	—	—	—	—	**32,629**	48,943	25.51
2022 EPS grant				23,307	—	—	—	—	**23,307**	34,960	25.51
2022 Sustainability grant				23,307	—	—	—	—	**23,307**	34,960	25.51
2023 TSR grant	April 13, 2023	2026 AGM + 1 day	2026 AGM + 1 day	—	15,835	—	—	—	**15,835**	23,752	21.25
2023 RoC grant				—	36,947	—	—	—	**36,947**	55,420	28.02
2023 EPS grant				—	26,391	—	—	—	**26,391**	39,586	28.02
2023 Sustainability grant				—	26,391	—	—	—	**26,391**	39,586	28.02
Total Management Board members				972,859	396,449	108,057	442,107	153,682	**881,576**	1,322,352	

1 Represents the adjustment to the number of performance shares granted resulting from the TSR, RoC, EPS and Sustainability performance.
2 The vesting date of the 2020 grant was April 13, 2023. The share price was €31.55 on April 13, 2023.
3 For the TSR performance grants awarded in 2020, 2021, 2022 and 2023, the maximum number of performance shares that could potentially vest equals 150% of the outstanding performance shares if the Company's ranking is one. For the RoC performance grants, the EPS performance grants and the Sustainability performance grants the maximum number of performance shares that could potentially vest equals 150% of outstanding performance shares (as explained in the section *Main characteristics of performance shares granted in 2020 through 2023* from *Note 32*). The minimum number of performance shares that could potentially vest would be nil (as explained in the section *Main characteristics of performance shares granted in 2020 through 2023* from *Note 32*).
4 JJ Fleeman was appointed CEO Ahold Delhaize USA and member of the Management Board at the AGM on April 12, 2023.
5 Kevin Holt stepped down from the Management Board at the AGM on April 12, 2023, and retired from the Company on December 31, 2023. Kevin's outstanding shares will vest at the regular vesting dates, in accordance with the Remuneration Policy. The performance measures continue to apply in line with the policy.

REMUNERATION POLICY FOR THE SUPERVISORY BOARD

The remuneration policy for the Supervisory Board was adopted by the General Meeting of Shareholders on April 13, 2022 (96.22% of votes in favor), and became effective retroactively as of January 1, 2022.

BENCHMARK PEER GROUP

As an international company, Ahold Delhaize must remain attractive for top leaders from our industry and beyond to continue to have a strong and diverse Supervisory Board. The competitiveness of the Supervisory Board remuneration levels is benchmarked every three years. In extraordinary circumstances, an intermediate adjustment might be considered.

The benchmark peer group is the same as determined for the Management Board and consists of a total of 18 peer companies in Europe and the United States, including AEX- and BEL20-listed companies. This labor market peer group reflects the Company's geographic operating areas and the markets most relevant in relation to the recruitment and retention of top management.

EUROPEAN PEERS	U.S. PEERS	AEX AND BEL20
Tesco	Kroger	Unilever
Carrefour	Costco	Philips
Metro Cash & Carry	Target	Heineken
Casino Guichard-Perrachon	Walgreens Boots Alliance	Randstad
J Sainsbury	Best Buy	Akzo Nobel
Danone	Lowe's Companies	AB InBev

To accommodate potential changes in the labor market peer group due to delistings, mergers or other extraordinary circumstances, the Supervisory Board may exercise discretion to substitute comparable companies. In general, geographical composition is leading in replacement determination. For example, if a U.S.-based company is dropped, it is generally replaced by another U.S.-based company.

The target remuneration level is typically at or near the median, while consideration is given to the size of Ahold Delhaize relative to the peer group.

REMUNERATION

Given the nature of the responsibilities of the Supervisory Board as an independent body, remuneration is not tied to the performance of the Company and, therefore, only comprises fixed remuneration, delivered in cash. In addition to a base fee, members of the Supervisory Board are offered committee fees and travel time compensation contingent upon their activities and responsibilities and an additional fee for meetings outside of regular meetings. All remuneration is denominated and delivered in euros. Currency conversion risks are not covered by the company.

Annual base fees

The base fees offered to members of the Supervisory Board reflect the Company's size and complexity, as well as the responsibilities of the members and the time spent on their roles.

Chair Supervisory Board	€220,000
Vice Chair	€125,000
Member Supervisory Board	€95,000

Annual committee fees

The chair and members of the Supervisory Board's committees are offered a supplementary fee for the additional responsibilities they take on.

Chair Audit, Finance and Risk Committee	€32,500
Member Audit, Finance and Risk Committee	€17,500
Chair Remuneration Committee	€30,000
Chair Other Committee	€22,500
Member Other Committee	€15,000

Travel time compensation fee

Supervisory Board members are offered a travel time compensation of €7,500 per intercontinental round trip and €2,500 per continental round trip.

Fee for meetings outside regular meetings

An additional fee of €2,500 per meeting applies for meetings outside the regular meeting cadence to reflect the increasing demand on Supervisory Board members' time.

SHAREHOLDING

Members of the Supervisory Board are allowed to hold (privately acquired) shares in the Company.

PENSIONS AND OTHER CONTRACT TERMS

Pension

Members of the Supervisory Board are not eligible to participate in any benefits program offered by the company to its associates, including, but not limited to, pension plans.

Loans

The Company does not provide loans to members of the Supervisory Board, nor does the Company issue guarantees to the benefit of members of the Supervisory Board.

REMUNERATION POLICY FOR THE SUPERVISORY BOARD

Term

Members of the Supervisory Board shall be on the Supervisory Board for a maximum period of four years and shall thereafter be eligible for reappointment for another four-year period. The member of the Supervisory Board may then be reappointed for a period of two years, which appointment may be extended by at most two years.

Resignation

Members of the Supervisory Board shall resign in accordance with the retirement schedule prepared by the Supervisory Board. No notice period or termination fees are applicable.

The remuneration paid to the members of the Supervisory Board in 2023 was in accordance with the Remuneration Policy for the Supervisory Board. The following table outlines the total remuneration for the members of the Supervisory Board for 2019 through 2023.

€ thousand[1,2]	2023	2022	2021	2020	2019
Peter Agnefjäll (appointed in 2019)	**278**	**278**	230	138	104
Bill McEwan (reappointed in 2023)	**189**	**208**	162	150	208
René Hooft Graafland (reappointed in 2022)	**170**	**160**	134	129	143
Katie Doyle (appointed in 2019)	**165**	**168**	133	126	104
Helen Weir (appointed in 2020)	**163**	**160**	128	88	—
Frank van Zanten (appointed in 2020)	**153**	**153**	117	83	—
Jan Zijderveld (appointed in 2021)	**155**	**153**	93	—	—
Pauline van der Meer Mohr (appointed in 2022)	**158**	**118**	—	—	—
Julia Vander Ploeg (appointed in 2023)	**112**	**—**	—	—	—
Bala Subramanian (stepped down as of AGM 2023)	**43**	**158**	89	—	—
Mary Anne Citrino (stepped down as of AGM 2022)	**—**	**41**	125	119	130
Ben Noteboom (retired in 2021)	**—**	**—**	35	109	125
Dominique Leroy (retired in 2021)	**—**	**—**	30	116	118
Jan Hommen (reappointed in 2017, retired on December 31, 2020)	**—**	**—**	—	223	243
Jacques de Vaucleroy (retired in 2020)	**—**	**—**	—	31	120
Rob van den Bergh (resigned in 2019)	**—**	**—**	—	—	39
Mark McGrath (resigned in 2019)	**—**	**—**	—	—	44
Total remuneration Supervisory Board	**1,586**	**1,597**	1,276	1,312	1,378
Number of Supervisory Board members[3]	**10**	**10**	11	11	11

1 In the remuneration of the Supervisory Board members, the Company has considered the composition and the responsibilities of the Supervisory Board and its related committees, as well as the responsibilities of its individual members in the respective years.
2 For the members who were appointed or resigned during a year, the remuneration for that respective year reflects a partial year.
3 These numbers include members who were appointed or resigned during the respective year.

During 2023, Peter Agnefjäll held 7,200 Ahold Delhaize common shares, Bill McEwan held 7,125 Ahold Delhaize American Depository Receipts common shares and Helen Weir held 1,000 Ahold Delhaize common shares. None of the other Supervisory Board members held Ahold Delhaize shares.

Ahold Delhaize does not provide loans or advances to members of the Supervisory Board. No loans or advances are outstanding. Ahold Delhaize does not issue guarantees to the benefit of members of the Supervisory Board. No such guarantees are outstanding.

3 Performance

FINANCIAL STATEMENTS

LOCAL MATTERS

Food Lion
United States

CONSOLIDATED INCOME STATEMENT

€ million, except per share data	Note	52 weeks ended December 31, 2023	52 weeks ended January 1, 2023
Net sales	7	**88,649**	86,984
Cost of sales	8	**(64,880)**	(63,689)
Gross profit		**23,769**	23,295
Other income	8	**499**	663
Selling expenses	8	**(17,320)**	(16,989)
General and administrative expenses	8	**(4,102)**	(3,201)
Operating income		**2,846**	3,768
Interest income		**174**	69
Interest expense		**(336)**	(248)
Net interest expense on defined benefit pension plans	24	**(17)**	(17)
Interest accretion to lease liability	33	**(382)**	(356)
Other financial income		**15**	—
Net financial expenses	9	**(546)**	(552)
Income before income taxes		**2,300**	3,216
Income taxes	10	**(456)**	(714)
Share in income of joint ventures	15	**30**	44
Income from continuing operations		**1,874**	2,546
Income (loss) from discontinued operations	5	**—**	—
Net income		**1,874**	2,546
Attributable to:			
Common shareholders		**1,874**	2,546
Non-controlling interests		**—**	—
Net income		**1,874**	2,546
Earnings per share	29		
Net income per share attributable to common shareholders:			
Basic		**1.95**	2.56
Diluted		**1.94**	2.54
Income from continuing operations per share attributable to common shareholders:			
Basic		**1.95**	2.56
Diluted		**1.94**	2.54

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ million	Note	52 weeks ended December 31, 2023	52 weeks ended January 1, 2023
Net income		**1,874**	2,546
Remeasurements of pension plans:			
Remeasurements before taxes – income (loss)	24	**(145)**	516
Income taxes	10	**37**	(137)
Other comprehensive income (loss) that will not be reclassified to profit or loss		**(108)**	378
Currency translation differences in foreign interests:			
Continuing operations		**(393)**	671
Cumulative translation differences from divestments transferred to net income	28	**(30)**	—
Income taxes	10	**1**	(1)
Cash flow hedges:			
Fair value result for the year		**(11)**	—
Transfers to net income		**1**	1
Income taxes	10	**3**	—
Non-realized gains (losses) on debt and equity instruments:			
Fair value result for the period		**(1)**	—
Income taxes		**—**	—
Other comprehensive loss of joint ventures – net of income taxes:			
Share of other comprehensive loss from continuing operations	15	**(1)**	—
Other comprehensive income (loss) reclassifiable to profit or loss		**(431)**	670
Total other comprehensive income (loss)		**(539)**	1,049
Total comprehensive income		**1,335**	3,595
Attributable to:			
Common shareholders		**1,335**	3,595
Non-controlling interests		**—**	—
Total comprehensive income		**1,335**	3,595
Attributable to:			
Continuing operations		**1,335**	3,595
Discontinued operations		**—**	—
Total comprehensive income		**1,335**	3,595

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

€ million	Note	December 31, 2023	January 1, 2023, restated
Assets			
Property, plant and equipment	11	**11,647**	12,482
Right-of-use asset	12	**9,483**	9,607
Investment property	13	**591**	661
Intangible assets	14	**12,998**	13,174
Investments in joint ventures and associates	15	**268**	262
Other non-current financial assets	16	**949**	1,193
Deferred tax assets	10	**196**	242
Other non-current assets		**228**	116
Total non-current assets		**36,358**	37,737
Assets held for sale	5	**205**	26
Inventories	17	**4,583**	4,611
Receivables	18	**2,488**	2,340
Other current financial assets	19	**302**	424
Income taxes receivable		**68**	35
Prepaid expenses and other current assets		**332**	301
Cash and cash equivalents	20	**3,484**	3,082
Total current assets		**11,463**	10,818
Total assets		**47,821**	48,555
Equity and liabilities			
Equity attributable to common shareholders	21	**14,755**	15,405
Loans	22	**4,137**	4,527
Other non-current financial liabilities	23	**10,801**	11,055
Pensions and other post-employment benefits	24	**792**	696
Deferred tax liabilities	10	**925**	1,005
Provisions	25	**764**	742
Other non-current liabilities		**37**	44
Total non-current liabilities		**17,456**	18,068
Accounts payable		**8,278**	8,162
Other current financial liabilities	26	**3,275**	2,718
Income taxes payable		**114**	230
Provisions	25	**492**	377
Other current liabilities	27	**3,451**	3,595
Total current liabilities		**15,610**	15,082
Total equity and liabilities		**47,821**	48,555

The accompanying notes are an integral part of these consolidated financial statements.

See *Note 3* for details about the restatement of the 2022 figures due to the implementation of IFRS 17.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ million	Note	Share capital	Additional paid-in capital	Currency translation reserve	Cash flow hedging reserve	Other reserves including retained earnings[1]	Equity attributable to common shareholders
Balance as of January 2, 2022		**10**	**10,988**	**(75)**	**(2)**	**2,799**	**13,721**
Net income attributable to common shareholders		—	—	—	—	2,546	2,546
Other comprehensive income attributable to common shareholders		—	—	670	1	378	1,049
Total comprehensive income attributable to common shareholders		—	—	670	1	2,925	3,595
Dividends		—	—	—	—	(979)	(979)
Share buyback		—	—	—	—	(998)	(998)
Cancellation of treasury shares		(1)	(1,385)	—	—	1,386	—
Share-based payments		—	—	—	—	66	66
Balance as of January 1, 2023	21	**10**	**9,603**	**595**	**(1)**	**5,198**	**15,405**
Net income attributable to common shareholders		**—**	**—**	**—**	**—**	**1,874**	**1,874**
Other comprehensive income attributable to common shareholders		**—**	**—**	**(422)**	**(8)**	**(109)**	**(539)**
Total comprehensive income attributable to common shareholders		**—**	**—**	**(422)**	**(8)**	**1,765**	**1,335**
Dividends		**—**	**—**	**—**	**—**	**(1,044)**	**(1,044)**
Share buyback		**—**	**—**	**—**	**—**	**(999)**	**(999)**
Cancellation of treasury shares		**—**	**(1,189)**	**—**	**—**	**1,190**	**—**
Share-based payments		**—**	**—**	**—**	**—**	**57**	**57**
Balance as of December 31, 2023	21	**10**	**8,413**	**173**	**(9)**	**6,168**	**14,755**

1 Other reserves include, among others, the remeasurements of defined benefit plans.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

€ million	Note	52 weeks ended December 31, 2023	52 weeks ended January 1, 2023, restated
Income from continuing operations		**1,874**	2,546
Adjustments for:			
Net financial expenses	9	**546**	552
Income taxes	10	**456**	714
Share in income of joint ventures	15	**(30)**	(44)
Depreciation, amortization and impairments	8	**3,844**	3,668
(Gains) losses on leases and the sale of assets / disposal groups held for sale		**177**	(205)
Share-based compensation expenses	32	**53**	65
Operating cash flows before changes in operating assets and liabilities		**6,921**	7,296
Changes in working capital:			
Changes in inventories		**(88)**	(747)
Changes in receivables and other current assets		**(205)**	(294)
Changes in payables and other current liabilities		**243**	583
Changes in other non-current assets, other non-current liabilities and provisions		**(204)**	(331)
Cash generated from operations		**6,667**	6,507
Income taxes paid – net	10	**(200)**	(397)
Operating cash flows from continuing operations		**6,466**	6,110
Operating cash flows from discontinued operations		**—**	—
Net cash from operating activities		**6,466**	6,110
Purchase of non-current assets		**(2,434)**	(2,490)
Divestments of assets / disposal groups held for sale		**136**	288
Acquisition of businesses, net of cash acquired	28	**(34)**	(20)
Divestment of businesses, net of cash divested	28	**(130)**	12
Dividends received from joint ventures	15	**22**	38
Interest received		**160**	56
Lease payments received on lease receivables		**117**	115
Cash received from sale of equity / debt instruments		**125**	—
Other	28	**(171)**	(13)
Investing cash flows from continuing operations		**(2,209)**	(2,014)
Investing cash flows from discontinued operations		**—**	—
Net cash from investing activities		**(2,209)**	(2,014)
Proceeds from long-term debt	28	**500**	—
Interest paid		**(226)**	(174)
Repayments of loans	28	**(291)**	(162)
Changes in short-term loans	28	**97**	(93)
Repayment of lease liabilities	28	**(1,815)**	(1,755)
Dividends paid on common shares	21	**(1,044)**	(979)
Share buyback	21	**(999)**	(997)
Other cash flows from derivatives	28	**—**	—
Other		**(3)**	(28)
Financing cash flows from continuing operations		**(3,781)**	(4,188)
Financing cash flows from discontinued operations		**—**	—
Net cash from financing activities		**(3,781)**	(4,188)
Net cash from operating, investing and financing activities		**475**	(92)
Cash and cash equivalents at the beginning of the year (excluding restricted cash)		**3,054**	2,968
Effect of exchange rates on cash and cash equivalents		**(54)**	178
Cash and cash equivalents at the end of the year (excluding restricted cash)	28	**3,475**	3,054

The accompanying notes are an integral part of these consolidated financial statements.
See *Note 3* for details about the restatement of the 2022 figures due to the implementation of IFRS 17.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

LOCAL MATTERS

Giant Food
United States

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 THE COMPANY AND ITS OPERATIONS

The principal activity of Koninklijke Ahold Delhaize N.V. ("Ahold Delhaize" or the "Company" or "Group" or "Ahold Delhaize Group"), a public limited liability company with its registered seat and head office in Zaandam, the Netherlands, is the operation of retail food stores and e-commerce primarily in the United States and Europe. The Company is registered with the Dutch Trade Register under number 35000363.

On February 27, 2024, the Management Board authorized the financial statements. The financial statements, as presented in this Annual Report, are subject to adoption by the Ahold Delhaize General Meeting of Shareholders. The Company has the ability to amend and reissue the financial statements up to the moment the financial statements have been adopted by the General Meeting of Shareholders.

Ahold Delhaize's significant subsidiaries, joint ventures and associates are listed in *Note 35*.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

Historical cost is used as the measurement basis unless otherwise indicated. The financial statements have been prepared on the basis of the going concern assumption.

Ahold Delhaize's financial year is a 52- or 53-week period ending on the Sunday nearest to December 31 for the Company and our European operations or the Saturday nearest to December 31 for our operations in the United States. The financial year 2023 consisted of 52 weeks and ended on December 31, 2023. The comparative financial year 2022 consisted of 52 weeks and ended on January 1, 2023.

These consolidated financial statements are presented in millions of euros (€), unless otherwise stated. Due to rounding, numbers presented may not add up precisely to the totals provided.

2 BASIS OF PREPARATION CONTINUED

The following exchange rates of the euro (€) against the U.S. dollar ($), the Czech crown (CZK), the Romanian leu (RON) and the Serbian dinar (RSD) have been used in the preparation of these financial statements:

	2023	2022
U.S. dollar		
Average exchange rate	**0.9248**	0.9515
Year-end closing exchange rate	**0.9059**	0.9341
Czech crown		
Average exchange rate	**0.0417**	0.0407
Year-end closing exchange rate	**0.0405**	0.0414
Romanian leu		
Average exchange rate	**0.2022**	0.2028
Year-end closing exchange rate	**0.2010**	0.2022
Serbian dinar		
Average exchange rate	**0.0085**	0.0085
Year-end closing exchange rate	**0.0085**	0.0085

Significant estimates, assumptions and judgments

The preparation of financial statements requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities which, by definition, will seldom equal the actual results. All assumptions, expectations and forecasts used as a basis for certain estimates within these financial statements represent good faith assessments of Ahold Delhaize's current and future performance for which management believes there is a reasonable basis. They involve risks, uncertainties and other factors that could cause the Company's actual future results, performance and achievements to differ materially from those forecasted.

Information on the estimates, assumptions and judgments that management considers most critical are included in the notes as listed below.

Area	Note	Description	Judgments[1]	Estimates[2]
Vendor allowances	8	Expenses by nature	✓	✓
	17	Inventories		
	18	Receivables		
Income taxes	10	Income taxes	✓	✓
	34	Commitments and contingencies		
Intangible assets	4	Acquisitions	✓	✓
	14	Intangible assets		
Leases and sale and leaseback transactions	12	Right-of-use asset	✓	✓
	33	Leases		
Impairments	6	Segment reporting	✓	✓
	8	Expenses by nature		
	11	Property, plant and equipment		
	12	Right-of-use asset		
	13	Investment property		
	14	Intangible assets		
Company and multi-employer pension obligations	24	Pensions and other post-employment benefits	✓	✓
Provisions and contingencies	25	Provisions	✓	✓
	34	Commitments and contingencies		

1 In applying Ahold Delhaize's accounting policies, management makes judgments that may have a significant effect on the amounts recognized in the financial statements (i.e., current recognition).
2 Management makes assumptions about the future and other major sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Fair value measurements

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that the Company can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 inputs are unobservable inputs for the asset or liability.

Risks and uncertainties

An integrated comprehensive analysis of the principal risks faced by Ahold Delhaize is included in the *Risks and opportunities section* of this Annual Report. The main risks relate to macroeconomic and sociopolitical developments and the competitive environment. Climate-related risks are becoming an increasingly important element of the risk profile of the Company.

2 BASIS OF PREPARATION CONTINUED

Macroeconomic developments and geopolitical tensions

The rate of rising inflation became less significant during the second half of 2023 as the impact of increased interest rates started taking effect. However, inflation rates are generally still above target levels and cost-of-living pressures are putting continued upward pressure on costs and, simultaneously, in conjunction with competitive pressure, presenting challenges in passing on the costs into prices.

The conflicts in Ukraine and Israel/Gaza are causing disruption and uncertainty around global economic prospects, and security risks have increased in many regions. While the Group does not have any operations in Israel or Gaza, we performed an initial assessment of the overall impact of the conflict on our global risk profile. Currently, we don't see any significant increases in the risk profile of the Company as a whole; however, a further escalation of this conflict or the war in Ukraine might impact our risk profile more significantly, including impacts related to downward macroeconomic trends and supply chain disruption. We are closely monitoring and assessing the evolution of any potential related impacts on our people and on macroeconomic, operational and supply chain aspects in our brands' markets.

Climate change

The climate-related risks can be divided into two major categories: risks related to the transition to a lower-carbon economy (transition risks) and risks related to the physical impacts of climate change (physical risks).

- Transition risks: Our financial performance may be affected by the nature, speed and focus of policy, legal, technology and market changes.
- Physical risks: Our financial performance may be affected in the future by changes in water availability, sourcing and quality; food security; and extreme temperature changes.

We consider the impact of climate change in assessing whether assets may be impaired or whether the useful life of assets needs to be shortened due to early replacement (see *Note 11* and *Note 14*). We also consider climate-related risks for larger projects and limit financial losses by procuring property damage and business interruption (PDBI) insurance against damage from natural catastrophes and weather-related events, such as floods, hurricanes and winter storms.

Use of estimates

The preparation of these consolidated financial statements requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities which, by definition, will seldom equal the actual results. The Company regularly updates its significant assumptions and estimates. In relation to this, current macroeconomic developments and geopolitical tensions primarily impacted the following areas:

Impairments

Cash-generating units (CGUs), to which goodwill and brand names have been allocated, as well as intangible assets under development and other intangible assets with indefinite lives, are tested for impairment annually, or more frequently when there is an indication that the CGU or an asset may be impaired. An impairment trigger assessment is performed on a quarterly basis to determine whether there is an indication, based on either internal or external sources of information, that an asset or a CGU may be impaired.

The Company performed its annual goodwill impairment test in the fourth quarter. Free cash flow projections for the CGUs reflect current macroeconomic circumstances, as well as certain cost-savings initiatives to reduce negative impacts. The weighted average cost of capital (WACC) rates applied are aligned with the current macroeconomic environment. For more information, see *Note 14*.

With regard to non-current assets other than goodwill and other intangible assets with indefinite lives, the Company assessed, on a quarterly basis, whether there was any indication that non-current assets were impaired. Where such indicators of impairment existed, the Company estimated the recoverable amount of the individual asset, where possible, or, otherwise, the CGU to which the asset belonged. The pre-tax discount rates that were applied are aligned with the current economic environment. For more information, see *Note 11*.

Pension obligations and self-insurance provision

The Company's pension and self-insurance provisions were impacted by the increased economic uncertainty and related risks. The impact on the actuarial assumptions used reflects the current economic outlook and is mutually compatible, including estimated future salary increases.

Impairment testing financial assets

The Company measures the loss allowance at an amount equal to the lifetime-expected credit losses for trade receivables, contract assets and lease receivables. An updated assessment of the lifetime-expected credit losses was made based on reasonable and supportable information. The overall impact of the wider macroeconomic developments was not material.

Fair value measurements

Of the Company's categories of financial instruments, only derivatives, investments in debt and certain equity instruments, and reinsurance assets (liabilities) are measured and recognized on the balance sheet at fair value.

These fair value measurements are categorized within Level 2 of the fair value hierarchy. The volatility and uncertainty in the financial markets did not materially impact the fair values of these financial assets and liabilities.

3 GENERAL ACCOUNTING POLICIES

Where necessary, accounting policies relating to financial statement captions are included in the relevant notes to the consolidated financial statements. These are presented in a paragraph titled *Accounting policies* at the bottom of each note. The accounting policies outlined in this note are applied throughout the financial statements.

Consolidation

The consolidated financial statements incorporate the financial figures of the Company and its subsidiaries. Subsidiaries are entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. All intra-group transactions, balances, income and expenses are eliminated upon consolidation. Unrealized losses on intra-group transactions are eliminated, unless the transaction provides evidence of an impairment of the assets transferred.

3 GENERAL ACCOUNTING POLICIES CONTINUED

Non-controlling interests are recorded, as appropriate, on the consolidated balance sheet, in the consolidated income statement, and in the consolidated statement of comprehensive income for the non-controlling shareholders' share in the net assets and the income or loss of subsidiaries. Non-controlling shareholders' interest in an acquired subsidiary is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

Ahold Delhaize applies the anticipated acquisition method where it has the right and the obligation to purchase any remaining non-controlling interest (i.e., call-and-put arrangements). Under the anticipated acquisition method, the interests of the non-controlling shareholder are presented as already owned, even though legally they are still non-controlling interests. The recognition of the related financial liability implies that the interests subject to the purchase are deemed to have been acquired already.

Pursuant to IFRS 9, Ahold Delhaize initially recognizes the non-controlling interest at fair value less any transaction costs that are directly attributable to the issuance of the financial liability. The financial liability is then subsequently measured at amortized cost with any changes in the estimated cash flows to settle the non-controlling interest resulting in the carrying value of the non-controlling interest being recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the original effective interest rate.

Foreign currency translation

The financial statements of subsidiaries, joint ventures and associates are prepared in their functional currencies, which are determined based on the primary economic environment in which they operate. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the transaction dates. At each balance sheet date, monetary items denominated in foreign currencies are translated into the entity's functional currency at the then prevailing rates. Exchange differences arising on the settlement and translation of monetary items are included in net income for the period. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are considered as assets and liabilities denominated in the functional currency of the foreign entity.

Upon consolidation, the assets and liabilities of subsidiaries with a functional currency other than the euro are translated into euros using the exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the respective periods. Exchange rate differences arising during consolidation and on the translation of investments in subsidiaries are included in other comprehensive income and in equity, in the currency translation reserve. Intercompany loans to and from foreign entities for which settlement is neither planned nor likely to occur in the foreseeable future are considered to increase or decrease the net investment in that foreign entity; therefore, the exchange rate differences relating to these loans are also included in other comprehensive income and in equity, in the currency translation reserve.

On the disposal of a foreign operation resulting in loss of control, loss of joint control or loss of significant influence, the related cumulative exchange rate difference that was included in equity is transferred to the consolidated income statement.

Financial alternative performance measures

In presenting and discussing Ahold Delhaize's operating results, management uses certain financial alternative performance measures not defined by IFRS (*Note 6*). These financial alternative performance measures should not be viewed in isolation as alternatives to the equivalent IFRS measures and should be used as supplementary information in conjunction with the most directly comparable IFRS measures. Financial alternative performance measures do not have a standardized meaning under IFRS and, therefore, may not be comparable to similar measures presented by other companies. Where a non-financial measure is used to calculate an operational or statistical ratio, this is also considered an alternative performance measure. For the definitions of the financial alternative performance measures, see *Definitions and abbreviations*. For reconciliations between financial alternative performance measures and IFRS measures, see *Financial Alternative Performance Measures*.

New accounting policies effective for 2023

On May 23, 2023, the International Accounting Standards Board (IAS Board or IASB) issued *International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12* (the Amendments) to clarify the application of IAS 12 Income Taxes to income taxes arising from tax law enacted or substantively enacted to implement the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two model rules (Pillar Two income taxes).

The Amendments introduce:

- A mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining annual disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023. The new disclosures are included in *Note 10*.

In addition, the following amendments and revisions to existing standards became effective for Ahold Delhaize's consolidated financial statements as of January 2, 2023:

- Amendments to IAS 1 and IFRS Practice Statement 2, "*Disclosure of Accounting policies"*
- Amendments to IAS 8, "*Definition of Accounting Estimates"*
- Amendments to IAS 12, "*Deferred Tax related to Assets and Liabilities arising from a Single Transaction"*

These amendments do not have a significant impact on the Company's consolidated financial statements.

Furthermore, the following standard became effective for Ahold Delhaize's consolidated financial statements as of January 2, 2023:

- IFRS 17, "*Insurance Contracts"*

IFRS 17 replaces IFRS 4, "Insurance Contracts." The Company's self-insurance program (see *Note 25*) is out of scope of IFRS 17. Part of the self-insured risk is ceded under a reinsurance treaty, which is a pooling arrangement between unrelated parties. At the same time, Ahold Delhaize assumes a share of the reinsurance treaty risks. In connection with this pooling arrangement, the Company recognizes reinsurance assets and reinsurance liabilities (see *Note 16*, *Note 19*, *Note 23* and *Note 26*). These contracts fall within the scope of IFRS 17 and are eligible for recognition and measurement under the premium allocation approach (PAA).

3 GENERAL ACCOUNTING POLICIES CONTINUED

The Company adopted IFRS 17 on January 2, 2023, and applied the full retrospective transition approach. Therefore, the comparative figures for the 2022 financial year have been restated, as presented below.

The impact of IFRS 17 on the 2022 balance sheet was as follows

€ million	January 1, 2023, as reported	Effect of IFRS 17 adoption	January 1, 2023, restated
Assets			
Receivables	2,391	(51)	2,340
Other current financial assets	373	51	424
Total current assets	**10,818**	**—**	**10,818**
Total assets	**48,555**	**—**	**48,555**
Equity and liabilities			
Equity attributable to common shareholders	**15,405**	**—**	**15,405**
Accounts payable	8,191	(29)	8,162
Other current financial liabilities	2,689	29	2,718
Total current liabilities	**15,082**	**—**	**15,082**
Total liabilities and shareholders' equity	**48,555**	**—**	**48,555**

The impact of IFRS 17 on the reinsurance contract asset and the reinsurance contract liability as of January 1, 2023, as presented in Note 16, Note 19, Note 23, Note 26 and Note 30, was as follows:

€ million	January 1, 2023, as reported	Effect of IFRS 17 adoption	January 1, 2023, restated
Reinsurance contract asset	283	51	333
Non-current	*188*	*—*	*188*
Current	*94*	*51*	*145*
Reinsurance contract liability	273	29	302
Non-current	*179*	*—*	*179*
Current	*93*	*29*	*122*

The impact of IFRS 17 on the opening balance sheet at transition date was as follows:

€ million	January 3, 2022, as reported	Effect of IFRS 17 adoption	January 3, 2022, restated
Assets			
Receivables	2,058	(52)	2,005
Other current financial assets	356	52	408
Prepaid expenses and other current assets	387	(119)	268
Total current assets	**9,584**	**(119)**	**9,465**
Total assets	**45,712**	**(119)**	**45,593**
Equity and liabilities			
Equity attributable to common shareholders	13,721	—	13,721
Accounts payable	7,563	(32)	7,531
Other current financial liabilities	2,552	32	2,584
Other current liabilities	3,483	(119)	3,364
Total current liabilities	**14,179**	**(119)**	**14,060**
Total liabilities and shareholders' equity	**45,712**	**(119)**	**45,593**

The impact of IFRS 17 on the 2022 cash flow statement was as follows:

€ million	52 weeks ended January 1, 2023, as reported	Effect of IFRS 17 adoption	52 weeks ended January 1, 2023, restated
Operating cash flows before changes in operating assets and liabilities	7,296	—	7,296
Changes in working capital:			
Changes in receivables and other current assets	(162)	(132)	(294)
Changes in payables and other current liabilities	451	133	583
Changes in other non-current assets, other non-current liabilities and provisions	(331)	—	(331)
Cash generated from operations	6,507	—	6,507

3 GENERAL ACCOUNTING POLICIES CONTINUED

New accounting policies not yet effective for 2023

The IASB has issued several standards, or revisions to standards, that are not yet effective for 2023, but will become effective in coming years.

Amendments to IAS 1, "Liabilities as current or non-current"

In January 2020, the IASB issued amendments to IAS 1, to clarify its requirements for the presentation of liabilities in the statement of financial position. Since approving these amendments, the IASB has issued further amendments with regard to classification (as current or non-current), presentation and disclosures of liabilities for which an entity's right to defer settlement for at least 12 months is subject to the entity complying with conditions after the reporting period. The amendments are effective for annual periods beginning on or after January 1, 2024. The Company does not anticipate that the application of these amendments will have a significant effect on the future consolidated financial statements.

Amendments to IFRS 16, "Lease liability in a sale and leaseback"

In September 2022, the IASB issued amendments to IFRS 16. The amendments clarify how a seller-lessee should apply the subsequent measurement requirements in IFRS 16 to the lease liability that arises in the sale and leaseback transaction. These amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that means it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments are effective for annual periods beginning on or after January 1, 2024. The Company does not anticipate that the application of these amendments will have a significant effect on the future consolidated financial statements.

Amendments to IAS 7 and IFRS 7, "Supplier Finance Arrangements"

In May 2023, the IASB issued amendments to IAS 7 and IFRS 7. The amendments aim to improve the transparency of supply chain finance arrangements that enables investors to assess their effects on a company's liabilities, cash flows and exposure to liquidity risk. The amendments are effective for annual periods beginning on or after January 1, 2024. The Company does not anticipate that the application of these amendments will have a significant effect on the future consolidated financial statements.

Amendments to IAS 21, "Lack of exchangeability"

In August 2023, the IASB issued amendments to IAS 21. The amendments specify when a currency is exchangeable into another currency and when it is not, and how an entity determines the exchange rate to apply when a currency is not exchangeable. The amendments also require additional information to be disclosed when a currency is not exchangeable. The amendments are effective for annual periods beginning on or after January 1, 2025. The Company does not anticipate that the application of these amendments will have a significant effect on the future consolidated financial statements.

There are no other IFRSs that have been issued but are not yet effective that are expected to have a material effect on the future consolidated financial statements.

4 ACQUISITIONS

Ahold Delhaize completed acquisitions of various stores and a distribution center in Europe and of a store in the United States for a total purchase consideration of €52 million. The allocation of the fair values of the identifiable assets acquired, liabilities assumed, and goodwill arising from the acquisitions during 2023 is as follows:

€ million	2023
Property, plant and equipment	21
Right-of-use asset	1
Other intangible assets	3
Assets held for sale	1
Inventories	3
Prepaid expenses and other current assets	—
Cash and cash equivalents	—
Lease liabilities	(1)
Other current liabilities	—
Net identifiable assets acquired	**27**
Goodwill	24
Total purchase consideration	**52**
Purchase consideration – in kind	(18)
Cash acquired (excluding restricted cash)	—
Acquisition of businesses, net of cash acquired	**34**

4 ACQUISITIONS CONTINUED

Accounting estimates and judgments

Intangible assets acquired in a business acquisition and the financial liability related to non-controlling interest are measured at fair value at the date of the acquisition.

To determine the fair value of intangible assets at the acquisition date, estimates and assumptions are required. The valuation of the identifiable intangible assets involves estimates of expected sales, earnings and/or future cash flows and requires use of key assumptions such as discount rate, royalty rate and growth rates.

The financial liability related to the non-controlling interest is subsequently measured at amortized cost. The measurement of the financial liability involves estimates of the cash flows to settle the non-controlling interest based on the most likely scenario of exercise of related call-and-put options.

Accounting policies

The Company accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired and the liabilities assumed. Transaction costs are expensed as incurred. Any contingent consideration is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

5 ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets and liabilities held for sale

€ million	**December 31, 2023**	January 1, 2023
Non-current assets and disposal groups held for sale	**205**	26
Total assets held for sale	**205**	26

Assets held for sale at December 31, 2023, primarily comprises non-current assets of two meat processing facilities in The United States of €137 million (January 1, 2023: nil) and non-current assets of various retail locations in Europe of €68 million (January 1, 2023: €26 million).

Transformation of Delhaize integrated stores to affiliates

On March 7, 2023, Ahold Delhaize's Belgian brand, Delhaize, announced its intention to transform all of its integrated supermarkets in Belgium into independently operated Delhaize stores to strengthen its position in the country's competitive retail market. In the second quarter of 2023, the store assets qualified as assets held for sale. These assets are being sold to the local entrepreneurs, who will become independent operators under the affiliate business model. Before they were classified as assets held for sale, Delhaize Belgium recognized a €108 million impairment for the assets based on fair value less costs to sell.

During 2023, and subsequently on January 15 and February 19, 2024, Delhaize Belgium announced that a buyer was found and asset purchase agreements signed for all 128 stores (by December 31, 2023: 89 stores). Of these, 33 were already transformed into operating affiliate stores during 2023 and, it is Delhaize's intention to transform the remaining stores during 2024. At December 31, 2023, Delhaize Belgium's assets held for sale relating to the aforementioned affiliate business model transformation have a carrying value of €34 million.

FreshDirect

FreshDirect has been reported under The United States reportable segment.

Ahold Delhaize acquired FreshDirect, an online grocer based in New York City, in January 2021. In April 2023, Ahold Delhaize began to explore its strategic options for the FreshDirect business. In Q3 2023, Ahold Delhaize recognized an impairment loss of €153 million based on fair value less costs to sell. The impairment was included in General and administrative expenses in the consolidated income statement.

On November 8, 2023, Ahold Delhaize announced it had entered into an agreement to sell its FreshDirect business to Getir. The business did not qualify as a discontinued operation.

The transaction closed on December 6, 2023. Upon the divestment, Ahold Delhaize recorded a pre-tax loss of €250 million as a result on sale, offset by a net tax benefit of €75 million, which were included within General and administrative expenses and Income taxes in the consolidated income statement, respectively. Divestment of business, net of cash divested was a negative €144 million. See *Note 28*.

5 ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS CONTINUED

Discontinued operations

Discontinued operations for the years ended 2023 and 2022 included minor adjustments on various past divestments qualified as discontinued operations.

Accounting policies

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition and its sale must be highly probable. Non-current assets (or disposal groups) classified as held for sale are measured at the lower of the asset's carrying amounts or the fair value less costs of disposal. Depreciation or amortization of an asset ceases when it is classified as held for sale. Equity accounting ceases for an investment in a joint venture or associate when it is classified as held for sale; instead, dividends received are recognized in the consolidated income statement.

A discontinued operation is a component of the Company that either has been disposed of or is classified as held for sale, and represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations. Results from discontinued operations that are clearly identifiable as part of the component disposed of and that will not be recognized subsequent to the disposal are presented separately as a single amount in the consolidated income statement. Results and cash flows from discontinued operations are reclassified for prior periods presented in the financial statements so that the results and cash flows from discontinued operations relate to all operations that have been discontinued as of the balance sheet date for the latest period presented.

6 SEGMENT REPORTING

Reportable segments

Ahold Delhaize's retail operations are presented in two reportable segments. In addition, Ahold Delhaize's Global Support Office is presented separately.

Ahold Delhaize's unconsolidated joint ventures JMR – Gestão de Empresas de Retalho, SGPS, S.A. ("JMR") and P.T. Lion Super Indo ("Super Indo") are excluded from the segment information below. See *Note 15* for disclosures related to the unconsolidated joint ventures.

All reportable segments sell a wide range of perishable and non-perishable food and non-food consumer products.

Reportable segment	Operating segments included in the Reportable segment
The United States	Stop & Shop, Food Lion, The GIANT Company, Hannaford, Giant Food and FreshDirect[1]
Europe	Albert Heijn (including the Netherlands and Belgium) Delhaize ("Delhaize Le Lion" including Belgium and Luxembourg) bol (including the Netherlands and Belgium) Albert (Czech Republic) Alfa Beta (Greece) Mega Image (Romania) Delhaize Serbia (Republic of Serbia) Etos (the Netherlands) Gall & Gall (the Netherlands)

Other	Included in Other
Other retail	Unconsolidated joint ventures JMR (49%) and Super Indo (51%)
Global Support Office	Global Support Office staff (the Netherlands, Belgium, Switzerland and the United States)

1 FreshDirect was divested on December 6, 2023. For more information, see *Note 5*.

6 SEGMENT REPORTING CONTINUED

Segment reporting 2023

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	**54,536**	**34,113**	**—**	**88,649**
Of which: online sales	**4,247**	**4,768**	**—**	**9,015**
Operating income (loss)	**2,044**	**870**	**(68)**	**2,846**
Adjusted for:				
Impairment losses and reversals – net[1]	**228**	**147**	**—**	**375**
(Gains) losses on leases and the sale of assets – net	**220**	**(40)**	**—**	**180**
Restructuring and related charges and other items	**61**	**143**	**(2)**	**202**
Underlying operating income (loss)	**2,553**	**1,120**	**(69)**	**3,604**
Other segment information				
Additions to non-current assets[2]	**2,157**	**1,920**	**23**	**4,099**
Depreciation and amortization[3]	**2,088**	**1,365**	**15**	**3,469**
Share-based compensation expenses	**30**	**13**	**9**	**53**

1 Net impairments of property, plant and equipment; investment property; right-of-use assets; and intangible assets. Includes a net impairment reversal of €1 million on assets held for sale.
2 Additions to property, plant and equipment; right-of-use assets; investment property; and intangible assets (including assets acquired through business combinations as well as net reassessments and modifications of right-of-use assets).
3 Depreciation and amortization of property, plant and equipment; right-of-use assets; investment property; and intangible assets.

Segment reporting 2022

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	55,218	31,767	—	86,984
Of which: online sales	4,157	4,461	—	8,618
Operating income (loss)	2,605	1,173	(10)	3,768
Adjusted for:				
Impairment losses and reversals – net[1]	212	24	—	235
(Gains) losses on leases and the sale of assets – net	(181)	(17)	—	(198)
Restructuring and related charges and other items	(33)	(49)	4	(78)
Underlying operating income (loss)	2,603	1,131	(6)	3,728
Other segment information				
Additions to non-current assets[2]	2,283	1,798	26	4,107
Depreciation and amortization[3]	2,114	1,305	14	3,433
Share-based compensation expenses	36	17	12	65

1 Net impairments of property, plant and equipment; investment property; right-of-use assets; and intangible assets.
2 Additions to property, plant and equipment; right-of-use assets; investment property; and intangible assets (including assets acquired through business combinations as well as net reassessments and modifications of right-of-use assets).
3 Depreciation and amortization of property, plant and equipment; right-of-use assets; investment property; and intangible assets.

Information about geographical areas

€ million	The Netherlands (country of domicile)	The United States	Rest of world	Ahold Delhaize Group
2023				
Net sales[1]	**18,697**	**54,536**	**15,416**	**88,649**
Non-current assets[2]	**6,609**	**20,916**	**7,194**	**34,719**
2022				
Net sales[1]	17,284	55,218	14,482	86,984
Non-current assets[2]	6,336	22,242	7,347	35,925

1 Net sales are presented based on country of destination.
2 Non-current assets include property, plant and equipment; right-of-use assets; investment property; and intangible assets.

6 SEGMENT REPORTING CONTINUED

Additional segment information

Segment results do not include significant non-cash items other than depreciation, amortization, reassessments, modifications and additions of right-of-use assets, impairment losses and reversals, and share-based compensation expenses.

Segment information joint ventures – Other retail (JMR and Super Indo)

The information with respect to JMR and Super Indo is presented in *Note 15*.

Accounting estimates and judgments

Reportable segments

To define the reportable segments for Europe and The United States, management has applied judgment in determining the key economic characteristics to be assessed for similarities.

Impairments

For more information on the accounting estimates and judgment policies for impairments, see *Note 11* and *Note 14*.

Accounting policies

The accounting policies used for the segments are the same as the accounting policies used for the consolidated financial statements. Ahold Delhaize's operating segments are its retail operating companies that engage in business activities from which they earn revenues and incur expenses, and whose operating results are regularly reviewed by the Executive Committee (ExCo) to make decisions about resources to be allocated to the segments and to assess their performance. In establishing the reportable segments, certain operating segments with similar economic characteristics have been aggregated. As Ahold Delhaize's operating segments offer similar products using complementary business models, and there is no discernible difference in customer bases, Ahold Delhaize's policy on aggregating its operating segments into reportable segments is based on geography, macroeconomic environment and management oversight.

The segments' performance is evaluated against several measures, of which operating income and underlying operating income are the most important. Underlying operating income is regularly reviewed by the ExCo and is defined as total operating income, adjusted for impairments of non-current assets, gains and losses on the sale of assets, gains and losses on leases and subleases, restructuring and related charges, and other items considered not to be directly related to the underlying operating performance. Ahold Delhaize's management believes this measure provides better insight into the underlying operating performance of the Company's operations. This alternative performance measure should be considered in addition to, but not as substitute for, operating income. Intersegment sales are executed under normal commercial terms and conditions that would also be available to unrelated third parties.

7 NET SALES

€ million	2023	2022
Sales from owned stores	**71,485**	71,090
Sales to and fees from franchisees and affiliates	**7,851**	6,957
Online sales	**9,015**	8,618
Wholesale sales	**298**	319
Net sales	**88,649**	86,984

Sales by segment for 2023 are as follows:

€ million	The United States	Europe	Ahold Delhaize Group
Sales from owned stores	**50,087**	**21,397**	**71,485**
Sales to and fees from franchisees and affiliates	**—**	**7,851**	**7,851**
Online sales	**4,247**	**4,768**	**9,015**
Wholesale sales	**202**	**97**	**298**
Net sales	**54,536**	**34,113**	**88,649**

Sales by segment for 2022 are as follows:

€ million	The United States	Europe	Ahold Delhaize Group
Sales from owned stores	50,846	20,244	71,090
Sales to and fees from franchisees and affiliates	—	6,957	6,957
Online sales	4,157	4,461	8,618
Wholesale sales	215	104	319
Net sales	55,218	31,767	86,984

Net sales by product category are as follows:

Percentage of net sales	2023	2022
Food: perishable	**44%**	45%
Food: non-perishable	**36%**	35%
Non-food	**15%**	15%
Pharmacy	**3%**	3%
Gasoline	**1%**	2%
Net sales	**100%**	100%

7 NET SALES CONTINUED

Accounting estimates and judgments

The recognition of revenue requires estimates regarding the timing of redemption of gift cards and future discounts under bonus and loyalty programs. Consideration received from the customer upon activation of a gift card is deferred until redemption or until the card expires, at which time the liability is recognized as revenue. The Company estimates any gift card non-redemptions and recognizes such breakage on a proportionate basis as redemptions occur.

Accounting policies

Ahold Delhaize generates and recognizes net sales to retail customers as it satisfies its performance obligation at the point of sale in its stores and upon delivery of goods through its online channel. The Company also generates revenues from the sale of products to retail franchisees and affiliates that are recognized upon delivery. Ahold Delhaize recognizes fees from franchisees and affiliates as revenue as services are performed or the granted rights are used. Revenue from the sale of gift cards and gift certificates is recognized when the gift card or gift certificate is redeemed by the retail customer. Future discounts earned by customers in connection with bonus or loyalty cards and other Company-sponsored programs are deferred on the balance sheet at the time of the sale and subsequently recognized in the income statement when redeemed. When the Company expects that gift cards and future discounts under bonus and loyalty programs will not be redeemed, the breakage that is able to be estimated is recognized proportionately as revenue at the time that the Company's performance obligations are satisfied (e.g., as customers redeem their award credits or purchase goods using gift cards or vouchers).

Ahold Delhaize's sales activities do not result in the Company having a material amount of unperformed obligations and, therefore, no contract assets are recognized separately from receivables. The Company does enter into transactions with customers where contract liabilities result from consideration being received from the customer prior to the Company satisfying its performance obligations. These contract liabilities are presented on the balance sheet and in the notes as deferred income and gift card liabilities; see *Note 27*.

Generally, net sales and cost of sales are recorded based on the gross amount received from the customer for products sold and the amount paid to the vendor for products purchased, excluding sales taxes and value-added taxes. However, for certain products or services, such as sales through bol's partner platform and the sale of lottery tickets, third-party prepaid phone cards, stamps and public transportation tickets, Ahold Delhaize acts as an agent and, consequently, records the amount of commission income in its net sales. Net sales also reflect the value of products sold to customers for which the Company anticipates returns from customers, when such returns are considered to be material. Currently, customer returns mainly relate to Ahold Delhaize's online general merchandise sales, and are included in Accrued expenses in *Note 27*. Past customer return practices provide the basis for determining the anticipated returns that the Company is exposed to at the balance sheet date.

8 EXPENSES AND OTHER INCOME BY NATURE

Expenses by nature

The aggregate of cost of sales, selling expenses, and general and administrative expenses is specified by nature as follows:

€ million	2023	2022
Cost of product	**61,174**	59,965
Labor costs	**12,875**	12,674
Other operational expenses	**8,153**	7,699
Depreciation and amortization	**3,469**	3,433
Rent expenses	**75**	70
Impairment losses and reversals – net	**375**	235
(Gains) losses on leases and the sale of assets – net	**180**	(198)
Total expenses by nature	**86,302**	83,879

(Gains) losses on leases and the sale of assets – net is in 2023 predominantly related to the divestment of FreshDirect. It also contains gains and losses on the sale of Delhaize stores to new franchisees. More information about the divestment of FreshDirect and the sale of the Delhaize stores is included in *Note 5*.

Other income by nature

Other income is specified as follows:

€ million	2023	2022
Rent income	**162**	155
Advertising income	**21**	28
Other income[1]	**316**	480
Total other income	**499**	663

1 In 2023, the Company classified on a net basis €125 million as part of Cost of product which was reported in prior year as Other income and Other operational expenses. The comparative numbers have not been restated since the classification does not have a material impact on the financial statements (2022: €103 million).

For more information on rent expenses and rent income, see *Note 33*.

Accounting estimates and judgments

Vendor allowances

When vendor allowances cannot be specifically identified in the purchase price of products, this requires management to apply judgments and estimates, mainly surrounding the timing of when performance obligations have been fulfilled, the volume of purchases that will be made during a period of time, the product remaining in ending inventory, and the probability that funds can be collected from vendors. Using these judgments and estimates, management's practice is to allocate earned vendor allowances between cost of sales and inventory based upon the amount of related product that was sold and the amount that remains in ending inventories. This practice is based upon the turnover of the inventories.

8 EXPENSES AND OTHER INCOME BY NATURE CONTINUED

Impairments

For more information on the accounting estimates and judgments for impairments, see *Note 11* and *Note 14*.

Accounting policies

Cost of sales

Cost of sales includes the purchase price of the products sold and other costs incurred in bringing the inventories to the location and condition ready for sale. These costs include: costs of purchasing; storing; rent; depreciation of property, plant and equipment and right-of-use assets; salaries; and transporting products to the extent that it relates to bringing the inventories to the location and condition ready for sale.

Vendor allowances

Ahold Delhaize receives various types of vendor allowances. The most common allowances vendors offer are (i) volume allowances, which are off-invoice or amounts billed back to vendors based on the quantity of products sold to customers or purchased from the vendor and (ii) promotional allowances, which relate to cooperative advertising and market development efforts. Volume allowances are recognized as a reduction of the cost of the related products as they are sold. Promotional allowances are recognized as a reduction of the cost of the related products when the Company has performed the activities specified in the contract with the vendor. If the contract does not specify any performance criteria, the allowance is recognized over the term of the contract.

Vendor allowances are generally deducted from cost of sales, unless there is clear evidence that they should be classified as revenue resulting from the Company providing a distinct good or service to the vendor. Ahold Delhaize recognizes vendor allowances only where there is evidence of a binding arrangement with the vendor, the amount can be estimated reliably and receipt is probable.

Selling expenses

Selling expenses relate to our store and online operations and consist of employees' salaries and wages, store expenses, depreciation related to owned and leased stores, amortization of intangible assets, advertising costs, outbound logistics costs (order fulfillment and delivery cost) and other selling expenses.

General and administrative expenses

General and administrative expenses consist of support office employees' salaries and wages, rent and depreciation of support offices, amortization of intangible assets, impairment losses and reversals, gains and losses on the sale of non-current assets and disposal groups held for sale, restructuring costs, and other general and administrative expenses.

9 NET FINANCIAL EXPENSES

€ million	2023	2022
Interest income	**174**	69
Interest expense	**(336)**	(248)
Net interest expense on defined benefit pension plans	**(17)**	(17)
Interest accretion to lease liability	**(382)**	(356)
Gains (losses) on foreign exchange	**4**	13
Fair value gains (losses) on financial instruments	**3**	(19)
Other gains (losses)	**7**	7
Other financial income (expense)	**15**	—
Net financial expenses	**(546)**	(552)

Interest income relates primarily to interest earned on cash and cash equivalents, short-term cash deposits and similar instruments.

Interest expense relates primarily to notes and financing obligations and also includes:

- Interest accretions to provisions, which mainly consists of interest accretions to the provision for self insurance in the amount of €56 million (2022: €39 million). For details, see *Note 25*.
- Interest accretion on the Food Employers Labor Relations Association (FELRA) settlement liability of €23 million (2022: €19 million). See *Note 24*.
- Interest expenses on the other long-term financial liabilities of €25 million (2022: €31 million), which included the interest accretion on the financial liability for the non-controlling interest of FreshDirect and Cycloon and interest accretion on the Local 1500 Pension Fund withdrawal liability. These liabilities were settled in 2023; see *Note 23*.

Net interest expense on defined benefit pension plans is related to the Company's pension plans being in a net liability position over 2023 and 2022.

For more information on leases and the interest accretion thereon, see *Note 33*.

Foreign exchange results arising from the purchase of goods for sale or goods and services consumed in Ahold Delhaize's operations are included in cost of sales or in the appropriate element of operating expenses, respectively. In 2023, the Company recorded a net exchange gain of €1 million in operating income (2022: net exchange gain of €2 million).

Other gains (losses) in 2023 mainly include a €25 million gain on the settlement of the financial liability to acquire the remaining shares in Cycloon, partly offset by a €15 million loss on the loan extinguishment at FreshDirect; see *Note 22* and *Note 23*.

10 INCOME TAXES

Income taxes on continuing operations

The following table specifies the current and deferred tax components of income taxes on continuing operations in the income statement:

€ million	2023	2022
Current income taxes		
Domestic taxes (the Netherlands)	**(143)**	(158)
Foreign taxes		
United States	**(201)**	(294)
Europe – Other	**(98)**	(102)
Total current tax expense	**(442)**	(553)
Deferred income taxes		
Domestic taxes (the Netherlands)	**(37)**	—
Foreign taxes		
United States	**(32)**	(138)
Europe – Other	**55**	(23)
Total deferred tax expense	**(14)**	(161)
Total income taxes on continuing operations	**(456)**	(714)

Effective income tax rate on continuing operations

Ahold Delhaize's effective tax rate in its consolidated income statement differed from the Netherlands' statutory income tax rate of 25.8%. The following table reconciles the statutory income tax rate with the effective income tax rate in the consolidated income statement:

	2023		2022	
	€ million	Tax rate	€ million	Tax rate
Income before income taxes	**2,300**		3,216	
Income tax expense at statutory tax rate	**(593)**	**25.8%**	(830)	25.8%
Adjustments to arrive at effective income tax rate:				
Rate differential (local rates versus the statutory rate of the Netherlands)	**115**	**(5.0)%**	107	(3.3)%
Deferred tax income (expense) related to recognition of deferred tax assets – net	**(9)**	**0.4%**	3	(0.1)%
Non-taxable income (expense)	**18**	**(0.8)%**	(16)	0.5%
Other	**13**	**(0.6)%**	23	(0.7)%
Total income taxes	**(456)**	**19.8%**	(714)	22.2%

The rate differential indicates the effect of Ahold Delhaize's taxable income being generated and taxed in jurisdictions where tax rates differ from the statutory tax rate in the Netherlands.

Non-taxable income (expense) for 2023 includes a tax benefit on divestments in the amount of €16 million. For 2022, it includes a tax expense on non-deductible impairment in the amount of €14 million.

Other includes discrete items, such as one-time transactions, movement in tax uncertain positions and (state) tax rate changes impacting deferred tax in the balance sheet.

OECD Pillar Two model rules

On December 14, 2022, the Council of the EU adopted the Pillar Two directive (the Global Anti-Base erosion Proposal or "GloBE" – EU Directive 2022/2523). It states that large multinationals will be required to compute their effective tax rate according to the GloBE rules (referred to as GloBE income and GloBE effective tax rate) in each jurisdiction where they operate. They will be liable to pay a top-up tax for the difference between their GloBE effective tax rate in that jurisdiction and the minimum corporate tax rate set at 15%.

For Ahold Delhaize, the new rules will be applicable as of fiscal year 2024.

In the 2023 financial statements, Ahold Delhaize applies the temporary exemption for recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Ahold Delhaize performed an impact analysis of the Pillar Two rules, based on historical data. Based on this analysis, including the transitional implementation guidance, we expect that we will be excluded from a top-up tax for most jurisdictions where we operate.

The Pillar Two impact, based on historical data, will not have material impact on the effective tax rate of the Group. Ahold Delhaize will closely monitor all jurisdictions, due to the current ongoing developments regarding the interpretation of the Pillar Two rules.

Income taxes on discontinued operations

Current and deferred income tax related to discontinued operations amounted to nil in 2023 (2022: nil).

10 INCOME TAXES CONTINUED

Deferred income tax

The significant components and annual movements of deferred income tax assets and liabilities as of December 31, 2023, and January 1, 2023, are as follows:

€ million	January 2, 2022	Recognized in income statement	Other	January 1, 2023	Recognized in income statement	Other	December 31, 2023
Leases and financings	404	(7)	18	416	**4**	**(16)**	**404**
Pensions and other (post-)employment benefits	461	15	(118)	359	**(10)**	**(7)**	**342**
Provisions	105	(24)	43	123	**(48)**	**23**	**98**
Interest	74	(12)	3	65	**(3)**	**(4)**	**58**
Other	65	(12)	(32)	21	**(17)**	**12**	**16**
Total gross deductible temporary differences	1,109	(40)	(85)	984	**(74)**	**8**	**918**
Unrecognized deductible temporary differences	(7)	—	—	(7)	**—**	**3**	**(4)**
Total recognized deductible temporary differences	1,102	(40)	(86)	977	**(74)**	**11**	**914**
Tax losses and tax credits	366	(30)	9	346	**81**	**(50)**	**377**
Unrecognized tax losses and tax credits	(267)	3	(5)	(269)	**(8)**	**47**	**(230)**
Total recognized tax losses and tax credits	99	(27)	5	77	**73**	**(3)**	**147**
Total net deferred tax asset position	1,202	(67)	(81)	1,053	**(1)**	**8**	**1,061**
Property, plant and equipment and intangible assets	(1,438)	(34)	(50)	(1,522)	**(9)**	**27**	**(1,504)**
Inventories	(217)	(60)	(12)	(289)	**(4)**	**8**	**(285)**
Other	(3)	—	(2)	(5)	**—**	**5**	**—**
Total deferred tax liabilities	(1,659)	(93)	(64)	(1,816)	**(13)**	**40**	**(1,789)**
Net deferred tax assets (liabilities)	(457)	(161)	(145)	(763)	**(14)**	**48**	**(729)**

The column Other in the table above includes amounts recorded in equity, acquisitions, divestments and exchange rate differences, as well as reclassifications between deferred tax components and the application of tax losses and tax credits against current year income tax payables.

Deferred income tax assets and liabilities are offset on the balance sheet when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to income taxes levied by the same fiscal authority. The deferred tax assets and liabilities are presented as non-current assets and liabilities on the balance sheet as follws:

€ million	December 31, 2023	January 1, 2023
Deferred tax assets	**196**	242
Deferred tax liabilities	**(925)**	(1,005)
Net deferred tax liabilities	**(729)**	(763)

10 INCOME TAXES CONTINUED

As of December 31, 2023, Ahold Delhaize had operating and capital loss carryforwards of a total nominal amount of €1,963 million (January 1, 2023: €2,001 million). The following table specifies the years in which Ahold Delhaize's operating and capital loss carryforwards and tax credits are scheduled to expire:

€ million	2024	2025	2026	2027	2028	2029–2033	2034–2038	After 2038	Does not expire	Total
Operating and capital losses (nominal value)	20	77	10	44	62	370	193	—	1,186	**1,963**
Operating and capital losses (tax value)	1	4	—	2	4	21	11	—	315	**358**
Tax credits	1	1	2	2	2	7	3	—	2	**20**
Tax losses and tax credits	2	5	2	4	6	28	14	—	317	**377**
Unrecognized tax losses and tax credits	(1)	(1)	(1)	(1)	(2)	—	—	—	(224)	**(230)**
Total recognized tax losses and tax credits	1	4	1	3	4	28	14	—	93	**147**

The majority of the above-mentioned deferred tax assets relate to tax jurisdictions in which Ahold Delhaize has suffered a tax loss in the current or a preceding period. Operating and capital loss carryforwards related to one jurisdiction may not be used to offset income taxes in other jurisdictions. Of the loss carryforwards, €767 million relates to U.S. state taxes, for which a weighted average tax rate of 5.42% applies.

No deferred income taxes are recognized on undistributed earnings of Ahold Delhaize's subsidiaries and joint ventures, as the undistributed earnings will not be distributed in the foreseeable future. The cumulative amount of undistributed earnings on which the Group has not recognized deferred income taxes was approximately €67 million at December 31, 2023 (January 1, 2023: €58 million).

Income taxes in equity and comprehensive income

Current and deferred income taxes recognized in and transferred from equity and comprehensive income are as follows:

€ million	2023	2022
Remeasurement of pension plans	**37**	(137)
Currency translation differences on loans	**1**	(1)
Cash flow hedges	**3**	—
Share buyback	**—**	(1)
Share-based compensation	**3**	1
Total	**44**	(139)

Income taxes paid

The following table specifies the income taxes paid per country:

€ million	2023	2022
The United States	**(224)**	(190)
The Netherlands	**(188)**	(120)
Belgium	**367**	(17)
Greece	**(3)**	(12)
Czech Republic	**(13)**	(13)
Serbia	**(14)**	(12)
Romania	**(9)**	—
Switzerland	**(112)**	(30)
Luxembourg	**(4)**	(3)
Total income taxes paid	**(200)**	(397)

In March 2023, Ahold Delhaize signed an agreement with the Belgian tax authorities relating to its tax return over 2018. Based on this agreement, Ahold Delhaize fully recovered its associated outstanding receivable in 2023. In 2022, there were no tax payments for Romania due to overpayments in previous years.

10 INCOME TAXES CONTINUED

Taxes accrued

The following table specifies the taxes accrued (current tax) per country:

€ million	2023	2022
The United States	**(201)**	(294)
The Netherlands	**(143)**	(158)
Belgium	**(5)**	(13)
Greece	**(2)**	—
Czech Republic	**(15)**	(10)
Serbia	**(10)**	(17)
Romania	**(8)**	(8)
Switzerland	**(57)**	(52)
Luxembourg	**(1)**	(2)
Total income taxes accrued	**(442)**	(553)

Accounting estimates and judgments

The ultimate tax effects of transactions may be uncertain for a considerable period of time, requiring management to estimate the related current and deferred tax positions. The Company recognizes liabilities for uncertain tax positions when it is probable that additional tax will be due or recognizes assets for uncertain tax positions when it is probable that the benefit will flow to the Company and the benefit can be reliably measured. Probability is estimated using the Company's interpretation of legislation and relevant case law and the Company assumes that the taxation authorities have full knowledge of all facts and circumstances.

Management is required to make significant judgment in determining whether deferred tax assets are realizable. The Company determines this on the basis of expected taxable profits arising from the reversal of recognized deferred tax liabilities and on the basis of budgets, cash flow forecasts and impairment models. The Company assesses and weighs all positive and negative evidence to support this determination. Where utilization is not considered probable, deferred tax assets are not recognized in the balance sheet.

Accounting policies

Income tax expense represents the sum of current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity or other comprehensive income. Current tax expense is based on the best estimate of taxable income for the year, using tax rates that have been enacted or substantively enacted at the balance sheet date and adjustments for current taxes payable (receivable) for prior years. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and the corresponding tax basis used in the computation of taxable income. Deferred tax assets and liabilities are generally recognized for all temporary differences. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets, including deferred tax assets for tax loss carryforward positions and tax credit carryforward positions, are recognized to the extent that it is probable that future taxable income will be available against which temporary differences, unused tax losses or unused tax credits can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are not discounted. Deferred income tax assets and liabilities are offset on the balance sheet when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to income taxes levied by the same fiscal authority. Current income tax assets and liabilities are offset on the balance sheet when there is a legally enforceable right to offset and when the Company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The ultimate tax effects of some transactions can be uncertain for a considerable period of time, requiring management to estimate the related current and deferred tax positions. The Company recognizes liabilities for uncertain tax positions when it is probable that additional taxes will be due or recognizes assets for uncertain tax positions when it is probable that the benefit will flow to the Company and the benefit can be reliably measured. To measure the liability for the uncertain tax position, management determines whether uncertainties need to be considered separately or together based on which approach better predicts the resolution of the uncertainty. The Company also recognizes the liability for either the most likely amount or the expected value (probability weighted average), depending on which method it expects to better predict the resolution.

These liabilities are presented as current income taxes payable, except in jurisdictions where prior tax losses are being carried forward to be used to offset future taxes that will be due; in these instances, the liabilities are presented as a reduction of deferred tax assets. Interest accrued on uncertain tax positions is considered to be a financial expense of the Company. Any other adjustments to uncertain tax position liabilities are recognized within income tax expense.

A (voluntary) tax payment of a disputed amount to the tax authority meets the definition of an asset and is recognized as a current or non-current income tax receivable, depending on the timing of the expected resolution. The payment is an asset for the Company because it will either be refunded by the tax authority or be used to settle the tax liability arising from the resolution of the dispute.

11 PROPERTY, PLANT AND EQUIPMENT

€ million	Buildings and land	Other	Under construction	Total
As of January 2, 2022				
At cost	13,600	10,167	576	24,343
Accumulated depreciation and impairment losses	(6,245)	(6,260)	—	(12,505)
Carrying amount	**7,355**	**3,907**	**576**	**11,838**
Year ended January 1, 2023				
Additions	302	798	817	1,918
Transfers from under construction	434	470	(904)	—
Acquisitions through business combinations	—	3	—	3
Depreciation	(684)	(1,005)	—	(1,689)
Impairment losses	(27)	(13)	—	(40)
Impairment reversals	1	—	—	1
Assets classified (to) from held for sale or sold	(38)	(7)	(1)	(46)
Other movements	3	(4)	47	45
Exchange rate differences	298	155	(1)	452
Closing carrying amount	**7,644**	**4,303**	**534**	**12,482**
As of January 1, 2023				
At cost	14,681	11,431	534	26,647
Accumulated depreciation and impairment losses	(7,037)	(7,127)	—	(14,164)
Carrying amount	**7,644**	**4,303**	**534**	**12,482**
Year ended December 31, 2023				
Additions	**235**	**708**	**929**	**1,872**
Transfers from under construction	**637**	**330**	**(968)**	**—**
Acquisitions through business combinations	**20**	**1**	**—**	**21**
Depreciation	**(674)**	**(1,001)**	**—**	**(1,675)**
Impairment losses	**(147)**	**(196)**	**—**	**(343)**
Impairment reversals	**—**	**—**	**—**	**—**
Assets classified (to) from held for sale or sold	**(362)**	**(104)**	**(4)**	**(470)**
Other movements	**(5)**	**17**	**(16)**	**(4)**
Exchange rate differences	**(146)**	**(84)**	**(6)**	**(237)**
Closing carrying amount	**7,202**	**3,974**	**470**	**11,647**
As of December 31, 2023				
At cost	**14,487**	**11,080**	**470**	**26,037**
Accumulated depreciation and impairment losses	**(7,285)**	**(7,105)**	**—**	**(14,390)**
Carrying amount	**7,202**	**3,974**	**470**	**11,647**

Buildings and land includes stores, distribution centers (DCs), warehouses and improvements to these assets. Other property, plant and equipment mainly consists of furnishings, machinery and equipment, trucks, trailers and other vehicles. Assets under construction mainly consists of stores and improvements to stores and furnishings, machinery and equipment.

The higher of the value in use or fair value less cost of disposal represents an asset's recoverable amount. The value-in-use method involves estimating future cash flows. The present value of estimated future cash flows has been calculated using pre-tax discount rates ranging between 6.3% and 13.8% (2022: 6.2%-13.5%). Fair value represents the price that would be received to sell an asset in an orderly transaction between market participants and is generally measured by using an income approach or a market approach. The income approach is generally applied by using discounted cash flow projections based on the assets' highest and best use from a market participants' perspective. The market approach requires the comparison of the subject assets to transactions involving comparable assets by using inputs such as bid or ask prices or market multiples.

In 2023, Ahold Delhaize recognized net impairment losses of €343 million for property, plant and equipment (2022: €39 million). These were related to The United States (2023: €210 million, 2022: €22 million) and Europe (2023: €133 million, 2022: €17 million) and were recognized mainly for FreshDirect (2023: €141 million), store assets related to the transformation of Delhaize's integrated stores into affiliates (2023: €102 million) and underperforming and closed stores.

The additions to property, plant and equipment include capitalized borrowing costs of €2 million (2022: €2 million). Generally, the capitalization rate used to determine the amount of capitalized borrowing costs is a weighted average of the interest rate applicable to the respective operating companies. This rate ranged between 3.0% and 8.1% (2022: 2.7%-7.7%).

Other movements mainly includes transfers between asset classes and transfers between property, plant and equipment, investment property and intangible assets.

The carrying amount of buildings and land includes amounts related to assets held under financings of €95 million (January 1, 2023: €108 million). Ahold Delhaize does not have legal title to these assets.

Property, plant and equipment with a carrying amount of €10 million (January 1, 2023: €309 million) has been pledged as security for liabilities, mainly for loans. Included in this amount as of January 1, 2023, was FreshDirect's building with a carrying value of €247 million pledged as security for loans.

Accounting estimates and judgments

Judgments are required, to determine not only whether there is an indication that an asset may be impaired, but also whether indications exist that impairment losses previously recognized may no longer exist or may have decreased (impairment reversal). After indications of impairment have been identified, estimates and assumptions are used in the determination of the recoverable amount of a non-current asset. These involve estimates of expected future cash flows (based on future growth rates and remaining useful life) and residual value assumptions, as well as discount rates to calculate the present value of the future cash flows.

11 PROPERTY, PLANT AND EQUIPMENT CONTINUED

Accounting policies

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition or construction of an asset and borrowing costs incurred during construction. Where applicable, estimated asset retirement costs are added to the cost of an asset. Subsequent expenditures are capitalized only when it is probable that future economic benefits associated with the item will flow to the Company and the costs can be measured reliably. All other subsequent expenditures represent repairs and maintenance and are expensed as incurred.

Depreciation is computed using the straight-line method based on the estimated useful lives of the items of property, plant and equipment, taking into account the estimated residual value. Where an item of property, plant and equipment comprises major components having different useful lives, each such part is depreciated separately.

The ranges of estimated useful lives of property, plant and equipment are:

Land	indefinite
Buildings	30–40 years
Certain structural components of buildings	10–20 years
Finish components of buildings	5–10 years
Machinery and equipment	3–15 years
Other	5–10 years

The useful lives, depreciation method and residual value are reviewed at each balance sheet date and adjusted, if appropriate.

Depreciation of leasehold improvements is calculated on a straight-line basis over either the lease term (including renewal periods when renewal is reasonably assured) or the estimated useful life of the asset, whichever is shorter.

Impairment of non-current assets other than goodwill

Ahold Delhaize assesses on a quarterly basis whether there is any indication that non-current assets may be impaired. If indicators of impairment exist, the Company estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which it belongs. Individual stores are considered separate CGUs for impairment testing purposes. The carrying value of the store includes mainly its property, plant and equipment and right-of-use assets (if held under a lease arrangement).

The recoverable amount is the higher of an asset's fair value less costs of disposal or the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The estimated future cash flows exclude lease payments if the cash-generating unit is held under a lease arrangement, but include a replacement CapEx if needed to maintain the ongoing operation during the forecast period.

An impairment loss is recognized in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount.

In subsequent years, Ahold Delhaize assesses whether indications exist that impairment losses previously recognized for non-current assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is recalculated and, if required, its carrying amount is increased to the revised recoverable amount. The increase is recognized in operating income as an impairment reversal. An impairment reversal is recognized only if it arises from a change in the assumptions that were used to calculate the recoverable amount. The increase in an asset's carrying amount due to an impairment reversal is limited to the depreciated amount that would have been recognized had the original impairment not occurred.

As noted above, companies are required to assess at each reporting date whether there is an indication that a non-current asset may be impaired. One such indicator is significant changes with adverse effects in the technological, market, economic or legal environment in which the company operates that have taken place during the period (or will take place in the near future). Transitioning to a lower-carbon economy may trigger such adverse effects. Therefore, Ahold Delhaize also considers the impact of climate change in assessing whether assets may be impaired or whether the useful life of assets needs to be shortened due to early replacement.

12 RIGHT-OF-USE ASSET

€ million	Buildings and land	Other	Total
Carrying amount as of January 2, 2022	**8,861**	**149**	**9,010**
Year ended January 1, 2023			
Additions	476	83	559
Reassessments and modifications to leases	1,030	5	1,035
Acquisitions through business combinations	(1)	1	—
Depreciation	(1,216)	(57)	(1,274)
Termination of leases	(13)	(1)	(14)
Impairment losses	(2)	—	(2)
Transfer (to) from right-of-use assets – investment property	(7)	—	(7)
Reclassifications (to) from net investment in leases	(82)	—	(82)
Exchange rate differences	379	4	383
Carrying amount as of January 1, 2023	**9,423**	**184**	**9,607**
Year ended December 31, 2023			
Additions	**494**	**94**	**588**
Reassessments and modifications to leases	**1,077**	**3**	**1,080**
Acquisitions through business combinations	**1**	**—**	**1**
Depreciation	**(1,249)**	**(63)**	**(1,311)**
Termination of leases	**(30)**	**(4)**	**(34)**
Impairment losses	**(8)**	**—**	**(8)**
Impairment reversals	**—**	**—**	**—**
Assets classified (to) from held for sale or sold	**(134)**	**(11)**	**(144)**
Transfer (to) from right-of-use assets – investment property	**(1)**	**(1)**	**(2)**
Reclassifications (to) from net investment in leases	**(92)**	**—**	**(92)**
Exchange rate differences	**(199)**	**(3)**	**(201)**
Carrying amount as of December 31, 2023	**9,283**	**200**	**9,483**

Buildings and land includes stores, DCs and warehouses. Other mainly consists of furnishings, machinery and equipment and vehicles. Right-of-use assets that meet the criteria of an investment property are included in *Note 13*. For more information on leases, see *Note 33*.

Accounting estimates and judgments

For more information on the accounting estimates and judgments policies for leases, see *Note 33*, and for impairments, see *Note 11*.

Accounting policies

For more information on the accounting policies for leases, see *Note 33*.

13 INVESTMENT PROPERTY

€ million	Right-of-use asset investment property	Company-owned investment property	Total investment property
As of January 2, 2022			
At cost	712	941	1,653
Accumulated depreciation and impairment losses	(471)	(474)	(945)
Carrying amount	**241**	**467**	**708**
Year ended January 1, 2023			
Additions	2	9	11
Reassessments and modifications to leases	(5)	—	(5)
Depreciation	(26)	(21)	(47)
Impairment losses	(1)	(2)	(3)
Termination of leases	(1)	—	(1)
Assets classified (to) from held for sale or sold	—	(49)	(49)
Reclassifications (to) from net investment in leases	(1)	—	(1)
Transfers (to) from right-of-use assets, property, plant and equipment and intangible assets	7	4	12
Exchange rate differences	14	22	37
Closing carrying amount	**231**	**430**	**661**
As of January 1, 2023			
At cost	710	880	1,590
Accumulated depreciation and impairment losses	(479)	(449)	(928)
Carrying amount	**231**	**430**	**661**

13 INVESTMENT PROPERTY CONTINUED

€ million	Right-of-use asset investment property	Company-owned investment property	Total investment property
Year ended December 31, 2023			
Additions	5	10	15
Reassessments and modifications to leases	11	—	11
Depreciation	(24)	(20)	(44)
Impairment losses	(2)	(3)	(5)
Termination of leases	(2)	—	(2)
Assets classified (to) from held for sale or sold	—	(14)	(14)
Reclassifications (to) from net investment in leases	(6)	—	(6)
Transfers (to) from right-of-use assets, property, plant and equipment and intangible assets	2	(12)	(10)
Exchange rate differences	(6)	(9)	(15)
Closing carrying amount	**209**	**382**	**591**
As of December 31, 2023			
At cost	628	812	1,440
Accumulated depreciation and impairment losses	(419)	(430)	(849)
Carrying amount	**209**	**382**	**591**

A significant portion of the Company's investment property comprises shopping centers containing both an Ahold Delhaize store and third-party retail units. The third-party retail units generate rental income, but are primarily of strategic importance to Ahold Delhaize in its retail operations. Ahold Delhaize recognizes the part of a shopping center leased to a third-party retailer as investment property, unless it represents an insignificant portion of the property.

The impairment losses recognized were related to The United States (2023: €3 million, 2022: €2 million) and Europe (2023: €2 million, 2022: nil).

The company-owned investment property includes an amount related to assets held under financings of €16 million (January 1, 2023: €17 million). Ahold Delhaize does not have legal title to these assets. Company-owned investment property with a carrying amount of €15 million (January 1, 2023: €29 million) has been pledged as security for liabilities, mainly for loans.

The fair value of investment property as of December 31, 2023, amounted to approximately €793 million (January 1, 2023: €855 million). Fair value of investment property has generally been measured using an income or market approach. Fair value for right-of-use asset investment property is the fair value of the right-of-use itself, not the fair value of the property under lease. Approximately 75% of Ahold Delhaize's fair value measurements are categorized within Level 2. The most significant inputs into this valuation approach are observable market retail yields and tenant rents to calculate the fair value. The remaining fair value measurements that are categorized within Level 3 primarily include the fair value measurements based on the Company's own valuation methods and the fair value for certain mixed-use properties and properties held for strategic purposes. For certain mixed-use properties and properties held for strategic purposes, Ahold Delhaize cannot determine the fair value of the investment property reliably. In such cases, the fair value is assumed to be equal to the carrying amount.

Rental income from investment property (both company-owned and right-of-use asset) included in the income statement in 2023 amounted to €73 million (2022: €78 million). Direct operating expenses (including repairs and maintenance but excluding depreciation expense) arising from rental-income-generating and non-rent-generating investment property in 2023 amounted to €13 million (2022: €16 million).

Accounting estimates and judgments

For more information on the accounting estimates and judgments policies for impairments, see *Note 11*.

Accounting policies

Investment property consists of land and buildings held by Ahold Delhaize to earn rental income or for capital appreciation, or both. These properties are not used by the Company in the ordinary course of business. The Company often owns (or leases) shopping centers containing an Ahold Delhaize as well as third-party retail units. In these cases, the third-party retail units generate rental income, but are primarily of strategic importance for operating purposes to Ahold Delhaize in its retail operations. The Company recognizes the part of an owned (or leased) shopping center that is leased to third-party retailers as investment property, unless it represents an insignificant portion of the property. Land and buildings leased to franchisees are not considered to be investment property as they contribute directly to Ahold Delhaize's retail operations. Investment property is measured on the same basis as property, plant and equipment.

Right-of-use assets are separately disclosed as a line in the balance sheet, but right-of-use assets that meet the definition of investment property are included in "Investment property" and separately disclosed in the notes.

14 INTANGIBLE ASSETS

€ million	Goodwill	Brand names	Software	Customer relationships	Other	Under development	Total
As of January 2, 2022							
At cost	7,649	3,292	2,177	215	967	348	14,649
Accumulated amortization and impairment losses	(8)	(13)	(1,471)	(133)	(255)	—	(1,879)
Carrying amount	**7,641**	**3,280**	**706**	**82**	**713**	**348**	**12,770**
Year ended January 1, 2023							
Additions	—	—	147	—	18	370	535
Transfers from under development	—	—	408	—	9	(417)	—
Acquisitions through business combinations	38	6	2	5	—	—	51
Amortization	—	(3)	(371)	(14)	(35)	—	(423)
Impairments	(66)	(93)	(10)	(11)	—	(11)	(191)
Assets classified to held for sale or sold	—	—	—	—	—	—	—
Other movements[1]	—	—	(2)	—	(1)	(47)	(50)
Exchange rate differences	307	138	20	3	5	8	482
Closing carrying amount	**7,920**	**3,328**	**900**	**66**	**709**	**251**	**13,174**
As of January 1, 2023							
At cost	7,990	3,431	2,591	228	998	258	15,495
Accumulated amortization and impairment losses	(69)	(103)	(1,692)	(161)	(289)	(7)	(2,321)
Carrying amount	**7,920**	**3,328**	**900**	**66**	**709**	**251**	**13,174**
Year ended December 31, 2023							
Additions	**—**	**—**	**40**	**3**	**2**	**440**	**485**
Transfers from under development	**—**	**—**	**457**	**—**	**—**	**(457)**	**—**
Acquisitions through business combinations	**24**	**—**	**—**	**1**	**2**	**—**	**27**
Amortization	**—**	**(2)**	**(392)**	**(10)**	**(34)**	**—**	**(438)**
Impairments	**—**	**(1)**	**(14)**	**(5)**	**—**	**(1)**	**(21)**
Assets classified to held for sale or sold	**—**	**—**	**(3)**	**—**	**(1)**	**—**	**(3)**
Other movements[1]	**—**	**—**	**—**	**—**	**—**	**15**	**15**
Exchange rate differences	**(157)**	**(65)**	**(13)**	**(1)**	**(3)**	**(2)**	**(241)**
Closing carrying amount	**7,788**	**3,259**	**976**	**55**	**675**	**246**	**12,998**
As of December 31, 2023							
At cost	**7,796**	**3,278**	**2,661**	**216**	**952**	**246**	**15,149**
Accumulated amortization and impairment losses	**(8)**	**(19)**	**(1,686)**	**(161)**	**(277)**	**—**	**(2,151)**
Carrying amount	**7,788**	**3,259**	**976**	**55**	**675**	**246**	**12,998**

1 Other movements mainly includes transfers between asset classes and transfers between intangible assets and property, plant and equipment.

14 INTANGIBLE ASSETS CONTINUED

Goodwill acquired in business combinations is allocated, at acquisition, to the CGUs or groups of CGUs expected to benefit from the business combination.

Brand names include retail brands as well as certain own brands referring to ranges of products. Retail brands are strong and well-established brands of supermarkets, convenience stores and online stores protected by trademarks that are renewable indefinitely in their relevant markets. There are not believed to be any legal, regulatory or contractual provisions that limit their useful lives. Ahold Delhaize brands play an important role in the Company's business strategy. Ahold Delhaize believes that there is currently no foreseeable limit to the period over which the retail brands are expected to generate net cash inflows, and therefore they are assessed to have an indefinite useful life.

Customer relationships consist primarily of pharmacy scripts and customer lists recognized through the acquisition of bol in 2012. In 2023, customer relationships in the amount of €5 million arising from the acquisition of Cycloon by bol were fully impaired. Other mainly includes intangible assets related to relationships with franchisees and affiliates recognized in connection with the Ahold Delhaize merger, location development rights, deed restrictions and similar assets. Intangible assets under development relate mainly to software development. Software and software development represent both costs from external purchases as well as internal development costs.

The carrying amounts of goodwill allocated to Ahold Delhaize's CGUs and brand names recognized from business acquisitions are as follows:

€ million		**Goodwill December 31, 2023**	Goodwill January 1, 2023	**Brand names December 31, 2023**[1]	Brand names January 1, 2023[1]
	Cash-generating unit				
The United States	Stop & Shop	**1,015**	1,046	**—**	—
	Food Lion	**1,084**	1,118	**1,309**	**1,351**
	The GIANT Company	**582**	600	**—**	—
	Hannaford	**1,849**	1,893	**778**	**803**
	Giant Food	**342**	353	**—**	—
Europe	Albert Heijn (including the Netherlands and Belgium)	**1,760**	1,751	**—**	—
	Delhaize (including Belgium and Luxembourg)	**439**	439	**786**	786
	bol (including the Netherlands and Belgium)[2]	**235**	235	**91**	92
	Albert (Czech Republic)	**187**	191	**—**	—
	Alfa Beta (Greece)	**143**	142	**136**	136
	Mega Image (Romania)	**130**	131	**83**	83
	Delhaize Serbia (Republic of Serbia)	**12**	12	**76**	76
	Etos	**8**	8	**—**	—
	Gall & Gall	**1**	1	**—**	—
Ahold Delhaize Group		**7,788**	7,920	**3,259**	3,328

1 Included own brands at Food Lion (€4 million; January 1, 2023: €5 million), Hannaford (€4 million; January 1, 2023: €5 million), Greece (€2 million; January 1, 2023: €2 million) and Romania (€2 million; January 1, 2023: €2 million).
2 The goodwill and brand names arising from the acquisition of Cycloon by bol in 2022 amounted to €33 million and €6 million, respectively. In 2023, an impairment of €1 million was recognized for the brand name.

14 INTANGIBLE ASSETS CONTINUED

Goodwill impairment testing

In the 2023 annual goodwill impairment test, the recoverable amounts of the CGUs were based on fair value less costs of disposal.

The disposal of a CGU would require the buyer to assume associated lease liabilities for the stores and DCs, and, therefore, to make the contractual lease payments. The fair value less costs of disposal of the CGU would be the sale price for the CGU including the lease liabilities, less the costs of disposal. Therefore, the cash flow projections used in determining recoverable amounts included the lease payments. The carrying values of the CGUs tested included their right-of-use assets. To perform a meaningful comparison, the carrying amounts of the lease liabilities were then deducted when determining the carrying values of the CGUs tested.

Fair value represents the price that would be received for selling an asset in an orderly transaction between market participants and is generally measured using an income approach and/or a market approach. The Company used discounted cash flow projections based on the assets' highest and best use from a market participant's perspective, taking financial plans as approved by management as a base (Level 3 valuation). The discounted cash flow projections generally cover a period of five years. Due to the expected continuation of high growth in the relevant online retail markets, the Company projected cash flows for bol over a 10-year period to better reflect the growth expectations in sales, profitability and cash generation, as the business has not yet reached a steady state. The terminal value is based on the simplified value driver formula (Net operating profit less adjusted taxes (NOPLAT) / weighted average cost of capital (WACC)). NOPLAT in perpetuity is determined by extrapolating the amount at the end of an explicit forecast period by a long-term growth rate. The long-term growth rates are determined using the long-term inflation expectations based on external market data.

The third quarter 2022 impairment indication analysis triggered a detailed impairment test for FreshDirect, largely related to the broad-based re-rating of sector valuations and reduced scope of that business. Impairment losses of €66 million and €122 million were recognized for goodwill and other intangible assets (including brand names), respectively. The impairment charges reduced the carrying amount of FreshDirect's goodwill and other intangible assets to nil. In April 2023, Ahold Delhaize began to explore its strategic options for the FreshDirect business. In Q3 2023, Ahold Delhaize recognized an impairment loss of €153 million mainly for FreshDirect's Property, plant and equipment. On December 6, 2023, the Company divested FreshDirect and recorded a pre-tax loss of €250 million and a net tax benefit of €75 million (see *Note 5*).

The key assumptions for the goodwill impairment test relate to the WACC (hereafter: discount rate), sales growth, operating margin and growth rate (terminal value). The post-tax discount rates are determined based on external market data and reflect specific risks relating to relevant CGUs, the key assumptions used in the cash flow projections, and the composition of the assets and liabilities included in the CGUs' carrying value. The post-tax discount rates are as follows:

	Post-tax discount rate
The U.S. brands (excluding FreshDirect)	6.5%
The brands in the Netherlands (excluding bol)	5.3%
Delhaize	6.0%
bol	10.5%
Albert (Czech Republic)	6.5%
Alfa Beta (Greece)	7.3%
Mega Image (Romania)	10.4%
Delhaize Serbia (Republic of Serbia)	9.9%

The sales growth rates and operating margins used to estimate future performance are based on past performance and our experience of growth rates and operating margins achievable in Ahold Delhaize's main markets. The sales compound annual growth rates applied in the projected periods ranged between 1.8% and 8.8% for the CGUs. The average operating margins applied in the projected periods ranged between 1.8% and 7.5% for the CGUs. The terminal value to extrapolate cash flows beyond the explicit forecast period included one year of additional growth based on the long-term inflation expectations that ranged between 1.8% and 2.9% for the CGUs; no additional growth was assumed thereafter.

Key assumptions relating to CGUs to which a significant amount of goodwill or intangible assets with indefinite useful lives is allocated are as follows:

	Post-tax discount rate	Growth rate (terminal value)
Stop & Shop	6.5%	2.2%
Food Lion	6.5%	2.2%
Hannaford	6.5%	2.2%
Albert Heijn	5.3%	2.1%
Delhaize	6.0%	2.0%

Cash flow projections for these CGUs reflect current macroeconomic circumstances, including increases in energy costs and inflation as well as certain cost-saving initiatives to reduce negative impacts. The post-tax discount rates applied are aligned with the current macroeconomic environment. For more information, see *Note 2*.

Additional capital investments to mitigate climate-related risks can be phased out over a reasonably long period as part of investments in the normal course of business. Transitioning to a lower-carbon economy is not expected to trigger significant adverse effects on future cash flows.

Given the macroeconomic circumstances, further reasonable negative changes in sales growth, margins and post-tax discount rates would not result in impairment of these CGUs, except for Delhaize.

14 INTANGIBLE ASSETS CONTINUED

For the CGU Delhaize, the Company used discounted cash flow projections based on the assets' highest and best use from a market participant's perspective (Level 3 valuation). The key assumptions used in the discounted cash flow projections are revenue growth and improved margin. The sales growth is based on actual experience, an analysis of market growth and the development of market share. The margin development is based on actual experience, management's long-term projections and the leverage of higher operating margins from the affiliates business model.

As explained in *Note 5*, Delhaize signed purchase agreements for all of the 128 stores to be transformed into affiliate stores. Given the progress on the transformation and the transformation costs absorbed in 2023, the estimation uncertainty decreased and the headroom increased compared to last year's impairment test. The recoverable amount for Delhaize exceeds the carrying amount by more than 25% (2022: more than 10%).

A sensitivity analysis indicates that the valuation is sensitive to changes in operating margins and post-tax discount rate. The recoverable amount of Delhaize would be equal to its carrying amount if Delhaize's operating margins in the projection period were reduced, in absolute terms, by 0.7%, or if the post-tax discount rate was, in absolute terms, higher by 1.1%.

Accounting estimates and judgments

Intangible assets

For accounting estimates and judgments relating to intangible assets, see *Note 4*.

Impairments

Judgments are required to determine whether there is an indication that a CGU to which goodwill has been allocated may be impaired. Estimates and assumptions are involved in the determination of the recoverable amount of the CGUs. These include assumptions related to discount rates, cash flow projections (such as sales growth rates, operating margins and growth rates to determine terminal value) and market multiples.

Accounting policies

Goodwill and impairment of goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Company's interest in the net fair value of the identifiable assets, liabilities and assumed contingent liabilities at the date of acquisition. It is carried at cost less accumulated impairment losses. Goodwill on acquisitions of joint ventures and associates is included in the carrying amount of the investment.

For the purposes of impairment testing, goodwill is allocated to each of the CGUs (or groups of CGUs) that is expected to benefit from the synergies of a business combination. Goodwill is allocated to a CGU (or group of CGUs) representing the lowest level within the Company at which the goodwill is monitored for internal management purposes and is never larger than an operating segment before aggregation. CGUs to which goodwill has been allocated are tested for impairment annually or more frequently when there is an indication that the CGU may be impaired. Goodwill on acquisitions of joint ventures and associates is assessed for impairment as part of the investment whenever there is an indication that the investment may be impaired. An impairment loss is recognized for the amount by which the CGU's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of a CGU's fair value less costs of disposal or its value in use. An impairment loss is allocated first to reduce the carrying amount of the goodwill and then to the other assets of the CGU pro rata on the basis of the carrying amount of each asset. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On the partial or complete disposal of an operation, the goodwill attributable to that operation is included in the determination of the gain or loss on disposal.

Other intangible assets

Separately acquired intangible assets and internally developed software are carried at cost less accumulated amortization and impairment losses. Intangible assets acquired in a business combination are recognized at fair value at the date of acquisition (which is regarded as their cost).

Brand names and customer, franchise and affiliate relationships acquired in business acquisitions are stated at fair value determined using an income approach. Direct costs related to the development of software for internal use are capitalized only if the costs can be measured reliably, technical feasibility has been established, future economic benefits are probable, and the Company intends to complete development and use the software. All other costs, including all overhead, general and administrative, and training costs, are expensed as incurred.

Amortization is computed using the straight-line method based on estimated useful lives, which are as follows:

Software	3–10 years
Customer relationships	7–25 years
Retail brands	indefinite
Own brands	10–15 years
Franchise and affiliate relationships	14–40 years
Other	5 years–indefinite

The useful lives, amortization method and residual value are reviewed at each balance sheet date and adjusted, if appropriate. Brand names, intangible assets under development and other intangible assets with indefinite lives are assessed for impairment annually or whenever there is an indication that the asset may be impaired.

15 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

In 1992, Ahold Delhaize partnered with Jerónimo Martins, SGPS, S.A. in the joint venture JMR – Gestão de Empresas de Retalho, SGPS, S.A. ("JMR"). Ahold Delhaize holds 49% of the shares in JMR and shares equal voting power on JMR's board of directors with Jerónimo Martins, SGPS, S.A. JMR operates food retail stores in Portugal under the brand name Pingo Doce.

Ahold Delhaize holds 51% of the shares in P.T. Lion Super Indo ("Super Indo"). Super Indo operates supermarkets in Indonesia. Although Ahold Delhaize has a 51% investment in Super Indo, the Company cannot exercise its majority voting rights mainly due to (i) a quorum requirement for the board of directors to decide on critical operating and financing activities and (ii) a requirement for unanimous affirmative decisions in the board of directors on significant and strategic investing and financing matters, such as budgets and business plans and any resolution on the allocation of profits and distribution of dividends.

Therefore, JMR and Super Indo are joint ventures and are accounted for using the equity method. There are no quoted market prices available.

Ahold Delhaize is also a partner in various smaller joint ventures and associates that are individually not material to the Group.

Changes in the carrying amount of Ahold Delhaize's interest in joint ventures and associates are as follows:

€ million	JMR 2023	Super Indo 2023	Other 2023	Total 2023
Beginning of the year	167	64	30	262
Investments in joint ventures	—	—	—	—
Share in income (loss) of joint ventures	19	10	1	30
Share in other comprehensive income (loss) of joint ventures	—	—	—	(1)
Dividend	(17)	(2)	(2)	(22)
Exchange rate differences	—	(1)	(1)	(2)
End of the year	168	71	29	268

€ million	JMR 2022	Super Indo 2022	Other 2022	Total 2022
Beginning of the year	165	62	18	244
Investments in associates	—	—	12	12
Share in income (loss) of joint ventures	19	8	17	44
Share in other comprehensive income (loss) of joint ventures	—	—	—	—
Dividend	(17)	(3)	(18)	(38)
Exchange rate differences	—	(2)	1	(1)
End of the year	167	64	30	262

Share in income (loss) from continuing operations for Ahold Delhaize's interests in all individually immaterial joint ventures was a gain of €1 million (2022: a gain of €17 million) and nil for individually immaterial associates (2022: nil).

Set out below is the summarized financial information for JMR and Super Indo (on a 100% basis).

€ million	JMR 2023	JMR 2022	Super Indo 2023	Super Indo 2022
Summarized statement of comprehensive income				
Net sales	5,471	5,038	666	628
Depreciation and amortization	(188)	(158)	(20)	(20)
Interest income	—	—	2	1
Interest expense	(3)	(1)	—	—
Interest accretion to lease liability	(22)	(22)	(3)	(3)
Income tax expense	(10)	(33)	(4)	(5)
Income from continuing operations	39	39	20	15
Net income	39	39	20	15
Other comprehensive income	(1)	—	—	—
Total comprehensive income	38	39	20	15

€ million	JMR December 31, 2023	JMR January 1, 2023	Super Indo December 31, 2023	Super Indo January 1, 2023
Summarized balance sheet				
Non-current assets	1,829	1,710	121	118
Current assets				
Cash and cash equivalents	94	130	108	91
Other current assets	483	463	78	75
Total current assets	577	593	186	165
Non-current liabilities				
Financial liabilities	384	382	46	43
Other liabilities	60	52	6	5
Total non-current liabilities	444	434	52	49
Current liabilities				
Financial liabilities (excluding trade payables)	200	63	7	7
Other current liabilities	1,419	1,465	127	120
Total current liabilities	1,619	1,529	134	126
Net assets	343	340	121	108

15 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES CONTINUED

The reconciliation of the summarized financial information presented above to the carrying amount of JMR and Super Indo is as follows:

€ million	JMR 2023	JMR 2022	Super Indo 2023	Super Indo 2022
Opening net assets	**340**	336	**108**	102
Net income	**39**	39	**20**	15
Other comprehensive income	**(1)**	—	**—**	—
Dividend	**(35)**	(35)	**(4)**	(6)
Exchange rate differences	**—**	—	**(2)**	(3)
Closing net assets	**343**	340	**121**	108
Interest in joint venture	**49%**	49%	**51%**	51%
Closing net assets included in the carrying value	**168**	167	**62**	55
Goodwill	**—**	—	**9**	9
Carrying value	**168**	167	**71**	64

Commitments and contingent liabilities in respect of joint ventures and associates

Pingo Doce, an indirectly wholly-owned subsidiary of JMR in Portugal, is involved in several proceedings, already pending in court, regarding the challenge of decisions by the Portuguese Competition Authority (AdC) on alleged breaches of the respective antitrust laws for some products sold in its stores. Following search-and-seizure actions carried out in late 2016 and early 2017 in several companies operating in the food distribution sector, AdC decided to open several inquiries. Within the scope of these inquiries, it has issued, since then, several statements of objections for alleged anti-competitive practices against various suppliers and retailers, including Pingo Doce. Pingo Doce received 10 statements of objections for alleged anti-competitive practices, consisting of price alignment for certain products. Throughout the course of these investigations, Pingo Doce has fully cooperated with the authorities.

Up to the end of 2023, Pingo Doce was notified of decisions issued by the AdC regarding the 10 above-mentioned proceedings, imposing fines on several retailers and their suppliers, including Pingo Doce. In the case of Pingo Doce, these decisions resulted in the imposition of fines in the amount of €190 million.

Pingo Doce disagrees with these decisions, which it considers to be completely ungrounded. As such, Pingo Doce filed the respective appeals before the Competition, Regulation and Supervision Court ("Tribunal da Concorrência, Regulação e Supervisão") in accordance with the applicable deadlines. Under the terms of the applicable law, Pingo Doce also requested suspensive effect to the appeals, subject to providing a guarantee, to prevent the immediate payment of the fine. Based on the opinion of its legal counsels and economic advisors, Pingo Doce is fully convinced of the strength and merits of its position. Therefore, no provision was recognized for this imposed fine in Pingo Doce's accounts.

In 2023, a consumer protection association filed class actions against Pingo Doce in respect to damages arising from an alleged discrepancy in prices between what is displayed on the shelf and what appears at the checkout counter in its supermarkets. The safeguarding of the legitimate interests of the consumer is always a priority for Pingo Doce, and therefore, as Pingo Doce is convinced that there is no ground for these actions, it will contest them in due time.

In addition, our JMR joint venture is involved in several tax proceedings that challenge decisions by the Portuguese tax authorities. These tax claims are contested by our JMR joint venture. For these tax claims, JMR issued several bank guarantees for a total amount of €211 million. Ahold Delhaize's indirect share of these JMR-issued guarantees is €103 million, based on our ownership interest.

There are no other significant contingent liabilities or restrictions relating to the Company's interest in the joint ventures and associates. The commitments are presented in *Note 34*.

Accounting policies

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. Joint operations arise where Ahold Delhaize has both rights to the assets and obligations for the liabilities relating to the arrangement and, therefore, the Company accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where Ahold Delhaize has rights to the net assets of the arrangement and, therefore, the Company equity accounts for its interest.

Associates are entities over which Ahold Delhaize has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is defined as the power to participate in the financial and operating policy decisions of the entity but not control or joint control over those policies. Associates are accounted for using the equity method.

Under the equity method, investments in joint ventures and associates are measured initially at cost and subsequently adjusted for post-acquisition changes in Ahold Delhaize's share of the net assets of the investment (net of any accumulated impairment in the value of individual investments). Where necessary, adjustments are made to the financial figures of joint ventures and associates to ensure consistency with the accounting policies of the Company.

Unrealized gains on transactions between Ahold Delhaize and its joint ventures and associates are eliminated to the extent of the Company's stake in these investments. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

16 OTHER NON-CURRENT FINANCIAL ASSETS

€ million	December 31, 2023	January 1, 2023
Net investment in leases	**538**	524
Reinsurance contract asset	**184**	188
Loans receivable	**116**	23
Defined benefit asset	**51**	54
Derivative financial instruments	**—**	—
Investments in equity instruments	**27**	—
Non-current income tax receivable	**—**	382
Other	**32**	22
Total other non-current financial assets	**949**	1,193

For more information on the Net investment in leases, see *Note 33*.

Part of the self-insured risk is ceded under a reinsurance treaty, which is a pooling arrangement between unrelated companies. At the same time, Ahold Delhaize assumes a share of the reinsurance treaty risks that is measured by Ahold Delhaize's participation percentage in the treaty. The participation percentage is the ratio of premium paid by Ahold Delhaize to the total premium paid by all treaty members. In connection with this pooling arrangement, the Company recognizes reinsurance contract asset and reinsurance contract liability (see also *Note 19*, *Note 23* and *Note 26*) on the balance sheet. There were no significant gains or losses related to this pooling arrangement during 2023 or 2022.

Of the non-current loans receivable, €44 million matures between one and five years and €72 million after five years (January 1, 2023: €18 million between one and five years and €5 million after five years). The current portion of loans receivable of €12 million (January 1, 2023: €13 million) is included in Other current financial assets (see *Note 19*).

The defined benefit asset at December 31, 2023, represents defined benefit pension plans for which the fair value of plan assets exceeds the present value of the defined benefit obligations. For more information on defined benefit plans, see *Note 24*.

The non-current income tax receivable at January 1, 2023, related to a €382 million payment to the Belgian tax authorities for an additional assessment notice issued for the tax return over 2018. In March 2023, Ahold Delhaize signed an agreement with the Belgian tax authorities relating to its tax return over 2018. Based on this agreement, Ahold Delhaize fully recovered its associated outstanding receivable in May 2023.

Accounting policies

For more information on the accounting policies for financial assets and reinsurance contract assets, see *Note 30*.

17 INVENTORIES

€ million	December 31, 2023	January 1, 2023
Finished products and merchandise inventories	**4,487**	4,505
Raw materials, packaging materials, technical supplies and other	**97**	107
Total inventories	**4,583**	4,611

In 2023, €2,109 million has been recognized as a write-off of inventories within cost of sales in the income statement (2022: €1,970 million). Write-offs include, among others, spoilage, damaged product, theft and product donated to food banks.

Accounting estimates and judgments

For more information on the accounting estimates and judgments policies for vendor allowances, see *Note 8*.

Accounting policies

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost consists of all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their location and condition ready for sale, net of vendor allowances attributable to inventories. For certain inventories, cost is approximated using the retail method, in which the sales value of the inventories is reduced by the appropriate percentage of gross margin. The cost of inventories is determined using either the first-in, first-out (FIFO) method or the weighted average cost method, depending on their nature or use. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated marketing, distribution and selling expenses.

Included in the value of inventory is an amount representing the estimated value of inventories that have already been sold that the Company expects to be returned for a refund by customers.

Cost of sales

For more information on the accounting policies for cost of sales, see *Note 8*.

Vendor allowances

For more information on the accounting policies for vendor allowances, see *Note 8*.

18 RECEIVABLES

€ million	December 31, 2023	January 1, 2023, restated
Trade receivables	**1,505**	1,346
Vendor allowance receivables	**674**	686
Other receivables[1]	**420**	413
	2,599	2,444
Provision for impairment	**(111)**	(104)
Total receivables	**2,488**	2,340

1 Prior year numbers have been restated due to the implementation of IFRS 17, see *Note 3*.

The receivable balances are presented net of accounts payable and subject to an enforceable netting arrangement between the Company and the counterparty. The total effect of netting as of December 31, 2023, is €319 million (January 1, 2023, restated: €294 million).

At December 31, 2023, the aging analysis of receivables was as follows:

			Past due			
€ million	Total	Not past due	0–3 months	3–6 months	6–12 months	> 12 months
Trade receivables	**1,505**	**1,101**	**284**	**22**	**25**	**73**
Vendor allowance receivables	**674**	**573**	**67**	**10**	**12**	**12**
Other receivables	**420**	**271**	**59**	**12**	**9**	**69**
	2,599	**1,945**	**410**	**44**	**45**	**154**
Provision for impairment	**(111)**	**(2)**	**(14)**	**(5)**	**(15)**	**(75)**
Total receivables	**2,488**	**1,943**	**396**	**39**	**31**	**79**
Expected credit loss	**4.3%**	**0.1%**	**3.5%**	**11.1%**	**32.4%**	**48.9%**

At January 1, 2023, restated, the aging analysis of receivables was as follows:

			Past due			
€ million	Total	Not past due	0–3 months	3–6 months	6–12 months	> 12 months
Trade receivables	1,346	869	354	21	32	69
Vendor allowance receivables	686	516	97	30	27	16
Other receivables[1]	413	222	106	14	9	62
	2,444	1,607	557	65	68	147
Provision for impairment	(104)	(10)	(9)	(7)	(9)	(68)
Total receivables	2,340	1,597	548	58	58	78
Expected credit loss	4.3%	0.6%	1.7%	10.7%	13.7%	46.7%

1 Prior year numbers have been restated due to the implementation of IFRS 17, see *Note 3*.

The concentration of credit risk with respect to receivables is limited, as the Company's customer base and vendor base are large and unrelated. The Company does not hold any significant collateral on its receivables. Management believes there is no further credit risk provision required in excess of the normal individual and collective impairment assessment, based on the aging analysis performed as of December 31, 2023. For more information about credit risk, see *Note 30*.

The changes in the provision for impairment were as follows:

€ million	2023	2022
Beginning of the year	**(104)**	(96)
Charged to income	**(37)**	(39)
Used	**29**	32
Exchange rate differences	**1**	(1)
End of the year	**(111)**	**(104)**

Accounting estimates and judgments

For more information on the accounting estimates and judgments policies for vendor allowances, see *Note 8*.

19 OTHER CURRENT FINANCIAL ASSETS

€ million	December 31, 2023	January 1, 2023, restated
Derivative financial instruments – current portion	—	2
Net investment in leases – current portion	98	96
Investments in debt instruments (FVPL[1]) – current portion	—	125
Short-term deposits and similar instruments	15	16
Reinsurance contract asset[2] – current portion (see *Note 16*)	143	145
Short-term loans receivable	12	13
Other	33	27
Total other current financial assets	**302**	424

1 Fair value through profit or loss (FVPL).

2 Prior year numbers have been restated due to the implementation of IFRS 17; see *Note 3*.

For more information on Net investment in leases – current portion, see *Note 33*.

The Investments in debt instruments related to investments in U.S. Treasury bond funds held by one of the Company's captive insurance companies, which were sold in 2023.

As of December 31, 2023, short-term deposits and similar instruments included short-term investments with a maturity at acquisition of between three and 12 months. Of the short-term deposits and similar instruments as of December 31, 2023, €15 million was restricted (January 1, 2023: €16 million). The restricted investments are held for insurance purposes for U.S. workers' compensation and general liability programs.

At each reporting date, the Company assesses whether there is evidence that a financial asset or group of financial assets is impaired and recognizes a loss allowance for expected credit losses for financial assets measured at amortized costs. In 2023, the Company recognized net impairment charges for these financial assets of nil (2022: €1 million). The net impairments were included in Other gains (losses); see *Note 9*.

Accounting policies

For more information on the accounting policies for financial assets and reinsurance assets, see *Note 30*.

20 CASH AND CASH EQUIVALENTS

€ million	December 31, 2023	January 1, 2023
Cash in banks and cash equivalents	3,128	2,772
Cash on hand	356	310
Total cash and cash equivalents	**3,484**	3,082

Cash and cash equivalents include all cash-on-hand balances, checks, debit and credit card receivables, short-term highly liquid cash investments, and time deposits with original maturities of three months or less. Time deposits and similar instruments with original maturities of more than three months but less than 12 months are classified as other current financial assets. Bank overdrafts are included in short-term borrowings.

Of the cash and cash equivalents as of December 31, 2023, €10 million was restricted (January 1, 2023: €28 million).

Cash and cash equivalents include €767 million (January 1, 2023: €712 million) held under a notional cash pooling arrangement which was fully offset by an identical amount included under Other current financial liabilities. From an operational perspective, the balances in the cash pool are netted. However, in accordance with the guidance of IAS 32 regarding the offsetting of debit and credit balances for financial reporting purposes, certain balances have to be presented on a gross basis on the balance sheet (see *Note 26* and *Note 30*).

Ahold Delhaize's banking arrangements allow the Company to fund outstanding checks when presented to the bank for payment. This cash management practice may result in a net cash book overdraft position, which occurs when the total issued checks exceed available cash balances within the Company's cash concentration structure. Such book overdrafts are classified in accounts payable and amounted to €335 million (January 1, 2023: €414 million). No right to offset with other bank balances exists for these book overdraft positions.

Accounting policies

For more information on the accounting policies for cash and cash equivalents, see *Note 30*.

21 EQUITY ATTRIBUTABLE TO COMMON SHAREHOLDERS

Shares and share capital

Authorized share capital comprises the following classes of shares:

€ million	December 31, 2023	January 1, 2023
Common shares (2023 and 2022: 1,923,515,827 of €0.01 par value each)	**19**	19
Cumulative preferred shares (2023 and 2022: 2,250,000,000 of €0.01 par value each)	**23**	23
Cumulative preferred financing shares (2023 and 2022: 326,484,173 of €0.01 par value each)	**3**	3
Total authorized share capital	**45**	45

Issued share capital

As of December 31, 2023, and January 1, 2023, the common shares comprise 100% of the issued share capital. Ahold Delhaize had no cumulative preferred shares and no cumulative preferred financing shares outstanding as of December 31, 2023, and January 1, 2023.

The holders of common shares are entitled to one vote per share and to participate in the distribution of dividends and liquidation proceeds. Such rights do not apply in respect of treasury shares that are held by the Company.

Common shares and additional paid-in capital

Changes in the number of common shares and the number of treasury shares were as follows:

	Number of common shares issued and fully paid (x 1,000)	Number of treasury shares (x 1,000)	Number of common shares outstanding (x 1,000)
Balance as of January 2, 2022	**1,045,725**	**34,387**	**1,011,338**
Share buyback	—	36,596	(36,596)
Cancellation of treasury shares	(52,000)	(52,000)	—
Share-based payments[1]	—	(2,611)	2,611
Balance as of January 1, 2023	**993,725**	**16,372**	**977,353**
Share buyback		34,138	(34,138)
Cancellation of treasury shares	(41,360)	(41,360)	—
Share-based payments[1]		(2,799)	2,799
Balance as of December 31, 2023	**952,365**	**6,352**	**946,013**

1 Represents the treasury shares used for the delivery of the shares vested during the year, related to the GRO program (see *Note 32*).

Dividends on common shares

On April 12, 2023, the General Meeting of Shareholders approved the dividend over 2022 of €1.05 per common share. The final dividend for 2022 of €0.59 per common share was paid on April 27, 2023, while the interim dividend for 2022 of €0.46 per common share was paid on September 1, 2022.

On August 9, 2023, the Company announced the interim dividend for 2023 of €0.49 per common share, which was paid on August 31, 2023. In the aggregate, in 2023, the Company paid dividends on common shares in the amount of €1,044 million.

The Management Board, with the approval of the Supervisory Board, proposes that a dividend of €1.10 per common share be paid with respect to 2023. This dividend is subject to approval by the General Meeting of Shareholders. If approved, a final dividend of €0.61 per common share will be paid on April 25, 2024. This is in addition to the interim dividend of €0.49 per common share, which was paid on August 31, 2023. The total dividend payment for the full year 2023 would, therefore, total €1.10 per common share (2022: €1.05).

The final dividend of €0.61 per common share has not been included as a liability on the consolidated balance sheet as of December 31, 2023. The payment of this dividend will not have income tax consequences for the Company.

Share buyback

On January 2, 2023, the Company commenced the €1 billion share buyback program that was announced on November 9, 2022. The program was successfully completed on November 24, 2023.

In total, 34,138,442 of the Company's own shares were repurchased at an average price of €29.29 per share. The share buyback program resulted in a net transactional discount from the dealers of €1 million.

On January 2, 2024, the Company commenced the €1 billion share buyback program that was announced on November 8, 2023. The program is expected to be completed before the end of 2024.

Share-based payments

Share-based payments recognized in equity in the amount of €57 million (2022: €66 million) relate to the 2023 GRO share-based compensation expenses (see *Note 32*) and the associated current and deferred income taxes.

Cumulative preferred shares

The Company's Articles of Association provide for the possible issuance of cumulative preferred shares. The Company believes that its ability to issue this class of shares could at least delay an attempt by a potential bidder to make a hostile takeover bid, allowing the Company and its stakeholders time to discuss and respond to the offer in an orderly process. According to Dutch law, a response device is limited in time and, therefore, cannot permanently block a takeover of the Company concerned. Instead, it aims to facilitate an orderly process in which the interests of the continuity of the Company, its shareholders and other stakeholders are safeguarded in the best way possible.

Moreover, outside of the scope of a public offer, but also under other circumstances, the ability to issue this class of shares may safeguard the interests of the Company and its stakeholders and resist influences that might conflict with those interests by affecting the Company's continuity, strategy or identity. No cumulative preferred shares were outstanding as of December 31, 2023, or during 2023 and 2022.

21 EQUITY ATTRIBUTABLE TO COMMON SHAREHOLDERS CONTINUED

In March 1989, the Company entered into an agreement with the Dutch foundation Stichting Continuïteit Ahold Delhaize (SCAD, previously named Stichting Ahold Continuïteit), as amended and restated in April 1994, March 1997, December 2001, December 2003 and May 2018 (the "Option Agreement"). Pursuant to the Option Agreement, SCAD has been granted an option to acquire cumulative preferred shares from the Company from time to time for no consideration.

The Option Agreement entitles SCAD, under certain circumstances, to acquire cumulative preferred shares from the Company up to a total par value that is equal to the total par value of all issued and outstanding shares of Ahold Delhaize's share capital, excluding cumulative preferred shares, at the time of exercising the option. If the authorized share capital of the Company is amended during the term of the option, the Option Agreement provides for a corresponding change of the total par value of cumulative preferred shares under option.

The holders of the cumulative preferred shares are entitled to one vote per share and a cumulative dividend expressed as a percentage of the amount called up and paid in to purchase the cumulative preferred shares. The percentage to be applied is the sum of (1) the average basic refinancing transaction interest rate as set by the European Central Bank – measured by the number of days during which that rate was in force in the fiscal year over which the dividend is paid – plus 2.1%, and (2) the average interest surcharge rate – measured by the number of days during which that rate was in force in the fiscal year over which the dividend is paid – that would be charged by the largest credit institution in the Netherlands (based on the balance sheet total as of the close of the fiscal year immediately preceding the fiscal year over which the dividend is paid). The minimum percentage to be applied is 5.75%. Subject to limited exceptions, any potential transfer of cumulative preferred shares requires the approval of the Management Board. Cumulative preferred shares can only be issued in a registered form. The Company may stipulate that only 25% of the par value will be paid upon subscription to cumulative preferred shares until payment in full is later required by the Company. SCAD would then only be entitled to a market-based interest return on its investment.

SCAD is a foundation organized under the laws of the Netherlands. Its purpose under its articles is to safeguard the interests of the Company and its stakeholders and to resist, to the best of its ability, influences that might conflict with those interests by affecting the Company's continuity, strategy or identity. SCAD seeks to realize its objectives by acquiring and holding cumulative preferred shares and by exercising the rights attached to these shares, including the voting rights. The SCAD board has five members, who are appointed by the board of SCAD itself.

If the board of SCAD considers acquiring cumulative preferred shares or exercising voting rights on cumulative preferred shares, it will make an independent assessment and, pursuant to Dutch law, it must ensure that its actions are proportional and reasonable. If SCAD acquires cumulative preferred shares, it will only hold them for a limited period of time. These principles are in line with Dutch law, which only allows response measures that are proportionate, reasonable and limited in time. In the case of liquidation, the SCAD board will decide on the use of any remaining residual assets.

Legal reserves

In accordance with the Dutch Civil Code and statutory requirements in other countries, legal reserves have to be established in certain circumstances. Legal reserves are not available for distribution to the Company's shareholders. The currency translation reserve, cash flow hedging reserve and other reserves include non-distributable amounts. Of the total equity as per December 31, 2023, of €14,755 million, an amount of €1,039 million is non-distributable (January 1, 2023: €1,407 million (restated) out of total equity of €15,405 million). See *Note 9* to the parent company financial statements for more details on the legal reserves.

Accounting policies

Equity instruments issued by the Company are recorded at the value of proceeds received. Own equity instruments that are bought back (treasury shares) are deducted from equity. When reissued or canceled, shares are removed from the treasury shares on a FIFO basis, and recorded as a reduction of the additional paid-in capital, in accordance with the Company's Articles of Association. Incremental costs that are directly attributable to issuing or buying back own equity instruments are recognized directly in equity, net of the related tax. No gain or loss is recognized in the income statement on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

22 LOANS AND CREDIT FACILITIES

The notes in the table below were either issued by or guaranteed by Ahold Delhaize unless otherwise noted. The amortization of the purchase price allocation to the debt acquired through business combinations is allocated to the respective maturity brackets.

€ million, unless otherwise stated		Outstanding notional redemption amount	December 31, 2023 Current portion	Non-current portion	Total	January 1, 2023 Current portion	Non-current portion	Total
USD 55 notes 5.6%[1]	USD	—	—	—	—	—	51	51
EUR 750 notes 0.875%, due 2024	EUR	750	750	—	750	—	750	750
EUR 600 notes 0.250%, due 2025	EUR	600	—	600	600	—	600	600
USD 16 indebtedness 8.62%, due 2025[2]	USD	16	13	1	15	13	16	29
EUR 500 notes 1.125%, due 2026	EUR	500	—	500	500	—	500	500
EUR 500 notes 1.75%, due 2027	EUR	500	—	500	500	—	500	500
USD 71 notes 8.05%, due 2027	USD	71	2	70	72	2	75	77
EUR 500 notes 3.5%, due 2028	EUR	500	—	500	500	—	—	—
USD 500 notes 6.875%, due 2029	USD	500	—	432	432	—	441	441
EUR 600 notes 0.375%, due 2030	EUR	600	—	600	600	—	600	600
USD 271 notes 9.00%, due 2031	USD	271	7	298	305	7	314	321
USD 470 notes 5.70%, due 2040[3]	USD	470	3	498	501	3	516	519
Deferred financing costs			(7)	(10)	(17)	(5)	(12)	(17)
Total notes			768	3,989	4,758	21	4,352	4,373
Financing obligations[4]			19	144	163	22	172	194
Other loans[5]			—	3	3	190	3	193
Total loans			787	4,137	4,924	233	4,527	4,760

1 The $55 million notes were part of the loans acquired with the FreshDirect acquisition in 2021; These notes were repaid on August 8, 2023, and the settlement loss was recognized in Other financial income (expense), see *Note 9*.
2 The notional amount of these lease notes at the end of 2022 amounted to $32 million and was reduced in 2023 to $16 million as a result of regular bond repayments of $15 million as well as additional repayments due to sold locations of $1 million.
3 In December 2018, Ahold Delhaize repurchased and canceled $350 million of its outstanding $827 million notes. In November 2022, Ahold Delhaize repurchased and canceled an additional $7 million of its outstanding notes.
4 The weighted average interest rate for the financing obligations amounted to 5.9% at the end of 2023 (2022: 6.4%).
5 As of January 1, 2023, other loans mainly included a €190 million drawing under a committed credit facility, which matured and was repaid in 2023.

22 LOANS AND CREDIT FACILITIES CONTINUED

On March 28, 2023, Ahold Delhaize announced that it successfully launched and priced a €500 million Green Bond, with a term of five years, maturing on April 4, 2028. The issuance was priced at 99.851% and carries an annual coupon of 3.5%. The settlement of the bond issue took place on April 4, 2023. The bond proceeds will finance and refinance Ahold Delhaize's new or existing assets with a positive measurable environmental impact in the following categories:

- Green buildings
- Renewable energy
- Energy efficiency
- Clean transportation
- Pollution prevention and control

This inaugural Green Bond reinforces the continued alignment of the Company's funding strategy to its sustainability strategy and overall ESG ambitions.

The fair values of financial instruments, corresponding derivatives, and the foreign exchange and interest rate risk management policies applied by Ahold Delhaize are disclosed in *Note 30*.

Credit facilities

Ahold Delhaize has access to a €1.5 billion committed, unsecured, multi-currency and syndicated revolving credit facility. In December 2022, Ahold Delhaize entered into a five-year €1.5 billion Credit Facility, with two one-year extension options. The Company structured the facility as a sustainability-linked loan, whereby the margin paid is based on the Company's performance on three predefined sustainability targets.

The sustainability KPIs relate to reducing Ahold Delhaize's GHG emissions within its own operations (scope 1 and 2), reducing food waste and helping customers make healthier choices. The facility also includes the opportunity to add scope 3 GHG emissions reduction performance targets by 2025. The facility contains customary covenants and is subject to a financial covenant that requires Ahold Delhaize, if its corporate rating from Standard & Poor's and Moody's is lower than BBB/Baa2, respectively, not to exceed a maximum leverage ratio of 5.5:1.

During 2023 and 2022, the Company complied with the covenants and was not required to test the financial covenant because of its credit ratings exceeding the thresholds. As of December 31, 2023, there were no outstanding borrowings under the facility (January 1, 2023: no outstanding borrowings under the facility).

On November 23, 2023, Ahold Delhaize entered into a one-year €1.2 billion committed, unsecured and syndicated bridge facility, with two six-months extension options. The facility is subject to the same financial covenant as the Company's €1.5 billion credit facility.

Ahold Delhaize has access to other uncommitted credit facilities to cover working capital requirements, issuance of guarantees and letters of credit. As of December 31, 2023, borrowings under these facilities were €252 million (January 1, 2023: €448 million).

23 OTHER NON-CURRENT FINANCIAL LIABILITIES

€ million	December 31, 2023	January 1, 2023
Lease liabilities	**10,545**	10,637
Reinsurance contract liability	**169**	179
Other long-term financial liabilities	**48**	203
Derivative financial instruments	**32**	26
Financial guarantees	**8**	9
Total other non-current financial liabilities	**10,801**	11,055

For more information on lease liabilities, see *Note 33*.

The Company recognizes reinsurance liabilities on its balance sheet in connection with a pooling arrangement between unrelated companies (see *Note 16*).

As of December 31, 2023, Other long-term financial liabilities mainly includes a settlement liability relating to a 2013 agreement with the New England Teamsters & Trucking Industry Pension Fund (NETTI) to settle Stop & Shop's pension liabilities in the fund in the amount of $48 million (€43 million) (January 1, 2023: $46 million (€43 million)).

As of January 1, 2023, Other long-term financial liabilities, in addition to the above described NETTI settlement liability, also included:

- Financial liability for the call-and-put options embedded in the non-controlling interest of FreshDirect in the amount of $129 million (€121 million). On October 17, 2023, Ahold Delhaize settled this outstanding liability.
- Deferred consideration for the remaining shares in Cycloon in the amount of €26 million. On July 26, 2023, Ahold Delhaize acquired the remaining shares in Cycloon for an amount of €2 million. The result on the transaction was recorded in Other financial income (expense); see *Note 9*.

Accounting policies

Financial guarantees

Financial guarantees made by Ahold Delhaize to third parties that may require the Company to incur future cash outflows if called upon to satisfy are recognized at inception as liabilities at fair value. Fair value is measured as the premium received, if any, or calculated using a scenario analysis. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the obligation or the amount initially recognized less cumulative amortization corresponding to the expiration or repayment of the underlying amount guaranteed.

Reinsurance contract liability

For more information on the accounting policies for the reinsurance contract liability, see *Note 30*.

24 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

€ million	December 31, 2023	January 1, 2023
Defined benefit liabilities	**440**	338
Other long-term pension plan obligations	**352**	358
Total pension and other post-employment benefits	**792**	696

Post-employment benefits are provided through a number of funded and unfunded defined benefit plans and defined contribution plans, the most significant of which are in the United States and the Netherlands. For more information on the defined benefit liabilities and the other long-term pension plan obligations as presented in the table above, see the sections titled *Defined benefit plans*, *Multi-employer plans (MEPs)*, and *FELRA and MAP settlement agreement*. The current portion of other long-term pension plan obligations in the amount of €39 million is included in *Note 27* (January 1, 2023: €40 million).

The following table provides an overview of the pension and other post-employment benefit expenses recorded in the income statement:

€ million	2023	2022
Defined benefit costs	**215**	293
Defined benefit costs – FELRA and MAP settlement agreement	**—**	(26)
Total defined benefit costs (see section *Defined benefit plans*)	**215**	267
Defined contribution plans (see section *Defined contribution plans*)	**155**	152
Multi-employer plans (see section *Multi-employer plans (MEPs)*):		
Defined benefit plans	**21**	21
Defined contribution plans	**294**	295
Total pension and other post-employment benefit expenses[1]	**685**	735

1 In 2022, total pension and other post-employment benefit expenses included a net one-off gain in the amount of €26 million, mainly related to an additional adjustment of the FELRA and MAP excess benefit liability due to a reassessment in relation to the American Rescue Plan Act of 2021 (ARPA); see *ARPA* section.

The following table provides an overview of the remeasurements of the defined benefit pension plans and other long-term pension plan obligations as recorded in other comprehensive income:

€ million	2023	2022
Remeasurements defined benefit pension plans[1]	**135**	(367)
Remeasurements other long-term pension plan obligations[2]	**10**	(148)
Total remeasurements pension plans in other comprehensive income	**145**	(516)

1 For a breakdown of the remeasurements of the defined benefit pension plans, see *Defined benefit plans.*
2 The long-term pension plan obligations were remeasured at a discount rate of 5.4% (2022: 5.8%).

More information on the defined benefit plans, defined contribution plans and multi-employer plans is provided in the sections below.

Defined benefit plans

Ahold Delhaize has a number of defined benefit pension plans covering a substantial number of employees, former employees and retirees in the Netherlands, the United States, Belgium, Greece and Serbia.

Net assets relating to one plan are not offset against liabilities of another plan, resulting in the following presentation of the pension and other post-employment benefits on the consolidated balance sheet:

€ million	December 31, 2023	January 1, 2023
Defined benefit liabilities	**440**	338
Defined benefit assets	**(51)**	(54)
Total net defined benefit plan funded status	**390**	283

The defined benefit assets are part of the other non-current financial assets; for more information, see *Note 16*.

In the Netherlands, the Company has a career average plan covering all employees, except for bol employees, over the age of 21. The plan provides benefits to participants or beneficiaries upon retirement, death or disability. The plan's assets, which are made up of contributions from Ahold Delhaize and its employees, are managed by Stichting Ahold Delhaize Pensioen ("Ahold Delhaize Pensioen"), an independent foundation. The contributions are established in a funding agreement between Ahold Delhaize, employee representatives and Ahold Delhaize Pensioen and are generally set every five years, or at the time of a plan change. The contributions are determined as a percentage of an employee's pension base.

In the United States, the Company maintains a funded plan covering a limited population of employees. This plan is closed to new participants. The plan provides a life annuity benefit based upon final pay to participants or beneficiaries upon retirement, death or disability. The assets of the plan, which are made up of contributions from Ahold Delhaize, are maintained with various trustees. Contributions to the plan are required under the current funding policy if the prior year-end funding ratio falls below 100% as measured using regulatory interest rates without funding relief in order to avoid variable Pension Benefit Guaranty Corporation (PBGC) premiums. In addition, the Company provides additional pension benefits for certain Company executives and life insurance and medical care benefits for certain retired employees meeting age and service requirements at its U.S. subsidiaries, all of which the Company funds as claims are incurred.

In Belgium, the Company sponsors plans for substantially all of its employees. The plans are funded by fixed monthly contributions from both the Company and employees, which are adjusted annually according to the Belgian consumer price index. Certain employees who were employed before 2005 could choose not to participate in the employee contribution part of the plans. The plans ensure that employees receive a lump-sum payment at retirement based on the contributions made, and provide employees with death-in-service benefits. Belgian law prescribes a variable minimum guaranteed rate of return with Belgian 10-year government bonds as the underlying benchmark, and collars of 1.75% and 3.75%. The Company substantially insures these returns with external insurance companies that receive and manage the contributions to the plans. According to the relevant legislation, a shortfall only needs to be compensated by the employer at the point in time when the employee either retires or leaves the Company. As these plans have defined benefit features (when the return provided by the insurance company can be below the legally required minimum return, in which case the employer has to cover the gap with additional contributions), the Company treats these plans as defined benefit

24 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS CONTINUED

plans. In order to avoid the gap, or reduce it to a minimum, the Company has opened a new cash balance plan, under branch 23 rules in Belgium, as of July 1, 2017. All new employees who begin service after this date will be included in this new plan. The level of contributions remains unchanged, but the new plan is expected to experience higher returns in the long term than those generated under the branch 21 rules followed by the older plans.

Additionally, in Belgium, the Company maintains a plan covering Company executives that provides lump-sum benefits to participants upon death or retirement based on a formula applied to the last annual salary of the participant before his or her retirement or death. The plan is subject to the legal requirement to guarantee a minimum return on contributions. The plan's assets, which are made up of contributions, are managed through a fund that is administered by an independent insurance company, providing a minimum guaranteed return. The plan participants' contributions are defined in the terms of the plan, while the annual contributions to be paid by the Company are determined based on the funding level of the plan and are calculated based on current salaries, taking into account the legal minimum funding requirement, which is based on the vested reserves to which employees are entitled upon retirement or death. The plan mainly invests in debt securities in order to achieve the required minimum return. The Company bears any risk above the minimum guarantee given by the insurance company. There are no asset ceiling restrictions. In order to avoid returns being less than the minimum guaranteed return, or to reduce the risk to a minimum, the level of contributions at July 1, 2017, has been capped and applied under the classic branch 21 rules. Any increase in contributions after July 1, 2017, will be managed in accordance with branch 23 rules, which are expected to experience higher returns in the long term.

In Greece, the Company operates an unfunded defined benefit post-employment plan. This plan relates to retirement benefits prescribed by Greek law, consisting of lump-sum compensation payable in case of normal retirement or termination of employment. The amount of the indemnity is based on an employee's monthly earnings and a multiple depending on the length of service and the status of the employee. There is no legal requirement to fund these plans with contributions or other plan assets. Employees participate in the plan once they have completed a minimum service period, which is generally one year.

In Serbia, the Company has an unfunded defined benefit plan that provides a lump-sum benefit upon the employee's retirement, as prescribed by Serbian law. The benefit is based on a fixed multiple of the higher of the (i) average gross salary of the employee, (ii) average gross salary in the Company or (iii) average gross salary in the country, each determined at the time the employee retires. There is no legal requirement to fund these plans with contributions or other plan assets.

The pension plans expose the Company to actuarial risks such as: longevity risk, interest rate risk, currency risk, salary risk and investment risk. Longevity risk relates to the mortality assumptions used to value the defined benefit obligation, where an increase in participants' life expectancies will increase a plan's liability. Interest rate risk relates to the discount rate used to value the defined benefit obligation, where a decrease in the discount rate will increase a plan's liability; however, this will be partially offset by an increase in the return on a plan's investments in debt instruments. The pension plans may mitigate interest rate risk by entering into interest rate swap contracts. Currency risk relates to the fact that a plan holds investments that may not be denominated in the same currency as the plan's obligations. The pension plans may mitigate currency risk by purchasing forward currency instruments. Salary risk relates to salary increase assumptions used to value the defined benefit obligation, where an increase will result in a higher plan liability. See section *Plan assets* for more details on the asset-liability matching strategy the Company employed to manage its investment risk.

The net defined benefit costs in 2023 and 2022 were as follows:

€ million	**2023**	2022
Service cost:		
Current service cost	**181**	257
Past service cost	**(2)**	(29)
Net interest expense	**17**	17
Administrative cost	**16**	16
Termination benefits	**4**	7
Components of defined benefit cost recorded in the income statement	**215**	267
Remeasurements recognized:		
Return on plan assets, excluding amounts included in net interest (income) expense	**(321)**	2,059
(Gain) loss from changes in demographic assumptions	**4**	64
(Gain) loss from changes in financial assumptions	**262**	(2,555)
Experience (gains) losses	**190**	65
Components of defined benefit cost recognized in other comprehensive income	**135**	(367)
Total net defined benefit cost	**350**	(99)

24 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS CONTINUED

The changes in the defined benefit obligations and plan assets in 2023 and 2022 were as follows:

€ million	The Netherlands 2023	The Netherlands 2022	The United States 2023	The United States 2022	Rest of world 2023	Rest of world 2022	Total 2023	Total 2022
Defined benefit obligations								
Beginning of the year	**5,104**	6,799	**1,357**	1,696	**246**	339	**6,706**	8,835
Current service cost	**128**	189	**42**	50	**11**	18	**181**	257
Past service cost	**—**	—	**—**	(29)	**(1)**	—	**(2)**	(29)
Interest expense	**190**	76	**76**	57	**10**	4	**276**	137
Termination benefits	**—**	—	**—**	—	**4**	7	**4**	7
Contributions by plan participants	**28**	33	**—**	—	**1**	1	**29**	34
Benefits paid	**(112)**	(110)	**(88)**	(90)	**(32)**	(20)	**(231)**	(220)
(Gain) loss from changes in demographic assumptions	**4**	61	**(1)**	5	**—**	(2)	**4**	64
(Gain) loss from changes in financial assumptions	**209**	(2,020)	**38**	(431)	**16**	(104)	**262**	(2,555)
Experience (gains) losses	**190**	75	**2**	(13)	**(2)**	3	**190**	65
Exchange rate differences	**—**	—	**(39)**	112	**—**	—	**(39)**	112
End of the year	**5,742**	5,104	**1,386**	1,357	**252**	246	**7,380**	6,706
Plan assets								
Fair value of assets, beginning of the year	**4,973**	6,587	**1,247**	1,429	**203**	279	**6,423**	8,295
Interest income	**183**	71	**68**	46	**8**	3	**259**	120
Company contribution	**160**	91	**64**	66	**21**	28	**245**	184
Contributions by plan participants	**28**	33	**—**	—	**1**	1	**29**	34
Benefits paid	**(112)**	(110)	**(88)**	(90)	**(32)**	(20)	**(231)**	(220)
Administrative cost	**(9)**	(10)	**(6)**	(5)	**—**	—	**(16)**	(16)
Return on plan assets, excluding amounts included in net interest (income) expense	**278**	(1,689)	**28**	(283)	**15**	(88)	**321**	(2,059)
Exchange rate differences	**—**	—	**(41)**	85	**—**	—	**(41)**	85
Fair value of assets, end of the year	**5,502**	4,973	**1,272**	1,247	**215**	203	**6,989**	6,423
Funded status	**(240)**	(130)	**(113)**	(110)	**(37)**	(43)	**(390)**	(283)

The total defined benefit obligation of €7,380 million as of December 31, 2023, includes €163 million related to plans that are wholly unfunded. These plans include pension plans in Greece and Serbia and other benefits (such as life insurance and medical care) and supplemental executive retirement plans in the United States.

In 2022, the release of the FELRA and MAP excess benefit obligation in the amount of $27 million (€26 million) was presented as past service cost (see *Multi-employer defined benefit plans – FELRA and MAP settlement agreement and ARPA*).

Cash contributions

From 2023 to 2024, Company contributions are expected to increase from €160 million to €175 million in the Netherlands, decrease from $69 million (€64 million) to $67 million (€61 million) for all defined benefit plans in the United States, and decrease from €21 million to €15 million for all plans in the rest of the world.

The Ahold Delhaize USA pension plan's funding ratio at year-end 2023 was 107%, measured using regulatory interest rates allowed by the U.S. government as part of funding relief that are higher than otherwise would be allowed. Based upon this funding ratio, under the current funding policy, we do not expect to make a funding contribution to the Ahold Delhaize USA pension plan in 2024.

24 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS CONTINUED

As of year-end 2023, the funding ratio of the Dutch plan, calculated in accordance with regulatory requirements, was 127%. Under the financing agreement with Ahold Delhaize Pensioen, contributions are made as a percentage of employees' pension bases and shared between Ahold Delhaize and the employees. The agreement also allows for a reduction in premiums if certain funding conditions are met. In addition, Ahold Delhaize can be required to contribute a maximum amount of €150 million over a five-year period if the funding ratio is below 105%.

On May 30, 2023, the new Pensions Act ("Wet toekomst pensioenen" (Wtp)), relating to the new Dutch pension system, passed the Senate. On July 1, 2023, the Wtp came into force and by January 1, 2028, the transition to the new pension system will have to be completed. Ahold Delhaize Pensioen established a task force to prepare the Company for the implementation of the Wtp and anticipates a transfer before this date. Under the proposed law, future benefits will be based on a defined contribution plan definition.

Actuarial assumptions

The calculations of the defined benefit obligation and net defined benefit cost are sensitive to the assumptions set out below. These assumptions require a large degree of judgment. Actual experience may differ from the assumptions made. The assumptions required to calculate the actuarial present value of benefit obligations and the net defined benefit costs are determined per plan and are as follows (expressed as weighted averages):

	The Netherlands		The United States		Rest of world	
%	**2023**	2022	**2023**	2022	**2023**	2022
Discount rate	**3.1**	3.6	**5.4**	5.7	**3.2**	3.8
Future salary increases	**2.5**	2.5	**4.3**	4.3	**4.0**	3.6
Future pension increases	**1.9**	2.3	**0.0**	0.0	**0.0**	0.0

Assumptions regarding longevity are based on published statistics and mortality tables. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

	The Netherlands		The United States		Rest of world	
Years	**2023**	2022	**2023**	2022	**2023**	2022
Longevity at age 65 for current pensioners						
Male	**21.3**	21.2	**20.3**	20.3	**N/A**	N/A
Female	**23.7**	23.6	**22.3**	22.2	**N/A**	N/A
Longevity at age 65 for current members aged 50						
Male	**22.9**	22.8	**21.5**	21.4	**N/A**	N/A
Female	**25.3**	25.2	**23.4**	23.3	**N/A**	N/A

The following table summarizes how the effect on the defined benefit obligations at the end of the reporting period would have increased (decreased) as a result of a 0.5% change in the respective assumptions and a one-year increase in life expectancy.

€ million	The Netherlands	The United States	Rest of world	Total
Discount rate				
0.5% increase	**(606)**	**(58)**	**(12)**	**(676)**
0.5% decrease	**715**	**64**	**13**	**791**
Future salary increases				
0.5% increase	**57**	**—**	**3**	**60**
0.5% decrease	**(54)**	**—**	**(3)**	**(57)**
Future pension increases				
0.5% increase	**752**	**—**	**N/A**	**752**
0.5% decrease	**(559)**	**—**	**N/A**	**(559)**
Life expectancy				
One-year increase at age 65	**226**	**42**	**1**	**268**

The above sensitivity analyses are based on a change in each respective assumption while holding all other assumptions constant. In reality, one might expect interrelationships between the assumptions, especially between discount rate and future salary increases, as both depend to a certain extent on expected inflation rates. The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to the previous period.

24 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS CONTINUED

Plan assets

The pension plan asset allocation differs per plan. The allocation of plan assets was as follows:

	The Netherlands		The United States		Rest of world	
€ million	2023	2022	2023	2022	2023	2022
Equity instruments:						
Consumer goods	293	265	56	49	—	—
Financial services	180	156	14	16	—	—
Telecommunications and information	272	220	8	9	—	—
Energy and utilities	81	94	15	23	—	—
Industry	319	319	7	5	—	—
Other	325	303	126	99	22	20
Debt instruments:						
Government bonds	1,768	1,612	97	95	—	—
Corporate bonds (investment grade)	459	431	453	419	—	—
Corporate bonds (non-investment grade)	354	6	25	23	—	—
Other	5	—	82	78	31	30
Real estate:						
Retail	—	—	9	7	—	—
Offices	—	—	—	—	—	—
Residential	—	—	—	—	—	—
Other	—	—	50	59	—	—
Investment funds	1,302	1,621	42	176	—	—
Insurance contracts	—	—	—	—	162	152
Derivatives:						
Interest rate swaps	(524)	(519)	—	—	—	—
Forward foreign exchange contracts	20	30	—	—	—	—
Cash and cash equivalents	665	440	178	86	—	—
Other	(17)	(4)	112	103	—	—
Total	5,502	4,973	1,272	1,247	215	203

Virtually all equity and debt instruments have quoted prices in active markets. Derivatives can be classified as Level 2 instruments, and real estate and some investment funds as Level 3 instruments based on the definitions in IFRS 13, “Fair Value Measurement.” It is Ahold Delhaize Pensioen’s policy to use interest rate swaps to partially hedge its exposure to interest rate risk on the pension liability. Foreign currency exposures are hedged by the use of forward foreign exchange contracts.

In the Netherlands, the plan assets are managed by external investment managers following investment strategies based on the composition of the plan liabilities. With the aid of asset liability management modeling, analyses are made of possible future economic scenarios and investment portfolios. Based on these analyses, investment strategies are determined to produce optimal investment returns at acceptable funding ratio risk levels. Less favorable years can be part of these scenarios. During 2023, the strategic targets for asset allocation of the Dutch pension plan were: 50% return portfolio (equity, high-yield debt, emerging-market debt, private equity and real estate) and 50% matching portfolio (government bonds, interest swaps, euro credits, mortgages and cash).

In the United States, the plan assets are managed by external investment managers and rebalanced periodically. Pension plan assets are invested in a trust intended to comply with the Employee Retirement Income Security Act of 1974 (ERISA), as amended, the United States Tax Code, and applicable fiduciary standards. In 2020, AON was approved by the Fiduciary Committee as the pension plan’s Outsourced Chief Investment Officer (OCIO). The OCIO manages the entire pension plan portfolio and acts as fiduciary under ERISA. The Fiduciary Committee monitors the OCIO’s performance. The long-term investment objective for the plan’s assets is to maintain an acceptable funding ratio of the plan’s assets and liabilities without undue exposure to risk. In 2021, the Fiduciary Committee approved a new asset allocation approach that terminated the strategic weight to hedge funds and replaced it with high-yield debt. A revised glide path of the plan (the split between return-seeking and liability-hedging assets) was also approved. At year-end 2023, the strategic targets were: 8.4% equity, 3.6% multi-asset credit and 88% liability-hedging debt securities.

In 2023, the Dutch plan had nil plan assets invested in Ahold Delhaize’s financial instruments (2022: nil). In 2023 or 2022, the U.S. plans did not have any plan assets invested in Ahold Delhaize financial instruments.

The actual return on plan assets in 2023 was 9.6% for the Dutch plan (2022: (24.5)%) and 8.0% for the Ahold Delhaize USA pension plan (2022: (18.7)%).

Benefit maturities

The weighted average duration of the defined benefit obligations of the plans in the Netherlands, the United States and the rest of world are 24.1, 10.9 and 10.5 years, respectively.

The expected schedule of benefit payments for the plans are as follows:

€ million	The Netherlands	The United States	Rest of world	Total
Amount due within one year	121	91	9	221
Amount due between two and five years	501	383	55	939
Amount due between six and ten years	854	515	91	1,460

24 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS CONTINUED

Defined contribution plans

The Company operates defined contribution plans in the Netherlands, the United States, Belgium, Greece and the Czech Republic. As mentioned above, the defined contribution plans in Belgium are accounted for as defined benefit plans due to the guaranteed return elements of the plans. The largest defined contribution plans exist in the United States, where the Company sponsors profit-sharing retirement plans that include a 401(k) feature that permits participating employees to make elective deferrals of their compensation and requires the Company to make matching contributions.

During 2023 and 2022, the Company contributed €155 million and €152 million, respectively, to its defined contribution plans. These contributions were recognized as an expense in the income statement and related entirely to continuing operations in 2023 and 2022.

Multi-employer plans (MEPs)

A number of union employees in the United States are covered by MEPs based on obligations arising from collective bargaining agreements. These plans provide retirement and other benefits to participants generally based on their service to contributing employers. The benefits are paid from assets held in trust for that purpose. Trustees are appointed in equal number by employers and unions, and they are typically responsible for oversight of the investment of the assets and administration of the plan. Contribution rates and, in some instances, benefit levels are generally determined through the collective bargaining process between the participating employers and unions. At year-end, none of the Company's collective bargaining agreements required an increase in the Company's total pension contributions for MEPs to meet minimum funding requirements.

Most of these plans are defined contribution plans. The plans that are defined benefit plans, on the basis of the terms of the benefits provided, are accounted for as defined contribution plans because, among other things, there is insufficient information available to account for these plans as defined benefit plans. These plans are generally flat dollar benefit plans. Ahold Delhaize is generally one of several employers participating in most of these plans and, in the event that Ahold Delhaize withdraws from a plan, its allocable share of the plan's obligations (with certain exceptions) would be based upon unfunded vested benefits in the plan at the time of such withdrawal. Ahold Delhaize's obligation to pay for its allocable share of a plan's unfunded vested benefits is called a withdrawal liability. The withdrawal liability payable by Ahold Delhaize at such time as it experiences a withdrawal from a plan is based upon the applicable statutory formula, plan computation methods and actuarial assumptions, and the amount of the plan's unfunded benefits. Ahold Delhaize does not have sufficient information to accurately determine its ratable share of plan obligations and assets following defined benefit accounting principles, and the financial statements of the MEPs are drawn up on the basis of other accounting policies than those applied by Ahold Delhaize. Consequently, these MEPs are not included in the Company's balance sheet.

The risks of participating in MEPs are different from the risks of single-employer plans. Ahold Delhaize's contributions are pooled with the contributions of other contributing employers, and are, therefore, used to provide benefits to employees of these other participating employers. If other participating employers cease to participate in the plan without paying their allocable portion of the plan's unfunded obligations, this could result in increases in the amount of the plan's unfunded benefits and, thus, Ahold Delhaize's future contributions. Similarly, if a number of employers cease to have employees participating in the plan, Ahold Delhaize could be responsible for an increased share of the plan's deficit. If Ahold Delhaize seeks to withdraw from an MEP, it generally must obtain the agreement of the applicable unions and will likely be required to pay withdrawal liability in connection with this.

Under normal circumstances, when an MEP reaches insolvency, it must reduce all accrued benefits to the maximum level guaranteed by the United States' PBGC. MEPs pay annual insurance premiums to the PBGC for such benefit insurance.

MEP – defined benefit plans

At the end of 2023 and 2022, Ahold Delhaize participated in seven MEPs that are defined benefit plans on the basis of the terms of the benefits provided. The Company's participation in these MEPs is outlined in the tables on the next page.

Ahold Delhaize's participation percentage is an indication based on the relevant amount of its contributions during the year in relation to the total contributions made to the plan.

The estimate of the Company's net proportionate share of the plans' deficits is based on the latest available information received from these plans, such as the plans' measurement of plan assets and the use of discount rates between 6.5% and 7.5%. The estimate does not represent Ahold Delhaize's direct obligation. While it is our best estimate, based upon information available to us, it is imprecise, and a reliable estimate of the amount of the obligation cannot be made.

The EIN/Pension Plan Number column provides the Employer Identification Number (EIN) and the three-digit pension plan number. As with all pension plans, multi-employer pension plans in the U.S. are regulated by the ERISA; the United States Tax Code, as amended; the Pension Protection Act of 2006 (PPA); and the Multi-employer Pension Reform Act of 2014, among other legislation.

Under the PPA, plans are categorized as "endangered" (Yellow Zone), "seriously endangered" (Orange Zone), "critical" (Red Zone), or neither endangered nor critical (Green Zone). This categorization is based primarily on three measures: the plan's funded percentage, the number of years before the plan is projected to have a minimum funding deficiency under ERISA and the number of years before the plan is projected to become insolvent. A plan is in the "Yellow Zone" if the funded percentage is less than 80% or a minimum funding deficiency is projected within seven years. If both of these triggers are reached, the plan is in the "Orange Zone." Generally, a plan is in the "Red Zone" if a funding deficiency is projected at any time in the next four years (or five years if the funded percentage is less than 65%). Plans with a funding ratio above 80% are generally designated as being in the "Green Zone." A plan in the "Red Zone" may be further categorized as "critical and declining" if the plan is projected to become insolvent within the current year or within either the next 14 years or the next 19 years, depending on the plan's ratio of inactive participants to active participants and its specific funding percentage. MEPs in endangered or critical status are required by U.S. law to develop either a funding improvement plan (FIP) or a rehabilitation plan (RP) to enhance funding through reductions in benefits, increases in contributions, or both. The FIP/RP Status Pending/Implemented column in the table below indicates plans for which an FIP or an RP is pending or has been implemented. Additional information regarding the multi-employer plans listed in the following tables can be found on the website of the U.S. Department of Labor (*www.efast.dol.gov*).

24 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS CONTINUED

€ million, except Ahold Delhaize's participation percentages	EIN / Pension plan number	ERISA zone status	FIP / RP status pending / implemented	Year of Form 5500[1]	Expiration date of collective bargaining agreement	December 31, 2023			
						Annual contributions	Plan deficit / (surplus)[2]	Ahold Delhaize's participation	Ahold Delhaize's proportionate share of deficit (surplus)[3]
New England Teamsters & Trucking Industry Pension	04-6372430/001	Red (Critical and declining)	Implemented	2022	March 29, 2025	**4**	**—**	**1.8%**	**—**
UFCW Local 1262 & Employers Pension Fund	22-6074414/001	Red	Implemented	2022	October 23, 2027-February 12, 2028	**6**	**91**	**30.3%**	**28**
Warehouse Employees' Union Local 730 Pension Trust Fund	52-6124754/001	Red (Critical and declining)	Implemented	2022	June 20, 2026-May 15, 2027	**4**	**121**	**86.6%**	**105**
Other plans[4]						**7**	**7,007**	**0.4%**	**(30)**
Total						**21**	**7,219**		**103**

€ million, except Ahold Delhaize's participation percentages	EIN / Pension plan number	ERISA zone status	FIP / RP status pending / implemented	Year of Form 5500[1]	Expiration date of collective bargaining agreement	January 1, 2023			
						Annual contributions	Plan deficit / (surplus)[2]	Ahold Delhaize's participation	Ahold Delhaize's proportionate share of deficit (surplus)[3]
New England Teamsters & Trucking Industry Pension	04-6372430/001	Red (Critical and declining)	Implemented	2021	March 29, 2025	5	—	2.0%	—
UFCW Local 1262 & Employers Pension Fund	22-6074414/001	Red	Implemented	2021	October 23, 2027-February 12, 2028	6	260	33.7%	88
Warehouse Employees' Union Local 730 Pension Trust Fund	52-6124754/001	Red (Critical and declining)	Implemented	2021	June 20, 2026-May 15, 2027	4	146	87.3%	128
Other plans[4]						6	9,527	0.0%	3
Total						21	9,933		219

1 Form 5500 is part of ERISA's overall reporting and disclosure framework and includes the financial statements of a MEP.
2 The deficit/(surplus) of the plans is heavily influenced by the discount rate applied by the plans, which ranges between 6.5% and 7.5%, consistent with the prior year, and by the projected assets for the funds, which increased by between 6% and 22%. MEPs discount the liabilities at the plan's expected rate of return on assets. As a plan nearing insolvency reduces liquidity risk and expected volatility, its expected rate of return on assets declines and, as such, the discount rate will decline, resulting in an increase of the deficit within the plan. The steady liabilities combined with better market conditions have resulted in a more favorable funded status for these funds, both individually and in the aggregate.
3 Ahold Delhaize's proportionate share of deficit (surplus) is calculated by multiplying the deficit/(surplus) of each plan that the Company participates in by Ahold Delhaize's participation percentage in that plan. This proportional share of deficit/(surplus) is an indication of our share of deficit/(surplus) based on the best available information. The deficit is calculated in accordance with the accounting policies and funding assumptions applied by the relevant plan and does not represent any obligation or liability Ahold Delhaize may have in respect of the plan, which would be accounted for and measured in accordance with Ahold Delhaize's accounting policies.
4 Other plans include Teamsters Local 639 Employers Pension Plan, UFCW Local 464A Pension Fund, Bakery and Confectionery Union Pension Fund and IAM National Pension Fund, with participation percentages as of December 31, 2023, equal to 3.7%, 21.8%, 0.5% and 0.0%, respectively (January 1, 2023: 3.9%, 24.0%, 0.5% and 0.0%).

24 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS CONTINUED

If the underfunded liabilities of the multi-employer pension plans are not reduced, by improved market conditions, reductions in benefits and/or collective bargaining changes, increased future payments by the Company and the other participating employers may result. However, all future increases generally will be subject to the collective bargaining process.

In 2020, Ahold Delhaize withdrew from the United Food & Commercial Workers International Union – Industry Pension Fund (the "National Plan") and the United Food & Commercial Workers (UFCW) – Local 1500 Pension Fund (the "1500 Plan"), resulting in a total withdrawal liability of $634 million and $222 million, respectively. In 2020, Ahold Delhaize paid $590 million, which included a transition payment to the new plan. In 2021, Ahold Delhaize fully paid the remaining National Plan withdrawal liability in the amount of $190 million. Ahold Delhaize paid $57 million on the withdrawal liability for the 1500 Plan in 2022, and the remaining $57 million in 2023. As of December 31, 2023, there are no remaining withdrawal liabilities for the National Plan and the 1500 Plan.

For the National Plan, a new multi-employer variable annuity pension plan (VAPP) was established (effective retrospectively as of July 1, 2020). The new plan is a defined benefit plan and the Company applies defined benefit accounting (the plan is included in the *Defined benefit plans* above).

For the 1500 Plan, the Company will provide associates who are members of the UFCW Local 1500 future service retirement benefits through an existing defined contribution plan for which defined contribution accounting is applied.

In 2024, the Company expects its total contributions to multi-employer defined benefit plans to be €21 million, which includes RP contribution increases where applicable. Ahold Delhaize has a risk of increased contributions and withdrawal liability (upon a withdrawal) if any of the participating employers in an underfunded MEP withdraw from the plan or become insolvent and are no longer able to meet their contribution requirements or if the MEP itself no longer has sufficient assets available to fund its short-term obligations to the participants in the plan. If and when a withdrawal liability is assessed, it may be substantially higher than the proportionate share disclosed above. Any adjustment for a withdrawal liability will be recorded when it is probable that a liability exists and the amount can be reliably estimated. Ahold Delhaize does not have a contractual agreement with any MEP that determines how a deficit will be funded, except for the FELRA and MAP settlement agreement as described below.

FELRA and MAP settlement agreement

On December 31, 2020, Giant Food, UFCW Locals 27 and 400 (collectively the "Union Locals"), the PBGC, the Food Employers Labor Relations Association and United Food and Commercial Workers Pension Fund ("FELRA") and the Mid-Atlantic UFCW and Participating Employers Pension Fund ("MAP") finalized a settlement agreement on Giant Food's funding obligations with respect to FELRA and MAP. As a result of this agreement, the PBGC approved the combining of MAP into FELRA (the "Combined Plan") and agreed to provide financial assistance to the Combined Plan following its insolvency. The agreement intended to resolve all of Giant Food's existing liabilities with respect to the FELRA and MAP Plans and improves the security of pension benefits for associates and reduces financial risk for Giant Food.

In 2020, Giant Food recorded a $609 million pension-related liability and a $211 million defined benefit obligation related to the new variable annuity single-employer plan, with a corresponding reduction in the Ahold Delhaize FELRA and MAP MEP off-balance sheet liabilities.

Beginning January 1, 2021, Giant associates who are represented by UFCW Locals 27 and 400 began to accrue benefits under a single-employer variable annuity plan. In 2021 and 2022, the best estimate of the defined benefit obligation was revised following the ARPA; see section below.

American Rescue Plan Act of 2021 (ARPA)

On March 11, 2021, the ARPA was signed into law. ARPA establishes a special financial assistance program to be administered by the PBGC and funded by transfers from the U.S. Treasury through September 30, 2030. Under this program, eligible multi-employer pension plans may apply to receive a one-time cash payment intended to be the amount required for the plan to pay all benefits through the last day of the plan year ending in 2051. The payment received under this special financial assistance program would not be considered a loan and would not need to be paid back.

The Combined Plan received the special financial assistance in 2022 and 2023. The amount of the liability for the excess benefits payable under Giant Food's single-employer plan was reassessed as part of the application process, and the liability was reduced to $6 million during 2022. As of December 31, 2023, the liability remained $6 million.

ARPA has no impact on the FELRA and MAP withdrawal liability presented as Other long-term pension plan obligations. It also has no impact on the 2020 withdrawals from the National Plan and the 1500 Plan.

Eligible plans include, among others, plans that are in "critical and declining" status in any plan year beginning in 2020, 2021 or 2022. Applications for financial assistance must be submitted no later than December 31, 2025. In addition to the Combined Plan, each of the following plans, to which various subsidiaries of Ahold Delhaize contribute, applied for the special financial assistance in 2023:

- New England Teamsters & Trucking Industry Pension Plan
- Warehouse Employees' Union Local 730 Pension Trust Fund
- Bakery and Confectionery Union and Industry Pension Fund

While ARPA is expected to provide financial assistance to the New England Teamsters & Trucking Industry Pension Plan, the Warehouse Employees' Union Local 730 Pension Trust Fund and the Bakery and Confectionery Union and Industry Pension Fund, the expected future contributions to those multi-employer plans will not be impacted in the short term. The ongoing contribution requirements will continue to be based on the collective bargaining agreements in place. Accordingly, the special financial assistance for these three plans should not have any impact on Ahold Delhaize's ongoing contribution obligation.

MEP – defined contribution plans

Ahold Delhaize also participates in 36 MEPs (2022: 40 MEPs) that are defined contribution plans on the basis of the terms of the benefits provided. The majority of these plans provide health and welfare benefits. The Company contributed €294 million and €295 million to multi-employer defined contribution plans during 2023 and 2022, respectively. These contributions are recognized as an expense in the consolidated income statement and related entirely to continuing operations in 2023 and 2022. These plans vary significantly in size, with contributions to the three largest plans representing 63% of total contributions (2022: 63%).

24 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS CONTINUED

Accounting estimates and judgments

The present value of the pension obligations depends on a number of assumptions that are determined on an actuarial basis. The assumptions used in determining the net cost (income) for pensions include the discount rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. Other key assumptions include longevity and future salary and pension increases.

Management applied judgment in the determination to record discount rate-related remeasurements on the Other long-term pension plan obligations through other comprehensive income.

Accounting policies

The net assets and net liabilities recognized on the consolidated balance sheet for defined benefit plans represent the actual surplus or deficit in Ahold Delhaize's defined benefit plans measured as the present value of the defined benefit obligations less the fair value of plan assets. Any surplus resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

Defined benefit obligations are actuarially calculated on the balance sheet date using the projected unit credit method. The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using market yields on high-quality corporate bonds (i.e., bonds rated AA or higher), which are denominated in the currency in which the benefits will be paid and have an average duration similar to the expected duration of the related pension liabilities.

Defined benefit costs are split into three categories:

- Service cost, past service cost, gains and losses on curtailment and settlements
- Net interest expense or income
- Remeasurement

The first category is presented as labor costs within operating earnings. Past service costs are recognized in the income statement in the period of plan amendment. Results from curtailments or settlements are recognized immediately.

Past service years within the Dutch pension plan are calculated based upon a methodology that uses the maximum past service years based on accrued benefits or a participant's actual date of hire.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset and is presented within net financial expenses.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling (if applicable), and the return on plan assets (excluding interest), are recognized immediately in the balance sheet with a charge or credit to other comprehensive income in the period in which it occurs. Remeasurements recorded in other comprehensive income are not recycled to the income statement.

Contributions to defined contribution plans are recognized as an expense when employees have rendered service entitling them to the contributions. Post-employment benefits provided through industry MEPs, managed by third parties, are generally accounted for under defined contribution criteria.

25 PROVISIONS

The table below specifies the changes in total provisions (current and non-current):

€ million	Self-insurance program	Claims and legal disputes	Severance and termination benefits	Onerous contracts	Other	Total
As of January 1, 2023						
Current portion	306	33	13	5	20	377
Non-current portion	655	21	1	17	48	742
Carrying amount	**961**	**54**	**14**	**23**	**68**	**1,120**
Year ended December 31, 2023						
Additions charged to income	**247**	**40**	**66**	**88**	**41**	**480**
Used during the year	**(238)**	**(5)**	**(32)**	**(4)**	**(23)**	**(303)**
Released to income	**(19)**	**(3)**	**(1)**	**(1)**	**(1)**	**(26)**
Interest accretion	**56**	**—**	**—**	**—**	**—**	**57**
Effect of changes in discount rates	**(1)**	**—**	**—**	**—**	**(3)**	**(4)**
Classified to liabilities related to assets held for sale or sold	**(25)**	**(4)**	**—**	**—**	**—**	**(29)**
Other movements	**—**	**(8)**	**—**	**—**	**—**	**(8)**
Exchange rate differences	**(28)**	**(1)**	**—**	**(1)**	**(1)**	**(31)**
Closing carrying amount	**952**	**72**	**46**	**104**	**81**	**1,256**
As of December 31, 2023						
Current portion	**319**	**59**	**46**	**43**	**26**	**492**
Non-current portion	**633**	**13**	**1**	**61**	**56**	**764**
Carrying amount	**952**	**72**	**46**	**104**	**81**	**1,256**

Maturities of total provisions as of December 31, 2023, are as follows:

€ million	Self-insurance program	Claims and legal disputes	Severance and termination benefits	Onerous contracts	Other	Total
Amount due within one year	319	59	46	43	26	492
Amount due between one and five years	411	12	1	58	22	504
Amount due after five years	222	1	—	3	34	259
Total	**952**	**72**	**46**	**104**	**81**	**1,256**

25 PROVISIONS CONTINUED

Self-insurance program

Ahold Delhaize is self-insured for certain potential losses, mainly relating to general liability, vehicle liability, workers' compensation and property losses incurred by its subsidiaries. Some of Ahold Delhaize's self-insured losses are retained at its captive insurance companies. The captives' maximum self-insurance retention per occurrence, including defense costs, is $2 million (€2 million) for general liability, $15 million (€14 million) for commercial vehicle liability, $5 million (€5 million) for workers' compensation in the United States and an amount equivalent to the capped continued payment of wages in the Netherlands, and $25 million (€23 million) for property losses in the United States and Europe, subject to an annual aggregate of $35 million (€32 million). Part of the self-insured risk is ceded under a reinsurance treaty, which is a pooling arrangement between unrelated companies; see *Note 16*.

The measurement of the self-insurance provisions involves estimates and judgments to be made regarding claims incurred but not yet reported, timing and amount of payment of damages, and costs associated with the settlement of claims.

Claims and legal disputes

The Company is party to a number of legal proceedings arising out of its business operations. Such legal proceedings are subject to inherent uncertainties. Management, supported by internal and external legal counsel, where appropriate, determines whether it is probable that an outflow of resources will be required to settle an obligation. If this is the case, the best estimate of the outflow of resources is recognized.

Severance and termination benefits

This provision relates to payments to employees whose employment with the Company has ended, either as part of a restructuring or a voluntary separation plan. The measurement of the provision involves estimates and judgments about the population and number of employees that will ultimately be affected by the plans, estimates of salary ranges used to measure future cash flows, and assumptions of periods of service, if relevant.

Onerous contracts

Onerous contract provisions relate to unfavorable contracts where the unavoidable costs of meeting the obligations under the contracts exceed the benefits expected to be received. The judgments and estimates made in the measurement of onerous contracts relate to unavoidable future costs anticipated to be incurred.

Other

Other provisions include loyalty programs, long-term incentives, jubilee payments, asset retirement obligations, provisions for environmental risks and supplemental medical benefits. The judgments and estimates made in the measurement of these provisions relate to the estimated costs to be incurred at an unknown future date.

The loyalty program provision of €21 million as of December 31, 2023 (January 1, 2023: €16 million), mainly relates to a third-party customer loyalty program in the Netherlands and reflects the estimated cost of benefits to which customers participating in the loyalty program are entitled. When measuring the provision for loyalty programs, management estimates the expected timing of the redemptions by customers and the expected breakage (benefits granted but never redeemed).

Accounting estimates and judgments

The recognition of provisions requires estimates and assumptions regarding the timing and the amount of outflow of resources. The main estimates are as follows:

- Self-insurance program: Estimates and assumptions include an estimate of claims incurred but not yet reported, historical loss experience, projected loss development factors, estimated changes in claim reporting patterns, claim settlement patterns, judicial decisions and legislation. It is possible that the final resolution of claims may result in significant expenditures in excess of existing reserves.
- Loyalty programs: Estimating the cost of benefits to which customers participating in the loyalty program are entitled includes assumptions on redemption rates. These estimates and assumptions apply to all loyalty programs, irrespective of whether they are accounted for as sales deferrals or provisions for future payments made at redemption.
- Claims and legal disputes: Management, supported by internal and external legal counsel, where appropriate, determines whether it is probable that an outflow of resources will be required to settle an obligation. If this is the case, the best estimate of the outflow of resources is recognized.
- Severance and termination benefits: The provisions relate to separation plans and agreements and use the best estimate, based on information available to management, of the cash flows that will likely occur. The amounts that are ultimately incurred may change as the plans are executed.
- Onerous contracts: Mainly relate to unfavorable contracts and include the excess of the unavoidable costs of meeting the contractual obligations over the benefits expected to be received under such contracts.

Accounting policies

Provisions are recognized when (i) the Company has a present (legal or constructive) obligation as a result of past events, (ii) it is probable that an outflow of resources will be required to settle the obligation, and (iii) the amount can be reliably estimated. The amount recognized is the best estimate of the expenditure required to settle the obligation. Provisions are discounted whenever the effect of the time value of money is significant.

The provision for the Company's self-insurance program is recorded based on claims filed and an estimate of claims incurred but not yet reported. The provision includes expenses incurred in the claim settlement process that can be directly associated with specific claims. Other expenses incurred in the claim settlement process are expensed when incurred. The Company's estimate of the required liability of such claims is recorded on a discounted basis, utilizing an actuarial method based upon various assumptions that include, but are not limited to, historical loss experience, projected loss development factors and actual payroll costs.

Restructuring-related provisions for severance and termination benefits are recognized when the Company has approved a detailed formal restructuring plan and the restructuring has either commenced or has been announced to those affected by it. Onerous contract provisions are measured at the amount by which the unavoidable costs to fulfill agreements exceeds the expected benefits from such agreements.

26 OTHER CURRENT FINANCIAL LIABILITIES

€ million	December 31, 2023	January 1, 2023, restated
Lease liabilities – current portion	**1,281**	1,327
Interest payable	**48**	37
Short-term borrowings	**250**	204
Bank overdrafts	**767**	712
Reinsurance contract liability[1] – current portion (see *Note 16* and *Note 23*)	**114**	122
Loans – current portion (see *Note 22*)	**787**	233
Deposit liabilities	**15**	15
Derivative financial instruments	**1**	—
Other	**12**	68
Total other current financial liabilities	**3,275**	2,718

1 Prior year numbers have been restated due to the implementation of IFRS 17; see *Note 3*.

For more information on lease liabilities, see *Note 33*.

Bank overdrafts includes an amount of €767 million (January 1, 2023: €712 million) that relates to the overdraft position of a notional cash pooling arrangement. This bank overdraft is fully offset by an identical amount included under Cash and cash equivalents (see *Note 20* and *Note 30*).

The current portion of loans mainly includes the €750 million notes, which are due in 2024 (see *Note 22*).

In 2022, Other included mainly the current portion of the Local 1500 withdrawal liability in the amount of $57 million, which was fully repaid in 2023; see *Note 24.*

Accounting policies

For more information on the accounting policies for financial liabilities and reinsurance contract liabilities, see *Note 30*.

27 OTHER CURRENT LIABILITIES

€ million	December 31, 2023	January 1, 2023
Accrued expenses	**1,929**	1,960
Compensated absences	**509**	585
Payroll taxes, social security and VAT	**598**	617
Deferred income	**108**	109
Gift card liabilities[1]	**263**	274
Other[2]	**45**	50
Total other current liabilities	**3,451**	3,595

1 Gift card sales for the year in the amount of €684 million and exchange rate differences of €5 million, offset by redemptions in the amount of €670 million and breakage in the amount of €20 million, resulted in an ending balance of gift card liabilities of €263 million.

2 Other mainly includes the current portion of the pension-related liability for FELRA and MAP of €39 million (January 1, 2023: €40 million). For more information, see *Note 24*.

The non-current portion of the Deferred income amounts to €26 million (January 1, 2023: €33 million), and is included in the Other non-current liabilities line of the balance sheet.

Accounting estimates and judgments

For more information on the accounting estimates and judgments policies for gift card liabilities, see *Note 7*.

28 CASH FLOW

Cash and cash equivalents

The following table presents the reconciliation between the cash and cash equivalents as presented in the statement of cash flows and on the balance sheet:

€ million	December 31, 2023	January 1, 2023
Cash and cash equivalents as presented in the statement of cash flows	**3,475**	3,054
Restricted cash	**10**	28
Cash and cash equivalents as presented on the balance sheet	**3,484**	3,082

Additional cash flow information

€ million	2023	2022
Non-cash investing activities		
Accounts payable at year end related to purchased non-current assets	**318**	390
Assets acquired under leases[1]	**563**	544
Reassessments and modifications to leases[2]	**1,142**	1,089

€ million	2023	2022
Acquisition of businesses (see Note 4)		
Total purchase consideration	**(52)**	(44)
Purchase consideration – in kind	**18**	—
Deferred consideration payable – non-current	**—**	27
Settlement of deferred consideration payable	**—**	(1)
Purchase consideration settled with / paid by other parties	**—**	(1)
Cash acquired (excluding restricted cash)	**—**	—
Acquisition of businesses, net of cash acquired	**(34)**	(20)
Divestments of businesses		
Net cash flows from divestment of subsidiaries and businesses	**8**	13
Other net cash flows related to past divestments	**—**	—
Divestment of businesses	**8**	12
Cash divested[3]	**(138)**	—
Divestment of businesses, net of cash divested	**(130)**	12
Reconciliation between results on divestments of discontinued operations and cash (paid) received		
Result on divestments of discontinued operations before income taxes	**—**	—
Result on divestment of subsidiaries and businesses (not qualified as discontinued operations)[3]	**(238)**	11
Net assets (liabilities) divested	**306**	2
Currency exchange differences transferred from equity	**(30)**	—
Changes in other non-current financial assets and provisions – net	**(35)**	—
Transaction costs payable	**4**	—
Divestment of businesses	**8**	12
Cash divested[3]	**(138)**	—
Divestment of businesses, net of cash divested[3]	**(130)**	12

1 The additions to right-of-use assets (see Note 12 and Note 13) include €26 million of additions through sale and leaseback transactions and €4 million of initial direct costs net of lease incentives received (2022: €10 million of additions through sale and leaseback transactions and €7 million of initial direct costs net of lease incentives received), which are excluded from the amount of non-cash investing activities.
2 The modifications and remeasurements to right-of-use assets (see Note 12 and Note 13) and to net investment in leases classified within non-current and current financial assets (see Note 16 and Note 19) include €8 million of lease incentives received net of initial direct costs (2022: €4 million of lease incentives received net of initial direct costs), which are excluded from the amount of non-cash investing activities.
3 Result on divestment of subsidiaries and business in 2023 included divestment of FreshDirect (a loss of €250 million) and divestment of stores (a net gain of €12 million). The amount reported for 2022 predominantly included divestment of stores. Divestment of business, net of cash divested from sale of FreshDirect was a negative €144 million with cash divested of €138 million.

Other investing cash flows

Other investing cash flows in 2023 mainly consisted of a payment related to the exercise of an option in order to settle a non-controlling interest accounted for under the anticipated acquisition method.

28 CASH FLOW CONTINUED

Changes in liabilities arising from financing activities for the years ended December 31, 2023, and January 1, 2023:

€ million	Loans	Lease liabilities	Short-term borrowings and bank overdrafts	Derivative assets	Derivative liabilities	Total
As of January 1, 2023	**4,760**	**11,965**	**915**	**(2)**	**26**	**17,664**
Proceeds from long-term debt[1]	494	—	—	—	—	494
Acquisitions through business combinations	—	1	—	—	—	1
Repayments of loans and lease liabilities[2,3]	(277)	(1,819)	—	—	—	(2,096)
Classified (to) held for sale or sold	(3)	(155)	—	—	—	(158)
Changes in short-term borrowings and overdrafts	—	—	97	—	—	97
Other cash flows from derivatives	—	—	—	—	—	—
Fair value changes	5	—	—	2	7	14
Additions to lease liabilities	—	608	—	—	—	608
Reassessments and modifications to leases	—	1,124	—	—	—	1,124
Termination of leases	—	(37)	—	—	—	(37)
Amortization of fair value adjustments and interest accretion to lease liability	(7)	382	—	—	—	375
Other non-cash movements	—	—	—	—	—	—
Exchange rate differences	(48)	(243)	5	—	(1)	(287)
As of December 31, 2023	**4,924**	**11,826**	**1,017**	**—**	**32**	**17,799**

1 The amount is net of deferred financing costs of €6 million, of which €3 million is included in Interest paid and €3 million is included in Other within financing cash flows from continuing operations in the statement of cash flows.
2 Repayment of loans as presented in the statement of cash flows includes a premium paid of €15 million.
3 Repayment of lease liabilities as presented in the statement of cash flows includes €4 million of lease incentives net of initial direct costs paid.

€ million	Loans	Lease liabilities	Short-term borrowings and bank overdrafts	Derivative assets	Derivative liabilities	Total
As of January 2, 2022	4,874	11,262	952	—	2	17,090
Proceeds from long-term debt	—	—	—	—	—	—
Acquisitions through business combinations	—	1	—	—	—	1
Repayments of loans and lease liabilities[1]	(162)	(1,751)	—	—	—	(1,913)
Classified (to) held for sale or sold	(1)	—	—	—	—	(1)
Changes in short-term borrowings and overdrafts	—	—	(93)	—	—	(93)
Other cash flows from derivatives	—	—	—	—	—	—
Fair value changes	(25)	—	—	(2)	24	(3)
Additions to lease liabilities	—	557	—	—	—	557
Reassessments and modifications to leases	—	1,090	—	—	—	1,090
Termination of leases	—	(26)	—	—	—	(26)
Amortization of fair value adjustments and interest accretion to lease liability	(9)	356	—	—	—	347
Other non-cash movements	(22)	—	—	—	—	(22)
Exchange rate differences	105	476	56	—	—	637
As of January 1, 2023	4,760	11,965	915	(2)	26	17,664

1 Repayment of lease liabilities as presented in the statement of cash flows includes €4 million of initial direct costs net of lease incentives received.

28 CASH FLOW CONTINUED

Accounting policies

The Company has chosen to prepare the statement of cash flows using the indirect method, which presents cash flows from operating activities as the income from continuing operations adjusted for non-cash transactions, deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Cash flows in foreign currencies have been translated using weighted average periodic exchange rates. Interest paid on loans is presented as a financing activity, while interest received is presented as an investing activity. Acquisitions and divestments of businesses are presented net of cash and cash equivalents acquired or disposed of, respectively. The Company has chosen to present dividends paid to its shareholders as a financing activity.

In the cash flow statement, the Company has classified the principal portion of lease payments, as well as the interest portion, within financing activities. Lease payments are not split between interest and principal portions but are shown as one line, Repayment of lease liabilities, in the cash flow statement. Lease payments for short-term leases, lease payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability are classified as cash flows from operating activities.

The Company has classified cash flows from operating leases as operating activities. Cash flows representing the collection of principal and interest payments for finance lease receivables are classified as investing activities and disclosed using a single line in the cash flow statement, Lease payments received on lease receivables.

29 EARNINGS PER SHARE

The calculation of basic and diluted net income per share attributable to common shareholders is based on the following data:

	2023	2022
Earnings (€ million)		
Net income attributable to common shareholders for the purposes of basic and diluted earnings per share	**1,874**	2,546
Number of shares (in millions)		
Weighted average number of common shares for the purposes of basic earnings per share	**962**	995
Effect of dilutive potential common shares:		
Conditional shares from share-based compensation programs	**4**	6
Weighted average number of common shares for the purposes of diluted earnings per share	**966**	1,001

The calculation of the basic and diluted income from continuing operations per share attributable to common shareholders is based on the same number of shares as detailed above and the following earnings data:

€ million	2023	2022
Income from continuing operations, attributable to common shareholders for the purposes of basic and diluted earnings per share	**1,874**	2,546

Both basic and diluted income per share from discontinued operations attributable to common shareholders amounted to €0.00 (2022: €0.00), based on the income (loss) from discontinued operations attributable to common shareholders of nil (2022: nil) and the denominators detailed above.

Accounting policies

Basic net income per share is calculated by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the year. Basic income from continuing operations per share is calculated by dividing income from continuing operations attributable to common shareholders by the weighted average number of common shares outstanding during the year.

Diluted income per share is calculated by dividing the net income/income from continuing operations attributable to shareholders by the diluted weighted average number of common shares outstanding. To determine the diluted weighted average number of common shares outstanding, the weighted average number of shares outstanding is adjusted for the conditional shares from the share-based compensation programs.

30 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial risk management

Ahold Delhaize is exposed to a variety of financial risks, including currency, interest rate, funding, liquidity and counterparty risks. The Company's financial risk management is centralized through its Treasury function, which operates within a regularly reviewed framework of policies and procedures. Ahold Delhaize's Management Board has overall responsibility for the establishment and oversight of the Treasury risk management framework. Ahold Delhaize's management reviews material changes to Treasury policies and receives information related to Treasury activities. The Treasury function does not operate as a profit center and manages the financial risks that arise in relation to underlying business needs.

In accordance with its Treasury policies, Ahold Delhaize uses derivative instruments solely for the purpose of hedging exposures. These exposures are mainly the result of interest rate and currency risks arising from the Company's operations and its sources of financing. Ahold Delhaize does not enter into derivative financial instruments for speculative purposes. The transaction of derivative instruments is restricted to Treasury personnel only, and Ahold Delhaize's Internal Control department reviews the Treasury internal control environment regularly.

Relationships with credit rating agencies and monitoring of key credit ratios are also managed by the Treasury department.

30 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS CONTINUED

Currency risk

Ahold Delhaize operates internationally and is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the U.S. dollar. Since Ahold Delhaize's subsidiaries purchase and sell primarily in local currencies, the Company's exposure to exchange rate movements in its commercial operations is limited. The Company is subject to foreign currency exchange risks due to exchange rate movements in connection with the translation of its foreign subsidiaries' income, assets and liabilities into euros for inclusion in its consolidated financial statements. Translation risk related to Ahold Delhaize's foreign subsidiaries, joint ventures and associates is not actively hedged; however, the Company aims to minimize this exposure by funding its foreign operations in their functional currency wherever feasible.

To protect the value of future foreign currency cash flows, including loan and interest payments, lease payments, dividends and firm purchase commitments, and the value of assets and liabilities denominated in foreign currency, Ahold Delhaize seeks to mitigate its foreign currency exchange exposure by borrowing in local currency and entering into various financial instruments, including forward contracts and currency swaps. It is Ahold Delhaize's policy to cover foreign exchange transaction exposure in relation to existing assets, liabilities and firm purchase commitments.

Foreign currency sensitivity analysis

As of December 31, 2023, Ahold Delhaize carried out a sensitivity analysis with regard to changes in foreign exchange rates to revalue dollar-denominated cash, cash equivalents and debt in its balance sheet at year end. Assuming the euro had strengthened (weakened) by 20% against the U.S. dollar compared to the actual 2023 rate, with all other variables held constant, the hypothetical result on income before income taxes would have been an increase (decrease) of €4 million (2022: an increase (decrease) of €4 million), as a result of foreign exchange revaluation of U.S. dollar-denominated monetary assets and liabilities held by non-U.S. dollar functional currency subsidiaries.

The gain on foreign exchange recognized in the 2023 income statement related to the revaluation of unhedged leases reported in the balance sheet amounted to €8 million (2022: gain of €7 million). The strengthening (weakening) of the euro by 20% against the other currencies, with all other variables held constant, would result in a loss (gain) of €179 million (2022: €168 million).

Interest rate risk

Ahold Delhaize's outstanding debt and investment position is exposed to changes in interest rates. To manage interest rate risk, Ahold Delhaize has an interest rate management policy aiming to reduce volatility in its interest expense and maintaining a target percentage of its debt in fixed-rate instruments. As of December 31, 2023, 96% of Ahold Delhaize's long-term bonds was at fixed rates of interest (January 1, 2023: 96%). The fixed to floating interest rate swap is taken into account in the percentage as of December 31, 2023, and January 1, 2023 (see *Derivatives*).

Interest rate sensitivity analysis

The total interest expense recognized in the 2023 income statement related to the variable rates of short- and long-term debt amounted to €25 million (2022: €4 million). An increase (decrease) in market interest rates by 100 basis points, with all other variables (including foreign exchange rates) held constant, would have resulted in a loss (gain) of €7 million (2022: €11 million).

The total interest income recognized in the 2023 income statement amounted to €174 million (2022: €69 million), mainly related to variable rate money market fund investments and deposits.

The Company estimates that with a possible increase (decrease) of euro and U.S. dollar market interest rates of 100 basis points, with all other variables (including foreign exchange rates) held constant, this would have resulted in a gain of €23 million or a loss of €23 million, respectively (2022: gain of €23 million or a loss of €23 million).

The above sensitivity analyses are for illustrative purposes only, as, in practice, market rates rarely change in isolation from other factors that also affect Ahold Delhaize's financial position and results.

Supply chain financing

Ahold Delhaize has supply chain finance arrangements with third-party banks. As of December 31, 2023, the amounts due under the supply chain finance arrangements classified as trade payables were €1,313 million (January 1, 2023: €1,132 million). For more information on the accounting policies regarding supply chain finance arrangements, see section *Accounting policies – Supply chain financing*. The terms, including the payment terms, of the trade payables that are part of the supply chain finance arrangements are not substantially different from the terms of the Company's trade payables that are not part of the supply chain arrangement.

Credit risk

Ahold Delhaize has no significant concentrations of credit risk. The concentration of credit risk with respect to receivables is limited, as the Company's customer base and vendor base are large and unrelated. The Company applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime-expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rate is calculated based on delinquency status and actual historical credit loss experience. As a result, management believes there is no further credit risk provision required over the normal individual and collective impairment, based on an aging analysis performed as of December 31, 2023. For further discussion on Ahold Delhaize's receivables, see *Note 16* and *Note 18*.

Financial transactions are entered into predominantly with investment-grade financial institutions. The Company requires a minimum short-term rating of A1/P1 and a minimum long-term rating of A3/A- for its deposit and investment products. The Company may deviate from this requirement from time to time for operational reasons. Regarding credit risk, derivative contracts with counterparties are entered into primarily under the standard terms and conditions of the International Swaps and Derivatives Association (ISDA). With certain counterparties, Ahold Delhaize has credit support annexes in place that materially reduce the counterparty risk exposure because of a contractual exchange of cash collateral. Ahold Delhaize has policies that limit the amount of counterparty credit exposure to any single financial institution or investment vehicle and actively monitors these exposures.

Counterparty risk is measured by adding the nominal value of cash, short-term deposits and marketable securities, and the mark-to-market of derivative instruments, netted with the collateral posted, if any. As a result, the highest exposure to a single financial counterparty, excluding AAA-rated money market funds, on December 31, 2023, amounted to €183 million (January 1, 2023: €254 million).

30 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS CONTINUED

Offsetting of financial instruments

Ahold Delhaize has several financial assets and financial liabilities that are subject to offsetting or enforceable master netting arrangements and similar agreements.

Cash pool

The Company has implemented a cash pool system, allowing a more efficient management of the daily working capital needs of the participating operating entities. The settlement mechanism of the cash pool is provided by an external financial counterparty. The cash pool system exposes the Company to a single net amount with that financial counterparty rather than the gross amount of several current accounts and bank overdraft balances with multiple financial counterparties. From an operational perspective, the balances in the cash pool are netted. However, under the guidance of IAS 32 regarding the offsetting of debit and credit balances for financial reporting purposes, these balances have to be presented on a gross basis on the balance sheet (see Note 20 and Note 26).

ISDA master agreements for derivatives

The Company has entered into several ISDA master agreements in connection with its derivative transactions. In general, under such agreements, the amounts owed by each counterparty to another on the same day in respect of the same transaction payable in the same currency are aggregated into a single net amount payable by one party to the other.

Under certain circumstances, if all transactions under the ISDA master agreement are terminated, e.g., when a credit event such as payment default occurs, the termination value is assessed and only a single net amount is payable in the settlement of all transactions governed by the ISDA master agreement.

The ISDA agreements do not meet the criteria for offsetting in the balance sheet. This is because the Company does not currently have a legally enforceable right to offset recognized amounts, because the right to offset is enforceable only on the occurrence of a future event such as a default. ISDAs are considered to be master netting arrangements for IFRS 7 disclosure purposes.

The following table shows the maximum exposure of the Company's financial assets and financial liabilities that are subject to offset or enforceable master netting arrangements and similar agreements for the year ended December 31, 2023.

€ million	Gross amounts in the balance sheet	Cash collateral received/ pledged[1]	Net exposure
Assets			
Cash and cash equivalents	808	767	41
Total	808	767	41
Liabilities			
Bank overdrafts	767	767	—
Total	767	767	—

1 Amounts not offset in the balance sheet but subject to master netting arrangements (or similar).

Liquidity risk

Ahold Delhaize views available cash balances and funds from operating activities as its primary sources of liquidity, complemented with access to external sources of funds when deemed to be required. Ahold Delhaize manages short-term liquidity based on projected cash flows. As of December 31, 2023, the Company's liquidity position primarily comprised €2,733 million of cash (including short-term deposits and similar instruments and the current portion of investments in debt instruments, adjusted for cash held under a notional cash pooling arrangement), and the €1.5 billion revolving credit facility, of which nil is drawn.

Based on the current operating performance and liquidity position, the Company believes that its liquidity position will be sufficient for working capital, capital expenditures, commitments related to acquisitions, interest payments, dividends, the announced €1 billion share buyback program and scheduled debt repayments for the next 12 months. In addition, the Company has access to the amount available on its revolving credit facility and to the debt capital markets based on its current credit ratings.

The following tables summarize the expected maturity profile of the Company's financial liabilities (including derivatives) as of December 31, 2023, and January 1, 2023, respectively, based on contractual undiscounted payments.

All financial liabilities held at the reporting date, for which payments are already contractually agreed, have been included. Amounts in foreign currency have been translated using the reporting date closing rate. Cash flows arising from financial instruments carrying variable interest payments have been calculated using the forward curve interest rates as of December 31, 2023, and January 1, 2023, respectively. See Note 34 for the liquidity risk related to guarantees.

Year ended December 31, 2023

		Contractual cash flows			
€ million	Net carrying amount	Within 1 year	Between 1 and 5 years	After 5 years	Total
Non-derivative financial liabilities[1]					
Notes	(4,758)	(889)	(2,607)	(2,071)	(5,566)
Other loans	(3)	—	—	(3)	(3)
Financing obligations	(163)	(27)	(68)	(1)	(97)
Accounts payable	(8,278)	(8,278)	—	—	(8,278)
Short-term borrowings	(1,017)	(1,017)	—	—	(1,017)
Reinsurance contract liability	(283)	(124)	(142)	(51)	(317)
Other long-term financial liabilities	(58)	(10)	(52)	—	(62)
Other	(24)	(15)	—	—	(15)
Derivative financial liabilities					
Derivatives	(32)	(1)	—	(32)	(32)

1 The maturity analysis for lease liabilities is included in Note 33.

30 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS
CONTINUED

Year ended January 1, 2023, restated

€ million	Net carrying amount	Contractual cash flows: Within 1 year	Between 1 and 5 years	After 5 years	Total
Non-derivative financial liabilities[1]					
Notes	(4,373)	(129)	(2,854)	(2,289)	(5,273)
Other loans	(193)	(193)	—	(3)	(196)
Financing obligations	(194)	(33)	(93)	(9)	(135)
Accounts payable[2]	(8,162)	(8,162)	—	—	(8,162)
Short-term borrowings	(915)	(915)	—	—	(915)
Reinsurance contract liability[2]	(302)	(135)	(143)	(60)	(337)
Other long-term financial liabilities	(269)	(64)	(205)	(1)	(270)
Other	(26)	(15)	—	—	(15)
Derivative financial liabilities					
Derivatives	(26)	—	—	(26)	(26)

1 The maturity analysis for lease liabilities is included in *Note 33*.

2 Prior year numbers have been restated due to the implementation of IFRS 17, see *Note 3*.

Credit ratings
Maintaining investment-grade credit ratings is a cornerstone of Ahold Delhaize's financial strategy because such ratings optimize the cost of funding and facilitate access to a variety of lenders and markets. Ahold Delhaize's current credit ratings from the solicited rating agencies are:

- Standard & Poor's: Corporate credit rating BBB+, with a stable outlook as of March 2023 (previous rating BBB assigned in September 2022).
- Moody's: Issuer credit rating Baa1, with a stable outlook as of February 2018 (previous rating Baa2 assigned in August 2015).

Capital management
The Company's primary objective to manage capital is the optimization of its debt and equity balances to sustain the future development of the business, maintain its investment-grade credit rating and maximize shareholder value.

Ahold Delhaize may balance its capital structure in several ways, including through the payment of dividends, capital repayment, new share issues, share buybacks and the issuance or redemption of debt.

Financial instruments
Accounting classification and fair values of financial instruments
The following table presents the fair value of financial instruments, based on Ahold Delhaize's categories of financial instruments, including current portions, compared to the carrying amount at which these instruments are included on the balance sheet:

€ million	December 31, 2023: Carrying amount	December 31, 2023: Fair value	January 1, 2023, restated: Carrying amount	January 1, 2023, restated: Fair value
Financial assets at amortized cost				
Loans receivable	**129**	**130**	36	34
Trade and other (non-)current receivables[1]	**2,542**	**2,542**	2,379	2,379
Lease receivable	**529**	**505**	518	498
Cash and cash equivalents	**3,484**	**3,484**	3,082	3,082
Short-term deposits and similar investments	**15**	**15**	16	16
	6,699	**6,677**	6,031	6,009
Financial assets at fair value through profit or loss				
Reinsurance contract asset[1]	**327**	**327**	333	333
Investments in debt instruments	**11**	**11**	136	136
	338	**338**	469	469
Financial assets at fair value through other comprehensive income				
Investments in equity instruments	**27**	**27**	—	—
Derivative financial instruments				
Derivatives	**—**	**—**	2	2
Total financial assets	**7,065**	**7,043**	6,501	6,479

1 Prior year numbers have been restated due to the implementation of IFRS 17, see *Note 3*.

30 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS CONTINUED

€ million	December 31, 2023 Carrying amount	Fair value	January 1, 2023, restated Carrying amount	Fair value
Financial liabilities at amortized cost				
Notes	**(4,758)**	**(4,617)**	(4,373)	(4,075)
Other loans	**(3)**	**(3)**	(193)	(193)
Financing obligations	**(163)**	**(80)**	(194)	(109)
Accounts payable[1]	**(8,278)**	**(8,278)**	(8,162)	(8,162)
Short-term borrowings	**(1,017)**	**(1,017)**	(915)	(915)
Interest payable	**(48)**	**(48)**	(37)	(37)
Other long-term financial liabilities[2]	**(58)**	**(59)**	(269)	(268)
Other	**(24)**	**(24)**	(26)	(26)
	(14,349)	**(14,126)**	(14,168)	(13,785)
Financial liabilities at fair value through profit or loss				
Reinsurance contract liability[1]	**(283)**	**(283)**	(302)	(302)
Derivative financial instruments				
Derivatives	**(32)**	**(32)**	(26)	(26)
Total financial liabilities excluding lease liabilities	**(14,665)**	**(14,442)**	(14,496)	(14,113)
Long-term lease liabilities	**(11,826)**	N/A	(11,965)	N/A
Total financial liabilities	**(26,491)**	N/A	(26,461)	N/A

1 Prior year numbers have been restated due to the implementation of IFRS 17, see *Note 3*.

2 The Other long-term financial liabilities relating to FreshDirect and Cycloon were settled in 2023 (see *Note 23*).

Of Ahold Delhaize's categories of financial instruments, only derivatives, investments in debt and certain equity instruments and reinsurance assets (liabilities) are measured and recognized on the balance sheet at fair value. These fair value measurements are categorized within Level 2 of the fair value hierarchy. The Company uses inputs other than quoted prices that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The fair value of derivative instruments is measured by using either a market or income approach (mainly present value techniques). Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates that match the maturity of the contracts. Interest rate swaps are measured at the present value of expected future cash flows. Expected future cash flows are discounted by using the applicable yield curves derived from quoted interest rates.

To the extent that no cash collateral is contractually required, the valuation of Ahold Delhaize's derivative instruments is adjusted for the credit risk of the counterparty, called Credit Valuation Adjustment (CVA), and for Ahold Delhaize's own credit risk, called Debit Valuation Adjustment (DVA). The valuation technique for the CVA/DVA calculation is based on relevant observable market inputs.

No CVA/DVA adjustments are made to the valuation of certain derivative instruments, for which both Ahold Delhaize and its counterparties are required to post or redeem cash collaterals if the value of a derivative exceeds a threshold defined in the contractual provisions. Such cash collaterals materially reduce the impact of both the counterparty and Ahold Delhaize's own non-performance risk on the value of the instrument. Ahold Delhaize posted deposits as collateral in the net amount of €33 million as of December 31, 2023 (January 1, 2023: €26 million). The counterparties have an obligation to repay the deposits to Ahold Delhaize upon settlement of the contracts.

The carrying amount of trade and other (non-)current receivables, cash and cash equivalents, accounts payable, short-term deposits and similar instruments, and other current financial assets and liabilities approximate their fair values because of the short-term nature of these instruments and, for receivables, because any expected recoverability loss is reflected in an impairment loss.

The fair values of quoted borrowings for which an active market exists are based on year-end quoted prices. The fair value of other non-derivative financial assets and liabilities that are not traded in an active market is estimated using discounted cash flow analyses based on market rates prevailing at year-end.

As of December 31, 2023, short-term deposits and similar instruments (€15 million) contain short-term liquid investments that are considered part of Ahold Delhaize's cash management financial assets.

Derivatives

Fair values, notional amounts, maturities and the qualification of derivative financial instruments for accounting purposes are presented in the table below:

€ million	Maturity	December 31, 2023 Fair value Assets	Fair value Liabilities	Notional amount
Forward foreign currency contracts	After 5 years	—	**(11)**	**300**
Total cash flow hedges		—	**(11)**	**300**
Forward commodity contracts[1]	Within 1 year	—	**(1)**	**8**
Interest rate swaps[2]	After 5 years	—	**(20)**	**181**
Total fair value hedges		—	**(21)**	**190**
Forward foreign currency contracts	Within 1 year	—	—	**66**
Total derivatives – no hedge accounting treatment		—	—	**66**
Total derivative financial instruments		—	**(32)**	**555**

30 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS CONTINUED

€ million	Maturity	January 1, 2023 Fair value Assets	Fair value Liabilities	Notional amount
Forward commodity contracts[1]	Within 1 year	2	—	21
Interest rate swaps[2]	After 5 years	—	(26)	187
Total fair value hedges		2	(26)	207
Forward foreign currency contracts	Within 1 year	—	—	42
Total derivatives – no hedge accounting treatment		—	—	42
Total derivative financial instruments		2	(26)	249

1 Hedge ineffectiveness in relation to the forward commodity contracts was negligible for 2023 and 2022.
2 Hedge ineffectiveness in relation to the interest rate swaps was negligible for 2023 and 2022.

Accounting policies

Financial assets

Financial assets are recognized when the Company becomes a party to the contractual provisions of a financial instrument. Financial assets are derecognized when the rights to receive cash flows from the financial assets expire, or if the Company transfers the financial asset to another party and does not retain control or substantially all risks and rewards of the asset. Purchases and sales of financial assets in the normal course of business are accounted for at settlement date (i.e., the date that the asset is delivered to or by the Company).

At initial recognition, the Company measures its financial assets at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

Upon initial recognition, the Company classifies its financial assets as subsequently measured at either (i) amortized cost, (ii) fair value through other comprehensive income (FVOCI) or (iii) FVPL on the basis of both:

- The Company's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

Subsequent to initial recognition, financial assets are measured as described below.

Financial assets at amortized cost

Financial assets are measured at amortized cost if both (i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction cost directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, less any impairment losses.

The Company's financial assets measured at amortized cost comprise loans receivable, net investment in leases, trade and other (non-)current receivables, cash and cash equivalents, short-term deposits and similar instruments.

Financial assets at fair value through other comprehensive income

A financial asset is measured at FVOCI if both (i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company also has the option to designate other financial assets at FVOCI. In such situations, the fair value movements are recognized in other comprehensive income, but any dividends earned are recognized in profit or loss.

Investments in debt instruments measured at FVOCI are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, the asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are reclassified to profit or loss when the debt instrument is derecognized.

There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investments in equity instruments that are not held for trading and for which the Company made an irrevocable election at the time of initial recognition to account for the investment in equity instruments at FVOCI.

Financial assets at FVPL

When any of the above-mentioned conditions for classification of financial assets are not met, a financial asset is classified as "at fair value through profit or loss" and measured at fair value with changes in fair value recognized in profit or loss.

A financial asset measured at FVPL is recognized initially at fair value and its transaction cost is recognized in profit or loss when incurred. A gain or loss on a financial asset measured at FVPL is recognized in the income statement for the reporting period in which it arises.

The Company may, at initial recognition, irrevocably designate a financial asset as measured at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

The Company's financial instruments measured at FVPL comprise reinsurance assets, derivatives and certain investments in debt instruments.

Impairment of financial assets

At each balance sheet date, the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognizes a loss allowance for expected credit losses for financial assets measured at either amortized costs or at fair value through other comprehensive income. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for the financial instrument at an amount equal to 12 months of expected credit losses. If, at the reporting date, the credit risk on a financial instrument has increased significantly since initial recognition, the

30 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS CONTINUED

Company measures the loss allowance for the financial instrument at an amount equal to the lifetime-expected credit losses. The Company always measures the loss allowance at an amount equal to lifetime-expected credit losses for trade receivables, contract assets and lease receivables.

Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. Financial liabilities are derecognized when the Company's obligations specified in the contract expire or are discharged or canceled.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for derivatives and reinsurance liabilities. Any difference between the proceeds and redemption value is recognized in the income statement over the period of the loans and short-term borrowings using the effective interest method.

Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Derivative financial instruments

All derivative financial instruments are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. Gains and losses resulting from the fair value remeasurement are recognized in the income statement as fair value gains (losses) on financial instruments, unless the derivative qualifies and is effective as a hedging instrument in a designated hedging relationship. In order for a derivative financial instrument to qualify as a hedging instrument for accounting purposes, the Company must document (i) at the inception of the transaction, the relationship between the hedging instrument and the hedged item, as well as its risk management objectives and strategy for undertaking various hedging transactions and (ii) its assessment, both at hedge inception and on an ongoing basis, of whether the derivative that is used in the hedging transaction is highly effective in offsetting changes in fair values or cash flows of hedged items. Derivatives that are designated as hedges are accounted for as either cash flow hedges or fair value hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized initially in the cash flow hedging reserve, a separate component of equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. Amounts accumulated in equity are reclassified into the income statement in the same period in which the related exposure impacts the income statement. When a cash flow hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is reclassified to the income statement when the forecasted transaction is ultimately recognized. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss existing in equity is immediately recognized in the income statement.

Fair value changes of derivative instruments that qualify for fair value hedge accounting treatment are recognized in the income statement in the periods in which they arise, together with any changes in fair value of the hedged asset or liability. If the hedging instrument no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortized in the income statement over the hedged item's remaining period to maturity.

Reinsurance contract assets and liabilities

Under Ahold Delhaize's self-insurance program, part of the insurance risk is ceded under a reinsurance treaty, which is a pooling arrangement between unrelated companies. In accordance with the pooling arrangement, the Company assumes a share of the reinsurance treaty risks that is measured in relation to the percentage of Ahold Delhaize's participation in the treaty. Ahold Delhaize applies the PAA as the reinsurance contracts have a coverage period of one year or less. Reinsurance contract assets include estimated receivable balances related to reinsurance contracts purchased by the Company. Reinsurance liabilities represent the expected insurance risks related to reinsurance contracts sold by the Company. Reinsurance contract assets and liabilities are measured on a discounted basis using accepted actuarial methods.

Supply chain financing

The supply chain financing arrangements do not expose Ahold Delhaize to additional credit risk or provide Ahold Delhaize with a significant benefit of additional financing and, accordingly, it is Ahold Delhaize's policy to classify the amounts due under supply chain finance arrangements with banks as trade payables. In accordance with the Company's accounting policy, trade payables are presented as operating activities in the cash flow statement. Suppliers choose to enter into these arrangements, which provide them with the option of access to earlier payment at favorable interest rates from the bank based on Ahold Delhaize's credit rating. If suppliers do not choose early payment under these arrangements, their invoices are settled by the bank under the applicable payment terms.

31 RELATED PARTY TRANSACTIONS

Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company considers all members of the Executive Committee (ExCo) and Supervisory Board (SB) to be key management personnel as defined in IAS 24 "Related Party Disclosures." At the end of 2023, the ExCo consisted of the Management Board (MB) and three other members.

The total compensation of key management personnel in 2023 amounted to €29,858 thousand (2022: €27,311 thousand). This includes a true-up for the estimated additional wage tax relating to key management personnel leaving the Company due in accordance with Dutch tax laws of €1,238 thousand (2022: €(555) thousand).

Remuneration of the Executive Committee including Management Board

The table below specifies the remuneration of the ExCo, comprising the MB members and the former members of the MB, and the additional ExCo members who were not part of the MB.

31 RELATED PARTY TRANSACTIONS CONTINUED

€ thousand	2023 MB members[1]	2023 Former MB members[2]	2023 Other ExCo	2023 Total ExCo	2022 MB members[1]	2022 Former MB members[2]	2022 Other ExCo	2022 Total ExCo
Base salary	**2,674**	**1,429**	**1,603**	**5,706**	3,686	—	1,402	5,088
EIP[3]	**3,168**	**1,246**	**1,900**	**6,314**	4,601	—	1,772	6,373
Other[4]	**817**	**438**	**642**	**1,897**	1,168	6	807	1,981
Share-based compensation[5]	**5,032**	**4,390**	**2,731**	**12,153**	10,036	—	2,157	12,193
Pensions[6]	**179**	**612**	**173**	**964**	554	—	80	634
Remuneration of the members of the ExCo	**11,870**	**8,115**	**7,049**	**27,034**	20,045	6	6,218	26,269

1 The 2023 MB members include Frans Muller, Jolanda Poots-Bijl, JJ Fleeman and Wouter Kolk. The 2022 MB members include Frans Muller, Natalie Knight, Kevin Holt and Wouter Kolk.
2 Former MB members for 2023 include Natalie Knight (resigned) and Kevin Holt (retired). Former MB members for 2022 include Jeff Carr (resigned) and Pierre Bouchut (retired).
3 The ExCo Incentive Plan (EIP) represents accrued annual cash incentives to be paid in the following year based on an overall weighted EIP performance. For an explanation of the Company's Remuneration Policy, see the *Remuneration report*. The overall 2023 performance multiplier was 118.5% for MB and other ExCo (2022: 124.8% for MB and other ExCo).
4 Other mainly includes gross allowances for net pension, tax compensation (tax equalization charges or refunds for expatriates), allowances for housing expenses, relocation costs, international school fees, employer's contributions to social security plans, benefits in kind, such as company cars, tax advice, medical expenses and the associated tax gross-up.
5 The fair value of each year's grant is determined on the grant date and expensed on a straight-line basis over the vesting period. The expense for 2023 reflects this year's portion of the share grants over the previous four years (plans 2020 to 2023). For more information on the share-based compensation expenses, see *Note 32*. The share-based compensation for former MB members includes €5,276 thousand for Kevin Holt and €(886) thousand for Natalie Knight. Kevin Holt's service period ended upon his retirement date (i.e., December 31, 2023); as such, the expenses for the plans 2020 to 2023 were expensed over the shorter service period. For Natalie Knight, the plans 2021, 2022 and 2023 were forfeited, and this resulted in a reversal of expenses.
6 Pension costs are the total net periodic pension costs of the applicable pension plans.

For more details on the remuneration of the individual members of the MB, see the *Remuneration report*.

Remuneration of the members of the Supervisory Board

The Remuneration Policy for the Supervisory Board was adopted by the General Meeting of Shareholders on April 13, 2022, and became effective retroactively as of January 1, 2022. The table below specifies the total remuneration of the members of the SB.

€ thousand	2023 SB members	2023 Former SB members	2023 Total SB	2022 SB members	2022 Former SB members	2022 Total SB
Remuneration of the members of the Supervisory Board	**1,543**	**43**	**1,586**	1,556	41	1,597

For more details on the remuneration of the individual members of the SB, see the *Remuneration report*.

Ahold Delhaize does not provide loans or advances to members of the MB or the SB. There are no loans or advances outstanding. Ahold Delhaize does not issue guarantees to the benefit of members of the MB or the SB. No such guarantees are outstanding.

Trading transactions

Ahold Delhaize has entered into arrangements with a number of its subsidiaries and affiliated companies in the course of its business. These arrangements relate to service transactions and financing agreements. Transactions were conducted at market prices. During 2023 and 2022, the Company entered into the following transactions with unconsolidated related parties:

For the year ended December 31, 2023

€ million	Sales to related parties	Purchases from related parties	Amounts receivable from related parties	Amounts payable to related parties	Commitments to related parties
Cathedral Commons	**—**	**1**	**—**	**—**	**16**
Adhese	**—**	**—**	**5**	**—**	**8**
Other	**—**	**5**	**3**	**2**	**8**
Total	**—**	**6**	**8**	**2**	**32**

For the year ended January 1, 2023

€ million	Sales to related parties	Purchases from related parties	Amounts receivable from related parties	Amounts payable to related parties	Commitments to related parties
Cathedral Commons	—	2	1	—	18
Adhese	—	—	4	—	8
Other	—	3	4	—	4
Total	—	5	9	—	30

These unconsolidated related parties consist of:

- Cathedral Commons Partners, LLC, a real estate joint venture of Ahold Delhaize.
- Adhese, an advertising technology company in which Ahold Delhaize acquired a minority stake during 2022.
- Other, which includes mainly real estate joint ventures in which Ahold Delhaize has an interest and holding properties operated by Ahold Delhaize and Loyalty Management Nederland B.V., an associate of Ahold Delhaize that renders services relating to the management of customer loyalty programs to certain Ahold Delhaize subsidiaries in the Netherlands.
- JMR, a joint venture of Ahold Delhaize in the retail business (see *Note 15*). There were no significant transactions with JMR in 2023 and 2022.
- Super Indo, a joint venture of Ahold Delhaize in the retail business (see *Note 15*). There were no significant transactions with Super Indo in 2023 and 2022.
- Ahold Delhaize participates in Coopernic and AMS, which are cooperative European purchase alliances towards third-party vendors. Receivable and payable positions occur with these buying alliances. These transactions are considered to reflect the results of the negotiated purchasing terms with the third-party vendors. As such, these transactions are not shown in the table above of related party transactions.

Furthermore, the Company's post-employment benefit plans in the Netherlands and the United States are considered related parties. For more information on these plans, see *Note 24*.

32 SHARE-BASED COMPENSATION

In 2023, Ahold Delhaize's share-based compensation program consisted of a share grant program called Global Reward Opportunity (GRO). Total 2023 GRO share-based compensation expenses were €53 million (2022: €65 million). Ahold Delhaize's share-based compensation programs are equity-settled.

The fair value of the 2023 GRO award performance shares granted in 2023 at grant date was €65 million, of which €8 million related to the MB members. The fair value is expensed over the vesting period of the grants, adjusted for expected annual forfeitures of 4% (2022: 4%) excluding MB members. For the share-based compensation expenses allocable to the individual MB members, see the *Remuneration report*.

GRO program

Main characteristics of performance shares granted in 2020 through 2023

The performance shares granted under this program vest on the day after the annual General Meeting of Shareholders in the third year of the grant, subject to certain performance conditions being met. The GRO program employs three financial measures: return on capital (RoC), underlying earnings per share growth (EPS) and total shareholder return (TSR), as well as non-financial performance measures related to sustainability targets.

The total GRO award comprises four portions of performance shares. The first 35% is linked to a three-year RoC target. Depending on performance, the number of performance shares that eventually vest may range between zero and a maximum of 150% relative to the number of performance shares granted.

For the performance shares granted in 2020 and 2021, another 35% is linked to a three-year EPS growth target. For the performance shares granted in 2022 and 2023, this number is 25%. The number of performance shares that vest may range between zero and a maximum of 150% relative to the number of performance shares granted, depending on the performance.

Another 15% of the total GRO award is linked to TSR (share price growth and dividends paid over the performance period), with performance at vesting benchmarked against the TSR performance of the peer group disclosed below. The number of performance shares that vest depends on the Company's relative ranking in the peer group and may range between zero and a maximum of 150% relative to the number of performance shares granted (see table below for the vesting percentages based on Ahold Delhaize's ranking within the peer group).

For the remaining GRO share award, the performance at vesting is measured using sustainability targets related to the Company's healthy and sustainable ambitions. This applies to 15% of the performance shares granted in 2020 and 2021, and 25% of the performance shares granted in 2022 and 2023. Depending on performance, the number of performance shares that eventually vest can range between zero and a maximum of 150% relative to the number of performance shares granted.

The table below indicates the percentage of performance shares that could vest based on Ahold Delhaize's TSR ranking within the peer group, for the performance shares granted in 2020 through 2023:

2020–2023 GRO program rank	All participants
1	150%
2	125%
3	110%
4	100%
5	75%
6	50%
7–12	0%

TSR performance peer group for performance shares granted in 2020 through 2023	
Tesco	Kroger
Carrefour	Costco
Metro Cash & Carry	Target
Casino Guichard-Perrachon	Walgreens Boots Alliance
J Sainsbury	Walmart
Albertsons[1]	

1 For the 2020 and 2021 GRO awards Wm Morrison was used instead of Albertsons.

Performance shares vesting in 2024

In 2024, the performance shares granted in 2021 will vest. The performance shares vesting will comprise performance shares based on the Company's RoC, EPS, TSR and sustainability performance. As of the end of 2023, Ahold Delhaize ranked seventh in the TSR peer group with respect to the 2021 grant. Based on this TSR ranking, the vesting percentage for the portion of the 2021 performance shares dependent on Ahold Delhaize's TSR performance was 0%.

At the end of each reporting period, Ahold Delhaize revises its estimates of the number of performance shares that are expected to vest based on the non-market vesting conditions (RoC, EPS and sustainability performance). Ahold Delhaize recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The final vesting percentage for the portion of the 2021 performance shares dependent on Ahold Delhaize's RoC, EPS and sustainability performance is 127%, 150% and 150%, respectively.

On April 11, 2024, a maximum of 0.2 million performance shares granted in 2021 to current members of the MB under the Ahold Delhaize GRO plan are expected to vest. Except to finance taxes and social security charges due on the vesting date, members of the Management Board cannot sell shares for a period of at least five years following the grant date, or until their date of resignation from the Management Board, if this period is shorter. Any sale of shares is subject to insider trading restrictions as applicable from time to time.

32 SHARE-BASED COMPENSATION CONTINUED

On April 11, 2024, a maximum of 2.1 million performance shares granted in 2021 to Ahold Delhaize employees under the Ahold Delhaize GRO plan are expected to vest. As of the vesting date, participants are allowed to sell all or part of the vested shares, subject to insider trading restrictions as applicable from time to time.

The Company will use treasury shares for the delivery of the vested shares.

The following table summarizes the status of the GRO program during 2023 for the MB members and for all other employees in the aggregate.

	Outstanding at the beginning of 2023	Granted	Performance adjustment[1]	Vested[2]	Forfeited	Outstanding at the end of 2023
MB members						
Shares MB members[3]	972,859	396,449	108,057	442,107	153,682	**881,576**
Other employees						
2020 grant	1,798,912	(656)	573,860	2,353,191	18,925	—
2021 grant	1,717,846	11,636	—	2,032	95,588	**1,631,862**
2022 grant	1,690,569	10,199	—	1,481	122,174	**1,577,113**
2023 grant	—	2,007,364	—	—	95,629	**1,911,735**
Total number of shares	6,180,186	2,424,992	681,917	2,798,811	485,998	**6,002,286**

1 Represents the adjustment to the number of performance shares granted resulting from the TSR, RoC, EPS and sustainability performance.
2 The vesting date of the 2020 grant was April 13, 2023. The share price was €31.55 on April 13, 2023.
3 For an overview of the shares outstanding for the MB members, see the *Remuneration report*. As a result of JJ Fleeman becoming a member of the MB in 2023, 56,837 shares in the opening balance have moved from "Other employees" to "MB members."

Valuation model and input variables

The weighted average fair value of the 2023 GRO award performance shares granted in 2023, for all eligible participants including MB members, amounted to €21.24 per share for TSR performance shares and €28.00 per share for RoC performance shares, EPS performance shares and sustainability performance shares (2022 restated: €14.27 per share for TSR performance shares and €25.45 per share for RoC performance shares, EPS performance shares and sustainability performance shares). The fair values of the RoC, EPS and sustainability performance shares are based on the Black-Scholes model. The fair values of the TSR performance shares are determined using a Monte Carlo simulation model, which considers the likelihood of Ahold Delhaize's TSR ending at various ranks as well as the expected share price at each rank. The most important assumptions used in the valuations of the shares granted in 2023 and 2022 were as follows:

	2023	2022
Closing share price at grant date (€)	**31.30**	28.42
Risk-free interest rate	**2.7%**	0.4%
Volatility	**20.7%**	22.0%
Assumed dividend yield	**3.7%**	3.6%

Expected volatility has been determined based on historical volatilities for a period of three years.

Accounting policies

The grant date fair value of equity-settled share-based compensation plans is expensed, with a corresponding increase in equity, on a straight-line basis over the vesting periods of the grants. The cumulative expense recognized at each balance sheet date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of performance shares that will eventually vest. No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition (e.g., total shareholder return). Those are treated as vested irrespective of whether or not the market condition is ultimately satisfied, provided that all non-market conditions (e.g., continued employment) are satisfied.

33 LEASES

Ahold Delhaize as lessee

Ahold Delhaize leases a significant number of its stores, as well as DCs, warehouses, offices and other assets, under lease arrangements. Leases of retail stores typically run for periods of 10 to 25 years, and warehouses and DCs for 10 years.

The Company also leases equipment, mainly IT equipment, with average contract terms of four years. The majority of these are short-term leases and/or leases of low-value assets, and the Company has elected not to recognize right-of-use assets and lease liabilities for these leases. The Company expects the expenses incurred for short-term leases and leases of low-value assets to remain broadly consistent in future years.

Right-of-use assets

See *Note 12* and *Note 13* for more information on the right-of-use assets.

Lease liabilities

The following table summarizes the expected maturity profile of the Company's lease liabilities as presented in *Note 23* (non-current portion) and *Note 26* (current portion) as of December 31, 2023, and January 1, 2023, respectively, based on the undiscounted payments.

€ million	December 31, 2023	January 1, 2023
Less than one year	**1,694**	1,673
One to five years	**5,969**	5,822
Five to 10 years	**4,162**	4,085
10 to 15 years	**1,656**	1,774
More than 15 years	**1,039**	1,162
Total undiscounted lease payments	**14,520**	14,515
Lease liabilities included in the balance sheet	**11,826**	11,965
Current portion (*Note 26*)	**1,281**	1,327
Non-current portion (*Note 23*)	**10,545**	10,637

33 LEASES CONTINUED

General

Leases are managed by local management and, accordingly, lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The terms and conditions of real estate leases include, among others, extension and termination options as well as (additional) variable payments. A large proportion of the real estate leases also provide for lease payment increases that are based on changes in local price indices, which are generally determined annually. Lease liabilities are remeasured to reflect those revised lease payments only when there is a change in the cash flows.

The Company does not have leases with significant guaranteed residual values or purchase options.

None of Ahold Delhaize's leases impose restrictions on the Company's ability to pay dividends, incur additional debt or enter into additional leasing arrangements.

Extension and termination options

Extension and termination options are included in a large number of real estate leases across the Company. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

As of December 31, 2023, potential uncommitted future cash outflows of an estimated €38 billion (undiscounted) (2022: €39 billion) have not been included in the lease liability (and right-of-use asset) because it is not reasonably certain that the leases will be extended (or not terminated).

During the current financial year, an amount of €1,091 million (2022: €1,030 million) has been recorded as a net increase in the right-of-use assets due to reassessments and modifications of leases, which include, among others, the effect of exercising extension and termination options and changes in lease payments due to inflation-related increases.

The table below summarizes the rate of exercise of termination options.

	Number of contracts with termination options exercisable as of December 31, 2023	Number of contracts with termination options not exercised or not considered reasonably certain to be exercised as of December 31, 2023	Number of contracts with termination options exercised or considered reasonably certain to be exercised as of December 31, 2023
	Number of leases	Number of leases	Number of leases
Total Ahold Delhaize	**2,586**	**2,308**	**278**

In countries like Greece, Romania and Serbia, it is general practice to be able to terminate contracts, subject to a notice period. A large portion of the termination options listed above relates to vehicle leases in Greece, Romania and Serbia.

In Belgium, real estate leases normally have an initial term of 27 years, with a maximum duration of 45 years by tacit extension of the contract. The lessee has the right, by law, to terminate the lease every three years. In practice, contracts are therefore recorded in the real estate system as having a 27-year term with termination options every three years. These termination options are then assessed as part of the determination of the lease term, which is normally established as nine years, consistent with the investment cycle in the stores.

In other countries, limited to no termination options are in place.

Variable payments

Variable payment terms are used for a variety of reasons, including minimizing the fixed cost base for newly established stores or for reasons of margin control and operational flexibility. Variable lease payment terms vary widely across the Company:

- The majority of variable payment terms are based on a range of percentages of store sales. Percentages vary per contract and generally range between 1% and 6% of net sales of the applicable store.
- Some variable payment terms include minimum rent clauses.

Variable lease payments that depend on sales are recognized in profit or loss in the period in which the condition that triggers those payments occurs. The overall financial effect of using variable payment terms is that higher rental costs are incurred by stores with higher sales. The Company expects the amount of variable rental payments to remain broadly consistent in future years.

Commitment for leases not yet commenced

In addition to the leases included on the balance sheet, Ahold Delhaize has signed lease agreements for properties under development of which it has not yet taken possession. The future undiscounted lease payments for these agreements amount to approximately €1,107 million (2022: €1,334 million). The 2023 and 2022 numbers mainly relate to an investment commitment of approximately $1 billion to transform and expand the supply chain operations on the U.S. East Coast, which was partially recognized on the balance sheet in 2023. The lease components for the second facility are expected to be recognized on the balance sheet in the first half of 2024.

Sale and leaseback transactions

There have been no significant sale and leaseback transactions in 2023 and 2022. In 2023, the gain on sale and leaseback transactions of €1 million was the result of transactions in the Netherlands, the Czech Republic and Serbia. In 2022, the gain on sale and leaseback transactions of €1 million was the result of transactions in the Czech Republic.

Amounts recognized in the income statement

€ million	2023	2022
Variable lease payments not included in the measurement of lease liabilities	**(23)**	(19)
Expenses related to short-term leases	**(33)**	(36)
Expenses relating to leases of low-value assets that are not shown above as short-term leases	**(19)**	(15)
Total rent expense	**(75)**	(70)
Depreciation charge for right-of-use assets	**(1,336)**	(1,300)
Interest accretion to lease liability	**(382)**	(356)
Gains (losses) on sale and leaseback transactions	**1**	1
Income from subleasing right-of-use assets	**63**	57

During 2023, net impairments of €8 million (2022: €2 million) on right-of-use assets (excluding investment properties) and €2 million (2022: €1 million) on investment property right-of-use assets were recorded. These impairments mainly relate to the divestment of FreshDirect. Ahold Delhaize did not apply for rent concessions and did not receive material rent concessions.

33 LEASES CONTINUED

Amounts recognized in the cash flow statement

€ million	2023	2022
Total cash outflow for leases	**(1,891)**	(1,824)

The total cash outflow for leases consists of repayment of lease liabilities (both the principal and interest portion of lease payments), the cash outflows from short-term and low-value leases and variable lease payments not included in the measurement of lease liabilities.

Ahold Delhaize as lessor

Ahold Delhaize rents out its investment properties (mainly retail units in shopping centers containing an Ahold Delhaize store) and also (partially) subleases various other properties that are leased by Ahold Delhaize. Ahold Delhaize classifies these leases as operating or finance leases.

Operating leases

The following table sets out the maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

€ million	December 31, 2023	January 1, 2023
Less than one year	**105**	92
One to two years	**88**	71
Two to three years	**70**	54
Three to four years	**42**	38
Four to five years	**31**	25
More than five years	**68**	64
Total undiscounted lease payments	**404**	344

Finance leases

Net investment in leases

€ million	2023	2022
As of the beginning of the year		
Current portion	**96**	91
Non-current portion	**524**	475
Carrying amount at the beginning of the year	**620**	566
Interest accretion	**13**	12
Divestment of businesses	**(19)**	—
Repayments	**(117)**	(115)
Impairment losses and reversals – net	**(1)**	1
Terminations	**(1)**	(4)
Reassessments and modifications	**43**	55
Reclassifications (to) from right-of-use assets	**104**	92
Exchange rate differences	**(5)**	12
Closing carrying amount	**636**	620
As of the end of the year		
Current portion	**98**	96
Non-current portion	**538**	524
Carrying amount at the end of the year	**636**	620

The following table sets out the maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

€ million	December 31, 2023	January 1, 2023
Less than one year	**107**	105
One to two years	**102**	98
Two to three years	**89**	87
Three to four years	**68**	71
Four to five years	**56**	57
More than five years	**161**	147
Total undiscounted lease payments receivable	**585**	565
Unearned finance income	**(52)**	(44)
Total discounted lease payments receivable	**533**	521
Cumulative impairment losses	**(4)**	(3)
Lease receivable	**529**	518
Unguaranteed residual value	**107**	101
Net investment in leases	**636**	620

33 LEASES CONTINUED

Lease receivables are principally for real estate. Terms range primarily from five to 12 years.

There are no significant changes in the provision for impairment.

The Company, as lessor, manages risks associated with rights retained in the underlying assets mainly by screening lessees for creditworthiness prior to entering into the lease agreement and following up on outstanding lease payments as part of debtor management. In addition, lease contracts generally include terms about rights in case of delinquency and default. Lease contracts rarely include residual value guarantees.

Amounts recognized in the income statement

€ million	2023	2022
Operating leases		
Rent income relating to fixed payments on operating leases	**158**	151
Rent income relating to variable payments on operating leases	**4**	4
Total rent income	**162**	155
Interest income on net investment in leases	**13**	12

No significant rent concessions were provided by Ahold Delhaize.

Accounting estimates and judgments

Where the Company is the lessee, management is required to make judgments about whether an arrangement contains a lease, the lease term and the appropriate discount rate to calculate the present value of the lease payments.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases entered into by the Company as lessee, management uses the incremental borrowing rate, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company and makes adjustments specific to the lease, for example related to term, country, currency and security. On a quarterly basis, the Company calculates incremental borrowing rates for each country, broken down into buckets of duration and underlying asset leased.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if it is reasonably certain that the lease will be extended (or not terminated) and, as such, included within lease liabilities.

For leases of stores, DCs and warehouses, the following factors are normally the most relevant:

- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors, including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the lessee's control; for example, when significant investment in the store is made that has a useful life beyond the current lease term.

Where the Company is the lessor, the classification of leases as finance leases or operating leases requires judgments about the fair value of the leased asset, the economic life of the asset, whether or not to include renewal or termination options in the lease term and the appropriate discount rate to use to calculate the present value of the lease payments to be received.

Revenue recognition with respect to sale and leaseback transactions is dependent on management's judgment of whether the Company has satisfied all of its performance obligations and control of the asset is transferred to the buyer, and the determination of the fair value of the asset.

Accounting policies

Definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. At inception, or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of its relative stand-alone price.

The Company applies the recognition exemptions for short-term leases (less than 12 months) and leases of low-value items, defined by the Company to be below $5,000 per item (on acquisition). The payments for these exempted leases are recognized in the income statement on a straight-line basis over the lease terms.

As a lessee

The Company recognizes a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments, at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred (for example, key money and lease contract commissions), less any incentives received. The right-of-use asset for acquired leases is adjusted for any favorable or unfavorable lease rights recognized as part of the purchase price allocation. The right-of-use asset is subsequently depreciated using the straight-line method over the shorter of the lease term or the useful life of the underlying asset. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

33 LEASES CONTINUED

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company has elected to separate lease and non-lease components included in lease payments for all leases. Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or a rate, which are initially measured using the index or rate at the commencement date
- Amounts expected to be payable under a residual value guarantee
- The exercise price of a purchase option that the Company is reasonably certain to exercise
- Lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early

The lease liability is measured at amortized cost using the effective interest rate method. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the income statement if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is included in Other current financial liabilities and Other non-current financial liabilities.

The Company applies judgment to determine the lease term for the lease contracts in which it is a lessee that include renewal and termination options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the value of lease liabilities and right-of-use assets recognized. See accounting estimates and judgments for more information.

As a lessor

The Company classifies leases as finance or operating leases at lease inception based upon whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. As part of this assessment, the Company considers certain indicators, such as whether the lease is for the majority of the economic life of the asset.

Leases classified as finance leases result in the recognition of a net investment in a lease representing the Company's right to receive rent payments. The value of the net investment in a lease is the value of the future rent payments to be received and the unguaranteed residual value of the underlying asset discounted using the rate implicit in the lease.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sublease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of Rent income.

Sale and leaseback

Sale and leaseback transactions are defined as transactions that lead to a sale according to IFRS 15 "Revenue from Contracts with Customers." Under IFRS 15, the seller-lessee must determine whether the transaction qualifies as a sale for which revenue is recognized (i.e., the transaction is a genuine sale, where all performance obligations are satisfied and control has transferred to the buyer-lessor), or the transaction is a collateralized borrowing. More specifically, a sale is considered as such if there is no repurchase option on the asset at the end of the lease term.

If the sale by the Company as seller-lessee qualifies as a sale, the Company derecognizes the asset and recognizes a gain (or loss) that is limited to the proportion of the total gain (or loss) relating to the rights transferred to the buyer-lessor. In addition, the Company recognizes a right-of-use asset arising from the leaseback and measures it at the proportion of the previous carrying amount of the asset relating to the right of use retained. In addition, the Company recognizes the lease liability.

If the fair value of the consideration for the sale does not equal the fair value of the asset, or if the payments for the lease are not at market rates, adjustments are made to measure the sales proceeds at fair value as follows:

a. Any below-market terms should be accounted for as a prepayment of lease payments.

b. Any above-market terms should be accounted for as additional financing provided by the buyer-lessor.

If the sale by the Company does not qualify as a sale, the Company keeps the asset transferred on its balance sheet and recognizes a financing obligation equal to the transferred proceeds or cash received.

34 COMMITMENTS AND CONTINGENCIES

Investment commitments

As of December 31, 2023, Ahold Delhaize had outstanding investment commitments for property, plant and equipment and investment property, and for intangible assets of approximately €412 million and €15 million, respectively (January 1, 2023: €579 million and €17 million, respectively). These investment commitments include contractual commitments for contributions to franchisees. Ahold Delhaize's share in the capital investment commitments of its unconsolidated joint ventures JMR and Super Indo was nil as of December 31, 2023 (January 1, 2023: nil).

Purchase commitments

Ahold Delhaize enters into purchase commitments with vendors in the ordinary course of business. The Company has purchase contracts with some vendors for varying terms that require Ahold Delhaize to buy services and predetermined volumes of goods and goods not-for-resale at fixed prices. As of December 31, 2023, the Company's purchase commitments were approximately €3.2 billion (January 1, 2023: €2.8 billion). The purchase commitments include $0.5 billion (€0.5 billion) commitments relating to a long-term supply agreement with Maryland-Virginia Milk Producers Cooperative for milk and milk-related products (2022: $0.8 billion (€0.7 billion)).

Not included in the purchase commitments are those purchase contracts for which Ahold Delhaize has received advance vendor allowances, such as upfront signing payments in consideration of its purchase commitments. These contracts generally may be terminated without satisfying the purchase commitments upon the repayment of the unearned portions of the advance vendor allowances. The unearned portion of these advance vendor allowances is recorded as a liability on the balance sheet.

Other commitments

Cooperating agreements

On September 7, 2023, a cooperation agreement between Albert Heijn and Jan Linders became effective, and 44 stores were converted into Albert Heijn franchise supermarkets in 2023. As part of the cooperation, several contributions were agreed upon. There are no material outstanding investment commitments related to this transaction; the main part of the contributions is recognized on the balance sheet as part of Other non-current assets and Accounts payable. Also, the agreement for the acquisition of 10 existing Albert Heijn stores by Jan Linders became effective on September 1, 2023. The acquisition of the Jan Linders DC and the Jan Linders headquarters was fully completed on January 29, 2024.

Commitments related to business acquisitions

On October 30, 2023, Ahold Delhaize announced it has agreed to acquire 100% of Romanian grocery retailer Profi Rom Food SRL (Profi) from MidEuropa. Profi is a leading traditional grocery retailer in Romania, operating 1,654 stores in the country. The acquisition more than doubles the size of Ahold Delhaize's existing Romanian business, which operates under the Mega Image brand and has 969 stores, predominantly in urban areas. The combination will complement and expand Ahold Delhaize's existing Romanian footprint to better serve both urban and rural areas. This acquisition is still subject to approval by relevant regulatory authorities. Ahold Delhaize will pay an enterprise value of approximately €1.3 billion, corresponding to a lease-adjusted enterprise value of €1.8 billion (post IFRS 16). The acquisition consideration will be 100% debt funded, with the transaction expected to close in 2024, following the satisfaction of customary closing conditions, including regulatory clearance. On November 23, 2023, Ahold Delhaize entered into a one-year €1.2 billion committed, unsecured and syndicated bridge facility, with two six-months extension options; see *Note 22*.

Contingent liabilities

Guarantees

Guarantees to third parties issued by Ahold Delhaize can be summarized as follows:

€ million	December 31, 2023	January 1, 2023
Lease guarantees	**626**	718
Loan guarantees	**6**	—
Corporate and buyback guarantees	**35**	13
Total	**667**	731

The amounts included in the table above are the maximum undiscounted amounts the Group could be forced to settle under the arrangement for the full guaranteed amount, if that amount is claimed by the counterparty to the guarantee. For lease guarantees, this is based on the committed lease terms as communicated to Ahold Delhaize.

Lease guarantees

Ahold Delhaize or its subsidiaries may be contingently liable for leases that have been assigned and/or transferred to third parties in connection with facility closings and dispositions. Ahold Delhaize could be required to perform the financial obligations under these leases if any of the third parties are unable to fulfill their lease obligations. The lease guarantees are based on the nominal value of future minimum lease payments of the relevant leases. The amounts of the lease guarantees set forth in the table above exclude the cost of common area maintenance and real estate taxes; such amounts may vary in time, per region and per property. Certain amounts related to these leases are recognized as a provision or a financial liability; for more information, see *Note 23* and *Note 25*.

As of December 31, 2023, the €626 million in the undiscounted lease guarantees as presented in the table above mainly relates to divestments. The following table sets out the undiscounted lease guarantees by divestment:

€ million	December 31, 2023	January 1, 2023
Tops divestments	**252**	274
BI-LO/Bruno's divestment	**127**	159
Sweetbay, Harveys and Reid's divestment	**62**	73
Bottom Dollar Food divestment	**72**	84
Other[1]	**112**	128
Total lease guarantees	**626**	718

1 Other mainly includes the divestment of remedy stores in the U.S. and the divestment of Bradlees.

On a discounted basis, these lease guarantees amount to €522 million and €620 million as of December 31, 2023, and January 1, 2023, respectively. If Ahold Delhaize is called upon to satisfy its obligations under the outstanding lease guarantees, it has several potential defenses to reduce the Company's gross exposure.

34 COMMITMENTS AND CONTINGENCIES CONTINUED

Buyback guarantees

Buyback guarantees relate to Ahold Delhaize's commitment to repurchase stores or inventory from certain franchisees at predetermined prices. The buyback guarantees reflect the maximum committed repurchase value under the guarantees. From the outstanding buyback guarantees of €11 million, an amount of €9 million expires in 2024 and €2 million expires in 2025.

Indemnifications as part of divestments of Ahold Delhaize's operations

In the relevant sales agreements, Ahold Delhaize has provided customary indemnifications, including for potential breach of representations and warranties, that often include, but are not limited to, completeness of books and records, title to assets, schedule of material contracts and arrangements, litigation, permits, labor matters, and employee benefits and taxes. These representations and warranties will generally terminate, depending on their specific features, a number of years after the date of the relevant transaction completion date.

The most significant divestment of operations is, to the extent not already covered in the guarantee section above, described below. In addition, specific, limited indemnifications exist for a number of Ahold Delhaize's smaller divestments. The aggregate impact of claims, if any, under such indemnification provisions is not expected to be material.

Disco divestment

As part of the divestment of Disco S.A. ("Disco") in 2004, Ahold Delhaize is required to indemnify Disco and its buyers for the outcome of the Uruguayan litigation described in the *Legal proceedings* section of this Note. Ahold Delhaize's indemnification obligation relating to this litigation is not capped at a certain amount or restricted to a certain time period.

Taxes

Ahold Delhaize operates in a number of countries and is subject to several direct and indirect taxes including corporate income tax, value-added tax, sales and use tax, and wage tax. Its income is subject to direct and indirect tax in differing jurisdictions where those taxes are levied on a tax base differing per tax law, jurisdiction and at differing tax rates. Significant judgment is required in determining the direct and indirect tax position. We seek to organize our affairs in a sustainable manner, taking into account the applicable regulations of the jurisdictions in which we operate. As a result of Ahold Delhaize's multi-jurisdictional operations, it is exposed to a number of different tax risks including, but not limited to, changes in tax laws or interpretations of such tax laws. The authorities in the jurisdictions where Ahold Delhaize operates may review the Company's direct and indirect tax returns and may disagree with the positions taken in those returns. While the ultimate outcome of such reviews is not certain, Ahold Delhaize has considered the merits of its filing positions in its overall evaluation of potential tax liabilities for both direct and indirect taxes and believes it has adequate liabilities recorded in its consolidated financial statements for exposures on these matters. Based on its evaluation of the potential tax liabilities and the merits of Ahold Delhaize's filing positions, it is unlikely that potential tax exposures over and above the amounts currently recorded as liabilities in its consolidated financial statements will be material to its financial condition or future results of operations.

Legal proceedings

Ahold Delhaize and certain of its former or current subsidiaries are involved in a number of legal proceedings, which include litigation as a result of divestments, tax and employment, as well as other litigation and inquiries. The legal proceedings discussed below, whether pending, threatened or unasserted, if decided adversely or settled, may result in liability material to Ahold Delhaize's financial condition, results of operations or cash flows. Ahold Delhaize may enter into discussions regarding the settlement of these and other proceedings, and may enter into settlement agreements, if it believes settlement is in the best interest of Ahold Delhaize's shareholders. In accordance with IAS 37 "Provisions, Contingent Liabilities, and Contingent Assets," Ahold Delhaize has recognized provisions with respect to these proceedings, where appropriate, which are reflected on its balance sheet.

Albert Heijn franchising

In 2014, the Vereniging Albert Heijn Franchisenemers (an association of Albert Heijn franchisees or "VAHFR") asserted claims against Albert Heijn Franchising B.V. (an Ahold Delhaize subsidiary or "AHF") for the years 2008 through 2012, the alleged value of which exceeds €200 million in aggregate. On December 24, 2014, proceedings were initiated with respect to these discussions. On November 16, 2016, the District Court in Haarlem issued a judgment rejecting all claims of the VAHFR and the claimants. On February 13, 2017, VAHFR and 240 individual claimants filed an appeal against the judgment and, in September 2017, they asserted unquantified claims for the years 2008-2016.

On July 23, 2019, the Court of Appeal issued a judgment rejecting, except for one, all the claims of VAHFR and the claimants. On October 23, 2019, the VAHFR and the claimants filed an appeal in cassation to the Supreme Court. On June 18, 2021, the Supreme Court ruled to quash the ruling of the Court of Appeal in Amsterdam and referred the matter to the Court of Appeal in The Hague. The proceedings will continue after the VAHFR brings the matter before the court in The Hague. This ruling does not change our assessment of the merits of the case and AHF and its affiliates will continue to vigorously defend their interest in the legal proceedings.

Uruguayan litigation

Ahold Delhaize, together with Disco and Disco Ahold International Holdings N.V. ("DAIH"), is party to one lawsuit in Uruguay related to Ahold Delhaize's 2002 acquisition of Velox Retail Holdings' shares in the capital of DAIH. The two other related lawsuits in Uruguay were decided in favor of Ahold Delhaize without any further right to appeal of the plaintiffs in 2013. The damages alleged by the plaintiffs, alleged creditors of certain Uruguayan and other banks, amount to approximately $62 million (€56 million) plus interest and costs. As part of the divestment of Disco to Cencosud in 2004, Ahold Delhaize indemnified Cencosud and Disco against the outcome of these legal proceedings. The one remaining lawsuit is ongoing. Ahold Delhaize continues to believe that the plaintiffs' claims are without merit and will continue to vigorously oppose such claims.

34 COMMITMENTS AND CONTINGENCIES CONTINUED

National prescription opiate litigation

Several U.S. brands and subsidiaries of Ahold Delhaize have been sued in a number of lawsuits included in In re: National Prescription Opiate Litigation (MDL No. 2804), a multi-district litigation (MDL) matter pending in the United States District Court in the Northern District of Ohio. The MDL contains thousands of cases filed against hundreds of defendants by counties, cities, hospitals and others concerning the impact of opioid abuse. Several U.S. brands and subsidiaries of Ahold Delhaize also have been sued in a number of lawsuits pending in courts in New York, which are not part of the MDL. The MDL and New York suits name Ahold Delhaize as a defendant, as well as various subsidiaries, including American Sales Company LLC, which ceased operations prior to being named as a defendant in any MDL-related case. Although the MDL matters in which Ahold Delhaize or its subsidiaries have been named have been stayed by the court and, therefore, are not being actively litigated at this time, the court has requested status reports in many stayed cases (including those in which Ahold Delhaize and its subsidiaries have been named). The New York matters in which Ahold Delhaize or its subsidiaries have been named are also currently stayed. Ahold Delhaize and its subsidiaries continue to believe there are strong factual and legal defenses to the plaintiffs' claims. Ahold Delhaize is not currently able to predict the outcome of these claims.

Pharmacy regulatory investigation

The Ahold Delhaize USA brands are responding to a civil investigative demand (CID) from the U.S. Department of Justice (DOJ), working together with several state attorneys general, concerning a False Claims Act investigation relating to pharmacy prescription discount programs. The brands are cooperating with this investigation and communicating with DOJ regarding the CID. As part of its cooperation, Ahold Delhaize has provided factual information, produced documents and responded to certain interrogatories. Ahold Delhaize has also raised legal arguments challenging a significant portion of DOJ's investigation. Ahold Delhaize is not currently able to predict the timing or outcome of the investigation.

Other legal proceedings

In addition to the legal proceedings described previously in this Note, Ahold Delhaize and its former or current subsidiaries are parties to a number of other legal proceedings arising out of their business operations. Ahold Delhaize believes that the ultimate resolution of these other proceedings will not, in the aggregate, have a material adverse effect on Ahold Delhaize's financial position, results of operations or cash flows. Such other legal proceedings, however, are subject to inherent uncertainties and the outcome of individual matters is unpredictable. It is possible that Ahold Delhaize could be required to make expenditures, in excess of established provisions, in amounts that cannot reasonably be estimated.

Accounting estimates and judgments

For accounting estimates and judgments relating to income taxes, see *Note 10*, and for provisions and contingencies, see *Note 25*.

35 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

The following are significant subsidiaries, joint ventures and associates directly or indirectly owned by Ahold Delhaize as of December 31, 2023. Subsidiaries, joint ventures and associates not important to providing an insight into the Ahold Delhaize Group as required under Dutch law are omitted from this list.

Significant subsidiaries (consolidated)			Ownership %
Retail trade Europe			
The Netherlands			
Albert Heijn B.V.*	Zaandam		100%
Albert Heijn Franchising B.V.*	Zaandam		100%
Gall & Gall B.V.*	Zaandam		100%
Etos B.V.*	Zaandam		100%
bol.com B.V.*	Utrecht		100%
Belgium			
Delhaize Le Lion / De Leeuw NV	Asse		100%
Albert Heijn België NV / SA	Antwerp		100%
Greece			
"Alfa-Beta" Vassilopoulos Single Member S.A.	Athens		100%
Serbia			
Delhaize Serbia d.o.o. Beograd	Belgrade		100%
Romania			
Mega Image SRL	Bucharest		100%
Czech Republic			
Albert Česká republika, s.r.o.	Prague		100%
Grand-Duchy of Luxembourg			
Delhaize Luxembourg S.A.	Pommerloch		100%
Retail trade United States			
United States			
The Stop & Shop Supermarket Company LLC	Quincy	Massachusetts	100%
Food Lion LLC	Salisbury	North Carolina	100%
The GIANT Company LLC	Carlisle	Pennsylvania	100%
Giant of Maryland LLC	Landover	Maryland	100%
Hannaford Bros. Co., LLC	Scarborough	Maine	100%
Other			
The Netherlands			
Ahold Delhaize Coffee Company B.V.*	Zaandam		100%
Ahold Europe Real Estate & Construction B.V.*	Zaandam		100%
Ahold Finance U.S.A., LLC*	Zaandam		100%

Significant subsidiaries (consolidated)			Ownership %
Ahold Delhaize Nederland B.V.*	Zaandam		100%
bol.com holding N.V.*	Utrecht		100%
Delhaize "The Lion" Nederland B.V.*	Zaandam		100%
United States			
ADUSA Commercial Holdings, Inc.	Salisbury	North Carolina	100%
ADUSA Supply Chain Services, LLC	Salisbury	North Carolina	100%
Ahold Information Services, Inc.	Greenville	South Carolina	100%
Ahold Lease U.S.A., Inc.	Quincy	Massachusetts	100%
Ahold Delhaize USA, Inc.	Quincy	Massachusetts	100%
Ahold U.S.A., Inc.	Quincy	Massachusetts	100%
Delhaize America, LLC	Salisbury	North Carolina	100%
Delhaize US Holding, Inc.	Salisbury	North Carolina	100%
Guiding Stars Licensing Company, LLC	Scarborough	Maine	100%
MAC Risk Management, Inc.	Quincy	Massachusetts	100%
The MollyAnna Company	Williston	Vermont	100%
Retail Business Services LLC	Salisbury	North Carolina	100%
Peapod Digital Labs, LLC	Chicago	Illinois	100%
Grand-Duchy of Luxembourg			
Lion Lux Finance S.à.r.l.	Pommerloch		100%
Lion Retail Holding S.à.r.l.	Pommerloch		100%
Switzerland			
Ahold Delhaize Finance Company N.V.	Geneva		100%
Ahold Delhaize International Sàrl	Geneva		100%
Ahold Delhaize Licensing Sàrl	Geneva		100%
Curaçao			
Ahold Insurance N.V.	Willemstad		100%
CUW B.V.	Willemstad		100%

Significant joint ventures and associates (unconsolidated)			Ownership %
JMR – Gestão de Empresas de Retalho, SGPS, S.A.	Lisbon	Portugal	49%
P.T. Lion Super Indo	Jakarta	Indonesia	51%

With respect to the separate financial statements of the Dutch legal entities included in the consolidation, substantially all subsidiaries availed themselves of the exemption laid down in section 403, subsection 1 of Book 2 of the Dutch Civil Code. Pursuant to section 403, Ahold Delhaize has assumed joint and several liability for the debts arising out of the legal acts of these subsidiaries. The determination of which Dutch subsidiaries of Ahold Delhaize, whether significant in the context of this Note or not, make use of the 403 exemption follows from the Dutch trade register. Each of these subsidiaries has filed Ahold Delhaize's 403 declaration with the Dutch trade register. The above significant subsidiaries that make use of the 403 exemption are marked by *.

36 SUBSEQUENT EVENTS

There have been no significant subsequent events.

PARENT COMPANY FINANCIALS

LOCAL MATTERS

Giant Food
United States

PARENT COMPANY FINANCIAL STATEMENTS
INCOME STATEMENT

€ million	Note	52 weeks ended December 31, 2023	52 weeks ended January 1, 2023
Intercompany head office and other recharges		**59**	67
General and administrative expenses		**(56)**	(63)
Total operating expenses	2	**(56)**	(63)
Operating income		**3**	4
Interest expense		**(94)**	(60)
Other financial income (expense)		**(64)**	(50)
Net financial expenses		**(158)**	(110)
Loss before income taxes		**(155)**	(106)
Income taxes	5	**49**	39
Income from subsidiaries and investments in joint ventures after income taxes	7	**1,981**	2,614
Net income		**1,874**	2,546

The accompanying notes are an integral part of these parent company financial statements.

PARENT COMPANY FINANCIAL STATEMENTS
BALANCE SHEET

BEFORE APPROPRIATION OF CURRENT YEAR RESULT

€ million	Note	December 31, 2023	January 1, 2023
Assets			
Property, plant and equipment		**—**	—
Intangible assets	6	**82**	78
Deferred tax assets	5	**13**	11
Financial assets	7	**23,050**	23,119
Total non-current assets		**23,145**	23,208
Receivables	8	**28**	23
Prepaid expenses		**45**	35
Cash and cash equivalents		**416**	179
Total current assets		**489**	238
Total assets		**23,634**	23,446
Liabilities and shareholders' equity			
Issued and paid-in share capital		**10**	10
Additional paid-in capital		**8,413**	9,603
Currency translation reserve		**173**	595
Cash flow hedging reserve		**(9)**	(1)
Reserve participations		**486**	454
Accumulated deficit		**3,808**	2,198
Net income		**1,874**	2,546
Shareholders' equity	9	**14,755**	15,405
Provisions	10	**1**	1
Loans	11	**6,053**	6,758
Non-current financial liabilities	13	**11**	—
Total non-current liabilities		**6,064**	6,758
Current liabilities	12	**2,814**	1,281
Total liabilities and shareholders' equity		**23,634**	23,446

The accompanying notes are an integral part of these parent company financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

Ahold Delhaize's parent company financial statements have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with subsection 8 of section 362, Book 2 of the Dutch Civil Code, the recognition and measurement principles applied in these parent company financial statements are the same as those applied in the consolidated financial statements (see accounting policies relating to financial statement captions included in the relevant notes to the consolidated financial statements and *Note 3* to the consolidated financial statements).

Investments in subsidiaries, joint ventures and associates

Investments in subsidiaries, joint ventures and associates are measured at net asset value (equity method of accounting). Net asset value is based on the measurement of assets (including goodwill), provisions and liabilities, and determination of profit, as described in *Note 15* to the consolidated financial statements for investments in joint arrangements and associates. Goodwill is subsumed in the carrying amount of the net asset value if an investment in a subsidiary is acquired through the Company's intermediate subsidiary.

2 EXPENSES BY NATURE

The operating expenses are specified by nature as follows:

€ million	2023	2022
Labor costs	**(25)**	(39)
Other operational expenses	**(17)**	(11)
Depreciation and amortization	**(15)**	(13)
Total expenses by nature	**(56)**	(63)

Labor costs consists of employee expenses of €15 million (2022: €19 million), other related employee costs of €3 million (2022: €1 million) and other contracted personnel expenses of €6 million (2022: €18 million).

3 EMPLOYEES

The average number of employees of Koninklijke Ahold Delhaize N.V. in full-time equivalents during 2023 was six (2022: six), of whom none were employed outside of the Netherlands. One Management Board member serves as board member outside of the Netherlands via an assignment agreement, but is not employed by Koninklijke Ahold Delhaize N.V.

The current number of employees of Koninklijke Ahold Delhaize N.V. consists primarily of members of the Executive Committee, including the Management Board. Salaries, social security charges and pension expenses amounted to €15 million, €2.0 million and €0.2 million, respectively, for 2023 (2022: expenses of €19 million, €0.1 million and €0.2 million, respectively).

For information on the parent company's defined benefit pension plan, the remuneration of the Management Board and the Supervisory Board and the parent company's share-based compensation plans, see *Note 24*, *Note 31* and *Note 32*, respectively, to the consolidated financial statements.

The net pension liability and the net pension expense are calculated on the basis of the parent company's active employees only.

4 AUDITOR FEES

Expenses for services provided by the parent company's independent auditor, KPMG Accountants N.V. (KPMG) and PricewaterhouseCoopers Accountants N.V. (PwC) and its member firms and affiliates to Ahold Delhaize and its subsidiaries in 2023 and in 2022, respectively, are specified as follows:

2023

€ thousand	KPMG	Member firms/ affiliates	Total 2023
Audit fees	**3,392**	**4,305**	**7,697**
Audit-related fees	**858**	**123**	**981**
Tax advisory fees	**—**	**—**	**—**
Total	**4,250**	**4,428**	**8,678**

2022

€ thousand	PwC	Member firms/ affiliates	Total 2022
Audit fees	3,190	4,887	8,077
Audit-related fees	495	93	588
Tax advisory fees	—	53	53
Total	3,685	5,033	8,718

The audit fees listed above relate to the procedures applied to the Company and its consolidated group entities by accounting firms and external independent auditors as referred to in section 1, subsection 1 of the Audit Firms Supervision Act ("Wet toezicht accountantsorganisaties – Wta"), as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups. These audit fees relate to the audit of the financial statements, regardless of whether the work was performed during the financial year.

Audit fees relate primarily to the audit of the consolidated financial statements, as included in *Performance: Financial statements* as set out in this Annual Report; certain procedures on our quarterly results; and services related to the statutory and regulatory filings of our subsidiaries. Other audit-related fees relate mainly to assurance services on non-financial information and other assurance services. In 2022, the PwC tax advisory fees related to tax compliance services performed in the U.S.

5 INCOME TAXES

The following table specifies the current and deferred tax components of income taxes in the income statement:

€ million	2023	2022
Current income taxes – the Netherlands	**50**	38
Deferred income taxes – the Netherlands	**(1)**	—
Total income taxes	**49**	39

Effective income tax rate

The following table reconciles the statutory income tax rate with the effective income tax rate in the income statement:

	2023	
	€ million	Tax rate
Loss before income taxes	**(155)**	
Income tax benefit at statutory tax rate	**40**	**25.8%**
Adjustments to arrive at effective income tax rate:		
Reserves, (non-)deductibles and discrete items	**9**	**5.5%**
Total income taxes (expense) benefit	**49**	**31.3%**

	2022	
	€ million	Tax rate
Loss before income taxes	(106)	
Income tax benefit at statutory tax rate	27	25.8%
Adjustments to arrive at effective income tax rate:		
Reserves, (non-)deductibles and discrete items	11	10.7%
Total income taxes (expense) benefit	39	36.5%

Deferred income tax

The significant components and annual movements of deferred income tax assets and liabilities as of December 31, 2023, and January 1, 2023, are as follows:

€ million	January 2, 2022	Recognized in income statement	Other	January 1, 2023	Recognized in income statement	Other	December 31, 2023
Derivatives and loans	10	—	—	11	**(1)**	**3**	**13**
Blended rate deferred tax fiscal unity	—	—	—	—	**—**	**—**	**—**
Total gross deductible temporary differences	10	—	—	11	**(1)**	**3**	**13**
Tax losses and tax credits	—	—	—	—	**—**	**—**	**—**
Total net deferred tax asset position	10	—	—	11	**(1)**	**3**	**13**
Total deferred tax liabilities	—	—	—	—	**—**	**—**	**—**
Net deferred tax assets	10	—	—	11	**(1)**	**3**	**13**

5 INCOME TAXES CONTINUED

Income taxes in equity and comprehensive income

Current and deferred income taxes recognized in and transferred from equity and comprehensive income are as follows:

€ million	2023	2022
Share buyback	—	(1)
Derivatives and loans	3	—
Total	**2**	**(1)**

6 INTANGIBLE ASSETS

€ million	Intangible assets
As of January 1, 2023	
At cost	129
Accumulated amortization and impairment losses	(51)
Carrying amount	**78**
Year ended December 31, 2023	
Additions	23
Intercompany transfers	(3)
Amortization	(15)
Closing carrying amount	**82**
As of December 31, 2023	
At cost	148
Accumulated amortization and impairment losses	(66)
Carrying amount	**82**

The intangible assets mainly include software and software under development.

7 FINANCIAL ASSETS

€ million	December 31, 2023	January 1, 2023
Investments in subsidiaries, joint ventures and associates	22,010	22,399
Loans receivable from subsidiaries	1,015	682
Other derivatives (see *Note 13*)	25	38
Total financial assets	**23,050**	**23,119**

Investments in subsidiaries, joint ventures and associates

€ million	2023	2022
Beginning of year	22,399	20,667
Share in income	1,981	2,614
Dividends	(1,880)	(2,383)
Intercompany transfers	62	456
Share of other comprehensive income (loss) and other changes in equity	(129)	375
Exchange rate differences	(424)	670
End of year	**22,010**	**22,399**

For a list of subsidiaries, joint ventures and associates, see *Note 35* to the consolidated financial statements.

Loans receivable from subsidiaries

€ million	2023	2022
Beginning of year	682	798
Intercompany transfers	333	(116)
End of year	**1,015**	**682**
Current portion	—	—
Non-current portion of loans	**1,015**	**682**

8 RECEIVABLES

€ million	December 31, 2023	January 1, 2023
Receivables from subsidiaries	21	20
Receivables from joint ventures	—	—
Income tax receivable	5	—
Other receivables	2	3
Total receivables	**28**	**23**

9 SHAREHOLDERS' EQUITY

The shareholders' equity in the parent company financial statements equals the equity attributable to common shareholders presented in the consolidated financial statements, except that legal reserve participations and accumulated earnings (deficit) are presented separately.

The currency translation reserve, cash flow hedging reserve and reserve participations are legal reserves that are required by Dutch law. The reserve participations include the increases in net asset value of joint ventures and associates since their first inclusion, less any amounts that can be distributed without legal or other restrictions.

If the currency translation reserve or the cash flow hedging reserve has a negative balance, distributions to the Company's shareholders are restricted to the extent of the negative balance. Of the total equity as of December 31, 2023, €14,755 million, an amount of €1,039 million is non-distributable (January 1, 2023: €1,407 million (restated) out of a total equity of €15,405 million). For more information on the dividends on common shares, see *Note 21* to the consolidated financial statements.

The movements in equity can be specified as follows:

			Legal reserves				
€ million	Share capital	Additional paid-in capital	Currency translation reserve	Cash flow hedging reserve	Reserve participations	Other reserves including retained earnings[1]	Equity attributable to common shareholders
Balance as of January 2, 2022	**10**	**10,988**	**(75)**	**(2)**	**449**	**2,350**	**13,721**
Net income attributable to common shareholders	—	—	—	—	—	2,546	2,546
Other comprehensive income attributable to common shareholders	—	—	670	1	—	378	1,049
Total comprehensive income attributable to common shareholders	—	—	670	1	—	2,925	3,595
Dividends	—	—	—	—	—	(979)	(979)
Share buyback	—	—	—	—	—	(998)	(998)
Cancellation of treasury shares	(1)	(1,385)	—	—	—	1,386	—
Share-based payments	—	—	—	—	—	66	66
Other changes in reserves	—	—	—	—	6	(6)	—
Balance as of January 1, 2023	**10**	**9,603**	**595**	**(1)**	**454**	**4,744**	**15,405**
Net income attributable to common shareholders	**—**	**—**	**—**	**—**	**—**	**1,874**	**1,874**
Other comprehensive income attributable to common shareholders	**—**	**—**	**(422)**	**(8)**	**—**	**(109)**	**(539)**
Total comprehensive income attributable to common shareholders	**—**	**—**	**(422)**	**(8)**	**—**	**1,765**	**1,335**
Dividends	**—**	**—**	**—**	**—**	**—**	**(1,044)**	**(1,044)**
Share buyback	**—**	**—**	**—**	**—**	**—**	**(999)**	**(999)**
Cancellation of treasury shares	**—**	**(1,189)**	**—**	**—**	**—**	**1,190**	**—**
Share-based payments	**—**	**—**	**—**	**—**	**—**	**57**	**57**
Other changes in reserves	**—**	**—**	**—**	**—**	**31**	**(31)**	**—**
Balance as of December 31, 2023	**10**	**8,413**	**173**	**(9)**	**486**	**5,682**	**14,755**

1 Other reserves include, among others, the remeasurements of defined benefit plans. Costs for internally developed software are also included in other reserves (€371 million as of December 31, 2023, and €348 million as of January 1, 2023, restated). These costs represent a legal reserve.

10 PROVISIONS

€ million	December 31, 2023	January 1, 2023
Provision for participations	—	—
Other provisions	**1**	1
Total provisions	**1**	1

As of December 31, 2023, nil is expected to be utilized within one year (January 1, 2023: nil).

11 LOANS

	December 31, 2023		January 1, 2023	
€ million	Non-current	Current	Non-current	Current
EUR 750 notes 0.875%, due 2024	—	**750**	750	—
EUR 600 notes 0.250%, due 2025	**600**	—	600	—
EUR 500 notes 1.125%, due 2026	**500**	—	500	—
EUR 500 notes 1.75%, due 2027	**500**	—	500	—
EUR 500 notes 3.5%, due 2028	**500**	—	—	—
EUR 600 notes 0.375%, due 2030	**600**	—	600	—
USD 470 notes 5.70%, due 2040	**498**	**3**	516	3
Long-term loans from subsidiaries	**2,864**	**438**	3,302	—
Other loans	—	—	—	190
Deferred financing costs	**(9)**	**(7)**	(11)	(5)
Total loans	**6,053**	**1,184**	6,758	189

For more information on the external loans, see *Note 22* to the consolidated financial statements. As of January 1, 2023, other loans included a €190 million drawing under a committed credit facility, which matured and was repaid in 2023. The interest and maturity dates for the long-term loans from subsidiaries are as follows:

	December 31, 2023		January 1, 2023	
€ million	Non-current	Current	Non-current	Current
Loan 0.4680%, due in 2024	—	**438**	438	—
Loan 0.5010%, due in 2026	**391**	—	391	—
Loan 2.898%, due in 2027	**125**	—	125	—
Loan 2.208%, due in 2027	**171**	—	171	—
Loan 0.2811%, due in 2028	**200**	—	200	—
Loan 0.7656%, due in 2028	**700**	—	700	—
Loan 6.875%, due in 2029	**458**	—	458	—
Loan 2.109%, due in 2029	**300**	—	300	—
Loan 3.394%, due in 2031	**520**	—	520	—
Total loans from subsidiaries	**2,864**	**438**	3,302	—

12 CURRENT LIABILITIES

€ million	December 31, 2023	January 1, 2023
Short-term borrowings from subsidiaries	**1,487**	919
Loans – current portion	**1,184**	189
Income tax payable	—	40
Payables to subsidiaries	**38**	30
Interest payable	**36**	23
Other current liabilities	**69**	80
Total current liabilities	**2,814**	1,281

The current liabilities are liabilities that mature within one year.

13 DERIVATIVES

The parent company regularly enters into derivative contracts with banks to hedge foreign currency and interest exposures of the parent company or its subsidiaries. Derivative contracts that are entered into to hedge exposures of subsidiaries are generally mirrored with intercompany derivative contracts with the subsidiaries that are exposed to the hedged risks on substantially identical terms as the external derivative contracts. In these parent company financial statements, the external derivative contracts and the intercompany derivative contracts are presented separately on the balance sheet. In situations where the external derivative contract qualifies for hedge accounting treatment in the consolidated financial statements, the external derivative contract and the intercompany derivative contract are presented as Hedging derivatives external and Hedging derivatives intercompany, respectively. In situations where the external derivative contract does not qualify for hedge accounting treatment in the consolidated financial statements, the external derivative contract and the intercompany derivative contract are presented as Other derivatives external and Other derivatives intercompany, respectively.

13 DERIVATIVES CONTINUED

Fair value movements of external derivative contracts that were entered into to hedge the exposures of subsidiaries are recorded directly in income, where they effectively offset the fair value movements of the mirroring intercompany derivatives that are also recorded directly in income. Details of these derivative contracts, other financial instruments and the parent company's risk management strategies are included in *Note 30* to the consolidated financial statements and in the tables presented below.

Non-current derivatives – assets

€ million	2023	2022
Beginning of year	**38**	10
Fair value changes	**(13)**	28
End of year	**25**	38

Current derivatives – assets

There were no current derivative assets in 2023 and 2022.

Non-current derivatives – liabilities

€ million	2023	2022
Beginning of year	**—**	—
Fair value changes	**11**	—
End of year	**11**	—

Current derivatives – liabilities

There were no current derivative liabilities in 2023 and 2022.

14 RELATED PARTY TRANSACTIONS

Koninklijke Ahold Delhaize N.V. has entered into arrangements with a number of its subsidiaries and affiliated companies in the course of its business. These arrangements relate to service transactions and financing agreements and were conducted at market prices.

15 COMMITMENTS AND CONTINGENCIES

Koninklijke Ahold Delhaize N.V., as the parent company, is party to a cross-guarantee agreement dated May 21, 2007, as amended from time to time, with Delhaize Le Lion/De Leeuw NV, Delhaize US Holding, Inc. and certain of the subsidiaries of Delhaize US Holding, Inc., under which each party guarantees fully and unconditionally, jointly and severally, the financial indebtedness of the other parties to the agreement.

Notes and loans issued by certain subsidiaries are guaranteed by the parent company, as disclosed in *Note 22* to the consolidated financial statements.

The parent company also guarantees certain lease obligations and other obligations of subsidiaries. Guarantees issued by the parent company regarding the financial obligations of third parties and non-consolidated entities, other than under the cross guarantee mentioned above, amount to €466 million as of December 31, 2023 (January 1, 2023: €502 million).

In addition, the Company has provided a guarantee as of July 30, 2010, for Ahold Finance U.S.A., LLC's outstanding current obligations to third parties.

The parent company has also provided a guarantee as of December 31, 2020, for Giant Food relating to the FELRA and MAP settlement agreement. The parent company guarantees Giant Food's obligation to pay any amounts that are necessary to satisfy the funding commitment solely to the extent Giant fails to satisfy such liabilities when due. The guarantee will be limited to the present value of the PBGC insolvency benefits payable to eligible Giant participants and eligible non-Giant participants under the new single-employer plan as of December 31, 2020. For more information on the FELRA and MAP plan, see *Note 24* to the consolidated financial statements.

The parent company has provided customary indemnifications, including for potential breach of representations and warranties made in agreements of asset disposals. Guarantees and legal proceedings are further disclosed in *Note 34* to the consolidated financial statements. Under its financing agreement with Ahold Delhaize Pensioen, Koninklijke Ahold Delhaize N.V. is liable for the pension contributions.

The parent company forms a fiscal unity with Ahold Delhaize's major Dutch subsidiaries for Dutch corporate income tax and Dutch VAT purposes and, for that reason, it is jointly and severally liable for the Dutch corporate income tax liabilities and Dutch VAT liabilities of the whole fiscal unity. Assumptions of liability pursuant to section 403, Book 2 of the Dutch Civil Code are disclosed in *Note 35* to the consolidated financial statements.

16 DISTRIBUTION OF PROFIT

If approved by the General Meeting of Shareholders, a final dividend of €0.61 per common share will be paid on April 25, 2024. This is in addition to the interim dividend of €0.49 per share, which was paid on August 31, 2023. The total dividend payment for the full year 2023 would, therefore, total €1.10 per share (2022: €1.05).

17 SUBSEQUENT EVENTS

For information regarding subsequent events, see *Note 36* to the consolidated financial statements.

Zaandam, the Netherlands

February 27, 2024

Management Board

Frans Muller

Jolanda Poots-Bijl

JJ Fleeman

Wouter Kolk

Supervisory Board

Peter Agnefjäll (Chair)

Bill McEwan (Vice Chair)

René Hooft Graafland

Katie Doyle

Helen Weir

Pauline van der Meer Mohr

Frank van Zanten

Jan Zijderveld

Julia Vander Ploeg

ESG STATEMENTS

LOCAL MATTERS

MAXI Serbia

INTRODUCTION

In this section, we provide an overview of the reporting framework we apply to ESG performance and the activities that fall within its scope. This section also includes performance on the most important indicators we track, which methodology we use for measuring performance and what data collection process and considerations we take into account when reporting on these indicators. To read more about our governance in this area, see *Introduction to ESG.*

We have selected and tailored our ESG indicators to meet stakeholders' expectations and provide the information necessary to understand the development, performance, position and impact of our activities relating to our ESG topics. For more information about our materiality assessment, see *ESG materiality assessment;* for more information on the material topics and our approach, see *Environmental, social and governance*; and, for information about our performance on the tier 1 material topics, see *Performance review – Group Performance*.

BASIS OF PREPARATION

We report on our progress in accordance with the Global Reporting Initiative (GRI) Standards. GRI maintains comprehensive sustainability reporting standards, developed through an independent multi-stakeholder process. The GRI requirements are more detailed and extensive than reporting obligations under the current applicable legal framework. For our EU Taxonomy reporting, we comply with the EU Taxonomy regulation.

The ESG statements include information for the financial year 2023, with comparative figures from 2022. Ahold Delhaize's financial year is a 52- or 53-week period ending on the Sunday nearest to December 31. The financial year 2023 consisted of 52 weeks and ended on December 31, 2023. See also *Note 2*. From a practical perspective, certain indicators are based on a calendar year rather than the 52-week financial year. Due to rounding, numbers presented may not add up precisely to the totals provided.

An overview of how we comply with the GRI standards can be found on the Ahold Delhaize website at *www.aholddelhaize.com*. For details on the definitions used, see *Definitions and abbreviations*.

Setting and adjusting baselines and correction of errors

In order to provide meaningful and consistent comparison of ESG indicators, such as GHG emissions reduction, over time, we set a performance date to compare progress of our current performance against a set baseline. This performance date is referred to as the baseline year. We use the following baseline years:

GHG emissions scope 1 and 2:	2018 (2018 was used, as target was set in early 2020)
GHG emissions scope 3:	2020 (updated from 2018 in 2022 as part of our updated scope 3 targets)
Plastic packaging:	2021 (2021 was the most recent year, as target was set in 2022)
Food waste:	2016 (aligned with SDG target 12.3)

For consistent tracking of performance over time, the baseline may need to be recalculated due to changed circumstances, for example divestments and acquisitions and other changes, including in the calculation methodology or the correction of errors. The purpose of the recalculation is to make the comparison between the actual performance data and the baseline like for like. The discovery of significant errors is also corrected in the comparative figures, where possible. If this is not possible, it is indicated. Impacts are considered significant (or material) if omitting, misstating or obscuring them could reasonably be expected to influence decisions that the primary users of ESG data make on the basis of that data.

SCOPE / BOUNDARIES

Ahold Delhaize uses the financial control approach for the ESG reporting scope, as used in the consolidated financial statements, unless certain ESG information is not available. In those cases, we clearly state scope limitations and why there is a constraint on ESG reporting information. See *Note 3* to the consolidated financial statements for more information about the general accounting principles followed for consolidation, *Note 1* for more information on the company and its operations, and *Note 35* for a list of subsidiaries, joint ventures and associates.

From an ESG reporting perspective, the data includes company-owned stores, transactions with franchise and affiliate stores, offices and company-owned and leased distribution centers (DCs), including all transportation from DCs to stores and company-owned jets, unless specifically noted otherwise.

All Ahold Delhaize brands consolidated in the financial statements are included in the ESG figures, unless otherwise noted. When we did not achieve full alignment in reporting on an indicator for 2023 and/or 2022, we explain it in footnotes.

For scope 3 GHG emissions, the reporting covers the financial year 2022. This one-year delay results from the fact that information to calculate the data is, in some cases, received from third parties and, therefore, not yet available at year end.

DATA COLLECTION AND USE OF DATA FROM THIRD PARTIES

Data collection for a number of the ESG indicators we report on is a complex task, because of the large number of products our brands have in their assortments as well as the significant number of locations. The maturity of data completeness and accuracy differs between the third parties delivering both transactional and master data to us. Verifying all of this data is a cumbersome process and the data quality varies per brand and country and sometimes depends on the willingness of other parties in the industry to provide data. For example, indicators for plastic packaging rely heavily on third-party data on weight and composition. Capturing accurate master data on packaging requires diligence, not only on our side but also on the side of third parties in our value chain.

We also use third-party data sources, such as emission factors, in our calculations of GHG emissions. In the absence of verified third-party data or own data sources, we must estimate the emissions in our value chain with standard emission factors, use of estimates and extrapolation of existing data. In addition, data provision from third parties on nutritional information to calculate the Guiding Stars or Nutri-Score labels, as well as weight of food waste collected on our behalf by third-party waste processing companies, are also critical in determining our indicators.

See also the data collection and considerations paragraphs for the relevant indicators mentioned for more detail.

NON-FINANCIAL ALTERNATIVE PERFORMANCE MEASURES

In presenting and discussing ESG performance, we also use the Company's own metrics where it allows for a better understanding of Ahold Delhaize's ESG performance or where there are not always clear reporting requirements yet. These metrics should not be viewed in isolation and should be read in conjunction with the definitions included in the *Definitions and abbreviations*, as other companies might define these measures differently than Ahold Delhaize.

Wherever possible, indicators are based on elements of a total group, for example, own-brand products, food sales, associates, stock-keeping units and sales areas. Definitions of these topics are included in the *Definitions and abbreviations* section, together with the definitions of other non-financial alternative performance measures used in the ESG statements and elsewhere in this report.

Some performance indicators do not fully cover each ESG topic. For example, for "product affordability," we report on our Save for Our Customers program, but we do not have an indicator that specifically measures the affordability or availability of products in our stores.

1 CLIMATE CHANGE

1a. Scope 1 and 2 GHG emissions

We work to reduce GHG emissions in our own operations. Our great local brands continue to invest in energy efficiency, improve their refrigeration systems, further modernize their logistics fleets, transition from fossil fuels and invest in renewable energy initiatives.

Performance indicator description	2023	2022 restated	2030 target
% reduction in absolute CO_2-equivalent emissions from own operations (scope 1 and 2) – market-based approach – against 2018 baseline[1,2]	**35%**	29%	50%
Total CO_2-equivalent emissions (thousand tonnes) – market-based approach[1]	**2,679**	2,891	
Change in total CO_2-equivalent emissions (thousand tonnes) – market-based approach[1] (against the prior year)	**(212)**	67	
Total CO_2-equivalent emissions (thousand tonnes) – location-based approach[1]	**3,539**	3,542	
Scope 1 location based (thousand tonnes)[1]	**1,867**	1,873	
Scope 1 – Refrigerant leakage – CO_2-equivalent emissions (thousand tonnes)	**1,323**	1,305	
Scope 1 – Heating – CO_2-equivalent emissions (thousand tonnes)	**292**	309	
Scope 1 – Own transport – CO_2-equivalent emissions (thousand tonnes)	**252**	259	
Scope 2 market based (thousand tonnes)[1]	**812**	1,017	
Scope 2 – Electric energy use (thousand tonnes) – market based	**794**	998	
Scope 2 – Use of imported heat (thousand tonnes) – market based	**18**	19	
Scope 2 location based (thousand tonnes)	**1,672**	1,668	

1 The 2022 figures and the 2018 baseline have been restated; see the paragraph "*Restatement of prior year figures and adjustments to baseline*" below for more information.
2 Reduction is from a 2018 baseline of 4,095 thousand tonnes CO_2-equivalent emissions; see reconciliation below. (In 2022, the baseline was 4,164 thousand tonnes.)

Energy consumption

Performance indicator description	2023	2022
Facilities energy consumption (million kWh)	**6,812**	6,973
Total renewable electricity produced on site (million kWh)[1]	**37**	30
Energy attribute certificates (million kWh)[2]	**2,120**	1,290
% renewable electricity on total electricity consumed	**40%**	24%
Fuel consumption (million liters)[3]	**99**	101

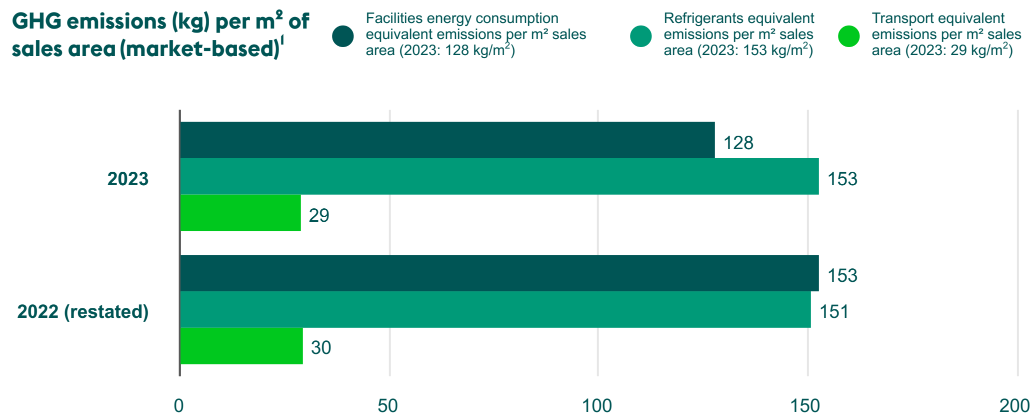
1 Includes renewable electricity produced on site and used on site of 24 million kWh (2022: 19 million kWh) and renewable electricity produced on site and exported to grid of 13 million kWh (2022: 11 million kWh); the latter is excluded from scope 1 and 2 calculations
2 Includes Guarantee of Origin certificates and renewable energy certificates
3 Includes fuel consumption related to both company-owned and leased fleet

Refrigerants

Performance indicator description	2023	2022
Refrigerant leakage rate (%)	**13.2%**	12.5%
Refrigerant average GWP[1]	**2,420**	2,475

1 Based on total refrigerant charge.

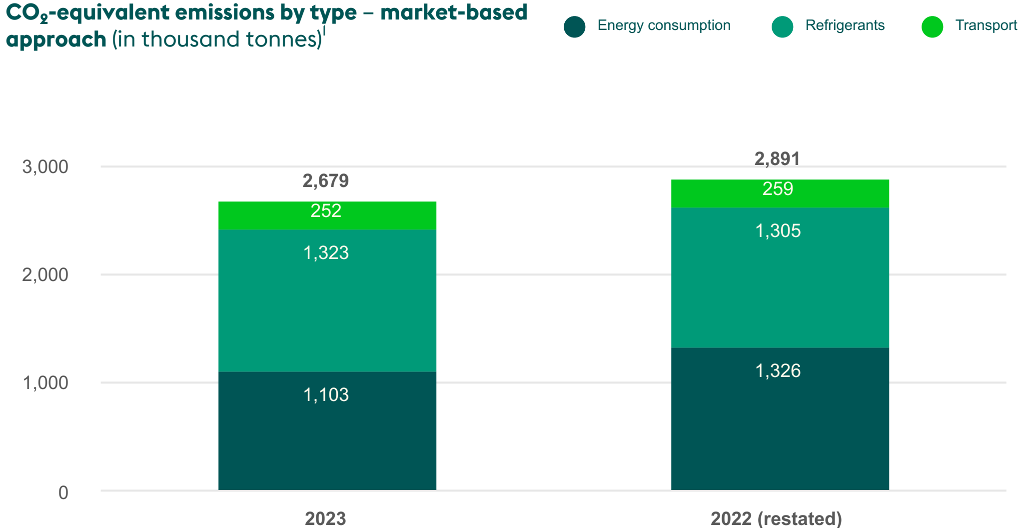
GHG emissions (kg) per m² of sales area (market-based)[1]



1 The 2022 figures have been restated; see "*Restatement of prior year figures and adjustments to baseline*" for more information.

I CLIMATE CHANGE CONTINUED

CO_2-equivalent emissions by type – market-based approach (in thousand tonnes)[1]



1 The 2022 figures have been restated; see "*Restatement of prior year figures and adjustments to baseline*" below for more information.

Methodology

For our approach and progress on GHG emissions (and climate change), see *ESG – Environmental*.

We report our scope 1 and 2 GHG emissions data with reference to the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard.

Our main sources of GHG emissions are from fuel combustion, energy consumption and refrigerant leakages. To calculate carbon-equivalent emissions based on these sources, we use emissions factors. GHG-emission data consists of a calculated CO_2 equivalent, defined as actual CO_2 emitted plus equivalent emission from other GHGs such as methane (CH_4), nitrous oxide (N_2O) and various refrigeration blends, including hydrofluorocarbons (HFCs).

The carbon footprint methodology follows the guidelines of the World Business Council for Sustainable Development (WBCSD)/World Resources Institute (WRI) GHG Protocol on corporate GHG accounting and reporting.

We use the latest available emission factors in our reporting. We source location-based electricity emission factors from the International Energy Agency (IEA, 2023 edition; 2021 data) for European countries and from the Environmental Protection Agency (EPA) (based on eGrid 2021 values, issued in January 2023) for the United States. The source we use for the market-based (residual mix) emission factors for our European brands is the *European residual mix*, edition 2022, 2021 data, and for our U.S. brands is *Green-e* edition 2022, 2020 data.

We source fuel emission factors according to GHG Protocol 2014 wherever available, and otherwise from other appropriate sources. For refrigerant leakages, GWP values of all refrigerant blends used in Ahold Delhaize facilities were calculated based on GWP values of refrigerants from the Intergovernmental Panel for Climate Change Assessment Report 6, AR6 Chapter 7 (2021).

Data collection and considerations

Activity data on energy consumption, leakage for refrigerant substances and liters of fuel used for owned transport has been collected on a quarterly basis on site level at each brand. The sources of this data include invoices, remote meter records, third-party service provider reports and internal reports. Activity data is reviewed internally and reported to the group through an internal reporting tool that stores conversion factors to calculate the GHG emissions. Absolute emissions are calculated by multiplying activity data by relevant conversion factors.

Data is not always available in real time or immediately after quarter close. In these limited cases, we use data extrapolated from previously known consumption.

If data is not available at all, e.g., for a portion of stores, we use estimates calculated using locations that are comparable in size and format.

For more information, see *Performance review – Group performance: GHG emissions (scope 1 and 2).*

Restatement of prior year figures and adjustments to baseline

Only the items disclosed in the Annual Report 2022 and that were restated in 2023 are shown in the tables below.

Note 1: During 2023, we identified the fact that the emissions related to diesel were calculated by using the full cycle emission factor, while the tank-to-wheel factor should have been used. The emission factor was corrected in 2023 with retrospective effect, thus also correcting the 2018 baseline as indicated below.

Note 2: As part of the data improvement project, an omission regarding refrigerants reported for the year 2022 was noted. This error was corrected in 2023.

ESG STATEMENTS
ENVIRONMENTAL

CLIMATE CHANGE CONTINUED

Performance indicator description	2022 per Annual Report 2022	Note 1: Correction of emission factor	Note 2: Correction of omitted data	Other	2022 restated
Total CO_2-equivalent emissions (thousand tonnes) – market-based approach	2,837	(75)	121	8	2,891
Change in total CO_2-equivalent emissions (thousand tonnes) – market-based approach (against the prior year)	(56)	(3)	121	5	67
Total CO_2-equivalent emissions (thousand tonnes) – location-based approach	3,491	(75)	121	4	3,542
Scope 1 location based (thousand tonnes)	1,823	(75)	121	4	1,873
Scope 2 market based (thousand tonnes)	1,014	–	–	3	1,017

Due to the above restatements, the percentage reduction in absolute CO_2-equivalent emissions from own operations (scope 1 and 2) (market-based approach) in 2022 versus the restated 2018 baseline (see below) changed from 31% to 29%.

Performance indicator description	2022 per Annual Report 2022	Note 1: Correction of emission factor	Note 2: Correction of omitted data	Other	2022 restated
GHG emissions (kg) per m^2 of sales area – facilities	152	–	–	1	153
GHG emissions (kg) per m^2 of sales area – refrigerants	137	–	14	–	151
GHG emissions (kg) per m^2 of sales area – transport	38	(8)	–	–	30

Performance indicator description	2022 per Annual Report 2022	Note 1: Correction of emission factor	Note 2: Correction of omitted data	Other	2022 restated
CO_2-equivalent emissions per type (in thousand tonnes)					
Energy consumption	1,323	–	–	3	1,326
Refrigerants	1,185	–	121	–	1,305
Transport	329	(75)	–	4	259

	2018 baseline restatement
Reported in Annual Report 2022	4,164
Note 1: Correction of emission factor	(72)
Other	4
Restated 2018 baseline	4,095

GRI indicators

305-1 Direct (scope 1) GHG emissions

305-2 Energy indirect (scope 2) GHG emissions

305-4 GHG emissions intensity

305-5 Reduction of GHG emissions

302-1 Energy consumption within the organization

ESG topic

Climate change

1 CLIMATE CHANGE CONTINUED

1b. Scope 3 GHG emissions

To reduce GHG emissions along our value chain, we have identified three key priorities: engaging suppliers and farmers, providing an assortment with a lower carbon footprint, and encouraging customers to choose lower-emission products. See also *ESG – Environmental* for more information.

Performance indicator description	2022	2021 restated
Absolute CO_2-equivalent emissions from the value chain (scope 3) (thousand tonnes)[1]	**59,885**	60,780
% increase in absolute CO_2-equivalent emissions from the value chain (scope 3) – against the 2020 actual baseline[1,2]	**0.1%**	1.6%

1 The 2021 figure has been restated; see "*Restatement of prior year figures and adjustments to baseline*" below for more information.
2 Reduction is shown against a restated 2020 actual baseline of 59,801 thousand tonnes, using actual reported number of 2020 (restated); in the prior year, the actual baseline was 65,930 thousand tonnes. See "*Restatement of prior year figures and adjustments to baseline*" below for more information.

We submitted scope 3 emission reduction targets for validation with the SBTi; see *Climate change* in the *Environmental, social and governance* section for more details on *setting targets*. Our current data collection, reporting and performance management processes are not yet tailored to report the split of our scope 3 emissions in FLAG and Energy and Industrial sector emissions.

We currently measure our performance on scope 3 reductions by referencing the actual reported figures (per the table above) and our 100% or full 2020 restated baseline. We are not yet tracking our performance against our submitted, but not yet validated, SBTi targets. We are working to improve our processes and plan to start reporting progress against the SBTi targets in the near future.

	2022 share (%)	2022 absolute value (thousand tonnes CO_2e)	2021 share (%) restated[1]	2021 absolute value restated (thousand tonnes CO_2e)[1]
Scope 3 – Purchased goods and services (category 1)[2]	**90.1%**	**53,945**	90.0%	54,725
Scope 3 – Use of sold products (category 11)	**5.5%**	**3,265**	5.4%	3,288
Scope 3 – Waste generated in operations and waste from end of life of sold products (categories 5 and 12)	**1.5%**	**887**	1.5%	937
Scope 3 – Business travel and employee commuting (categories 6 and 7)	**1.2%**	**696**	1.2%	753
Scope 3 – Upstream and downstream transport and distribution (categories 4 and 9)	**0.4%**	**243**	0.4%	265
Scope 3 – Fuel and energy related activities (category 3)	**0.9%**	**561**	0.9%	526
Scope 3 – Other categories (categories 14 and 15)	**0.5%**	**289**	0.5%	287
Total scope 3 footprint	**100%**	**59,885**	100%	60,780

1 The 2021 figures have been restated; see "*Restatement of prior year figures and adjustments to baseline*" below for more information.
2 Includes not-for-resale purchased goods and services, which have been included under Other categories in the Annual Report 2022.

Methodology

For our approach and progress on the material topic climate change, which also addresses GHG emissions, see *ESG – Environmental*.

Our carbon footprint methodology follows the guidelines of the WBCSD / WRI and we report our scope 3 GHG emissions with reference to the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard.

To calculate carbon-equivalent emissions, we use emissions factors. GHG emissions data consists of a calculated CO_2 equivalent, defined as actual CO_2 emitted plus equivalent emission from other GHGs such as methane (CH_4), nitrous oxide (N_2O) and various refrigeration blends, including HFCs.

Calculating scope 3 emissions is complex. Our grocery retail brands have hundreds of thousands of products on their shelves supplied by more than 10,000 direct suppliers. All of these direct suppliers source materials and ingredients from their own suppliers, resulting in complex supply chains covering all geographies of the world.

1 CLIMATE CHANGE CONTINUED

As a result of this complexity, actual data on our scope 3 GHG emissions is currently not consistently available, and we continue to work to improve this. As our brands continue to reach out to their suppliers, we expect increasing access to actual data, which will make our numbers more accurate. At the moment, we fully rely on assumptions and estimations when calculating our scope 3 GHG emissions.

Our scope 3 footprint consists of 11 relevant scope 3 emission categories (out of 15 defined by the GHG Protocol[1]). We have used two main calculation methods as defined by the GHG Protocol: the average data method and the spend-based method[2]. We applied the method that was most suitable, based on the scope 3 category, as detailed in *Data collection and considerations*.

1 The following categories are considered not material and thus not reported: capital goods, upstream leased assets, downstream leased assets and processing of sold products.

2 Calculation of scope 3 emissions requires us to make certain estimates and assumptions then apply our judgment, all within the bounds of the applicable GHG Protocol. As a result, the way we calculate our scope 3 emissions may vary from the way other businesses calculate their scope 3 emissions.

Data collection and considerations

Obtaining accurate scope 3 data is a challenge across industries. We encourage our brands' suppliers to report their emissions to our local brands through surveys (such as CDP and ImpactBuying), so that we can account for the emissions in our inventory. This reporting process is resource intensive for suppliers, and the task of validating the data provided also puts a burden on our local brands.

Due to the resource requirements of reporting scope 3 data, we collect scope 3 GHG-emission data on an annual basis. We report on scope 3 emissions with a one-year delay, as information to calculate the data is, in some cases, received from third parties and, therefore, not yet available at year end. In the absence of verified supplier data, we must estimate the emissions in our value chain with standard emission factors. Using standardized factors creates barriers to fully understanding our emissions profile, measuring progress and identifying opportunities for reduction.

Calculating category 1: Purchased goods and services

Purchased goods and services, the most material category, accounts for 90.1% of our total scope 3 footprint. Several assumptions and estimates are used in our calculation of the category. We use different input data sets to calculate the emissions from products and services, depending on the information available in our brands' data systems. As we continue to enhance our calculations for scope 3, we were able to move to an increased percentage of more accurate, weight-based calculations, as detailed below. The following information sources were used to calculate the 2022 emissions:

- Weight of products purchased (50.7%) (2021: 8.3%)
- Value of products purchased (23.6%) (2021: 65.6%)
- Weight from products sold corrected for waste (15.7%) (2021: 15.1%)
- Value from products sold is corrected for margin and waste to come to the value of products purchased (10.0%) (2021: 10.9%). The correction for margin and waste is done at brand level but assumed to be the same for all product categories, not diversified to product category.

These average data method calculations are based on the publicly available emission intensity of different foods.

For products with weight (66.4%) (2021: 23.4%), we mainly used the Big Climate Database (all brands except for Delhaize Belgium) and Agribalyse (solely for Delhaize Belgium). With these databases, all retail-specific product categories were assigned special emission factors that enabled us to apply corresponding emission intensities for each category.

For the spend-based method (33.6%) (2021: 76.5%), we used the emission intensities of different food and non-food industries (source: UK Department for Environment, Food & Rural Affairs (Defra) for food (emission factor corrected for inflation) and Base Carbone for different non-food categories) and multiplied this by the value of products purchased and sold (corrected for margin and waste, if needed).

As a consequence, due to our ongoing efforts to implement further due diligence procedures in connection with scope 3 emissions, reducing the use of assumptions and estimates, our numbers may materially change over time.

For services, the footprint is calculated using the spend-based method. Activity data is the annual brand-level purchased value of products and services multiplied by the emissions intensity for relevant services (source: Defra).

Emissions from not-for-resale purchased goods and services are calculated using the spend-based method and emission factors from Base Carbone and Defra.

Calculating category 11: Use of sold products

The second biggest emission category is category 11: Use of sold products, which accounts for 5.5% of our total estimated scope 3 emissions. This category is impacted by the gasoline stations some of our brands operate. Emissions are calculated using an average data method, by multiplying the total volume of fuel sold to customers by the relevant emission factor from the EPA.

Our inventory of category 11 currently excludes the downstream emissions relating to the sale of non-food products sold by bol – for example, the emissions from customers using electronic equipment acquired from bol.

Calculating categories 5 and 12: Waste generated in operations and waste from end of life of sold products

Categories 5 and 12, which account for 1.5% of our total estimated scope 3 emissions, are calculated using an average data method. Emission factors from Ecoinvent are applied per waste processing method. For waste from operations, the waste volumes per processing method are reported by the operations. For end-of-life waste from sold product, the waste volumes are derived from the sold product volumes.

1 CLIMATE CHANGE CONTINUED

Calculating categories 6 and 7: Business travel and employee commuting

Categories 6 and 7, which account for 1.2% of our total estimated scope 3 emissions, are calculated using the distance-based method. Distances travelled per modality are either provided by travel booking partners or estimated based on headcount. Distance-based emission factors are sourced from Defra, EPA and CO2emissiefactoren.nl.

Calculating categories 4 and 9: Upstream and downstream transport and distribution

Categories 4 and 9, which account for 0.4% of our total estimated scope 3 emissions, are calculated using the fuel-average data method. The volumes of fuel used in vehicles outside the financial control boundary are multiplied by a well-to-wheel emission factor, which is sourced from Defra.

Calculating category 3: Fuel- and energy-related activities

Category 3, which accounts for 0.9% of our total scope 3 emissions, is calculated using scope 1- and 2-related activity data and emission factors from Defra.

Calculating other scope 3 categories:

We have combined several smaller emission categories together as “other categories” that account for 0.5% of our total estimated scope 3 emissions. These include franchises (/affiliates) and investments.

Emissions from franchises are calculated by extrapolating scope 1 and 2 emissions on a store-area basis. Emissions from investments are calculated using data reported by the investment entities.

Restatement of prior year figures and adjustments to baseline

As a result of the continuous efforts to improve the accuracy of our scope 3 emissions calculation, during 2023 several adjustments were recorded, impacting both the 2021 figures reported and the 2020 baseline. These corrections mainly included:

- Category 1: Inconsistencies were noted in the baseline and prior year numbers. The adjustments made included alignment of product categorization and emission-factor allocation, more accurate weight data, and the inclusion of the well-to-tank emissions of fuel sold.
- Category 3: Update of the emission factors used for diesel and electricity, and an update on the calculation
- Category 15: Calculation updated to account for the emissions proportionately to the investment hold
- Correction of minor errors on other categories

	Absolute CO_2-equivalent emissions from the value chain (scope 3) (thousand tonnes)
2021 figure reported in Annual Report 2022	62,974
Category 1 restatement	(2,342)
Category 3 restatement	297
Category 15 restatement	(138)
Other corrections	(11)
Restated 2021 actual figure	**60,780**

Due to the above restatements, the percentage change in absolute CO_2-equivalent emissions from the value chain (scope 3) in 2021 against the restated 2020 actual baseline (see below) changed from (4)% to 1.6%.

	2020 actual baseline restatement
2020 figure reported in Annual Report 2022	65,930
Category 1 restatement	(6,302)
Category 3 restatement	297
Category 15 restatement	(130)
Other corrections	6
Restated 2020 actual baseline	**59,801**

GRI indicator

305-3 Other indirect (scope 3) GHG emissions

302-2 Energy consumption outside of the organization

302-5 Reductions in energy requirements of products and services

ESG topic

Climate change

2 FOOD WASTE

We take a three-pronged approach to driving down food waste. Firstly, we reduce food waste, where possible, across our brands' operations, including stores, warehouses and transport. Secondly, we divert surplus food to food banks and charities and to innovative operations such as restaurants that cook with unsold food. And thirdly, we divert food no longer suitable for human consumption to other recycling methods to prevent it from going to landfill.

For our approach and progress on food waste as a material ESG topic, see *ESG – Environmental*.

Performance indicator description[1]	2023	2022 restated	2030 target
Total tonnes of food waste[2]	**225,425**	230,697	
Tonnes of food waste per food sales (t/€ million)[2]	**3.17**	3.29	
% reduction in food waste per food sales (t/€ million)[2, 3]	**37%**	34%	50%
Tonnes of food waste sent to disposal per food sales (t/€ million)	**0.74**	0.82	
% of total food waste recycled[2]	**77%**	75%	
Tonnes of food donated	**76,333**	66,403	
% of unsold food donated to feed people[2]	**25%**	22%	

1 The 2022 and 2023 figures exclude Etos.
2 See "*Restatement of prior year figures and adjustments to baseline*" below for more information on restated figures.
3 Reduction is shown against the restated 2016 baseline of 4.99 t/€ million.

Methodology

We calculate food waste according to the Food Loss and Waste Protocol (FLW Protocol), a multi-stakeholder effort to develop the global accounting and reporting standard for quantifying food and associated inedible parts removed from the supply chain. Our definition of food waste includes waste sent to animal feed, bio-based materials, anaerobic digestion, composting/aerobic digestion, controlled combustion and landfill. Food waste does not include donations to hunger relief organizations, theft or cash shortages.

We follow Champions 12.3 Guidance on Interpreting Sustainable Development Goal Target 12.3. According to this, the definition of food loss and waste applies to both food that is intended for human consumption and its associated inedible parts that leave the human food supply chain. This is because Target 12.3 comes under SDG 12 (Responsible consumption and production) and not SDG 2 (Zero hunger), so it covers both food security and resource-use efficiency, not just food security alone. As a result, inedible parts, such as orange peels left over from making freshly squeezed orange juice sold in our Albert Heijn stores, count as food waste in our figures.

Data collection and considerations

We report food waste figures on a quarterly basis through a combination of internal measurements and reports from external partners. Waste in stores and DCs is separated into food waste, cardboard, plastic, glass and trash.

We provide training for associates to ensure waste separation is done as accurately as possible and we perform audits to check the quality of waste separation. Given the variety of circumstances under which the data is collected, it may contain limited inaccuracies, as our audits show that some food waste ends up in trash bins.

To recycle and dispose of food waste, Ahold Delhaize brands work with a number of external partners with varying degrees of maturity in how they collect data. In some cases, weights are estimated based on average bin weight and frequency of service.

The metric we use is tonnes of food waste per € million food sales. Food sales are measured in euros and are impacted by exchange rates. The food waste figure used in this metric is converted to euros on the basis of the accounting policies used for the consolidated financial statements. See *Note 2* and *Note 3* for more information.

According to the FLW Protocol, the definition of food loss and waste (FLW) does not include packaging such as boxes, wrapping or plastic containers. Depending on the data collection method, some amount of food waste also includes the weight of the packaging. Estimates are made to effectively remove the weight of the packaging from the amount of food waste, but this is not yet done consistently across all of our brands. As our data collection processes mature over time, we will remove the weight of the packaging from our food waste figures for all of our brands and also adjust our baseline by using the guidance of the FLW Protocol for Excluding the Weight of Packaging from the Weight of FLW.

In 2022, we changed our ESG reporting scope to align better with our financial scope. This meant that we changed our definition to no longer include the food waste of franchisee/affiliate stores in our food waste (and food sales) figures. Under the new ESG reporting scope, we only include food waste in our integrated stores and in the food sales to franchisees/affiliates (not the sales of franchisees/affiliates to customers). In certain situations, estimates are still used for the reporting under the new scope.

When calculating the total tonnes of unsold food donated to people, we use estimates for some brands, as actual weight data is not always available.

For more information on performance, see *Performance review – Group performance: Food waste*.

2 FOOD WASTE CONTINUED

Restatement of prior year figures and adjustments to baseline

Note 1: Corrections have been made in relation to the alignment of the treatment of franchise/affiliate store sales and their food waste in the calculations.

Performance indicator description	2022 per Annual Report 2022	Note 1: Scope correction	Restated
Total tonnes of food waste	237,581	(6,884)	230,697
Tonnes of food waste per food sales (t/€ million)	3.38	(0.09)	3.29
% reduction in food waste per food sales (t/€ million)	33%	1%	34%
% of total food waste recycled	76%	(1)%	75%
% of unsold food donated to feed people	21%	1%	22%

Performance indicator description	2022 per Annual Report 2022	Note 1: Scope correction	Restated
Baseline restatement 2016	5.09	(0.10)	4.99

GRI indicator

306-1 Waste generation and significant waste-related impacts

306-2 Management of significant waste-related impacts

306-3 Waste generated

306-4 Waste diverted from disposal

306-5 Waste directed to disposal

301-3 Reclaimed products and their packaging materials

ESG topic

Food waste

3 PLASTIC PACKAGING

Across the globe, millions of tonnes of plastic end up in landfills, are burned or leak into the environment – and that amount is rising every year. We aim to move to a more circular system that reduces the negative impacts of plastic product packaging.

Performance indicator description[1]	2023	2022 restated	2025 target
Own-brand primary plastic product packaging (thousand tonnes)[2]	**169**	186	
Own-brand primary virgin plastic product packaging (thousand tonnes)[2]	**146**	166	
Own-brand plastic product packaging that is made from recycled content (thousand tonnes)[2]	**22**	20	
% of own-brand plastic product packaging that is made from recycled content	**13.2%**	10.5%	25%
% reduction / (increase) in own-brand primary virgin plastic product packaging against the 2021 baseline[2, 3]	**10.3%**	(1.7)%	5%
% primary plastic own-brand product packaging that is reusable, recyclable or compostable	**28%**	27%	100%

1 The 2022 and 2023 figures exclude Gall & Gall.
2 See "*Restatement of prior year figures and adjustments to baseline*" below for more information on restated figures.
3 The change is shown against a restated 2021 baseline of 163 thousand tonnes.

Methodology

Almost all of our brands report plastics on a component level, while a few brands that have less granularity in their data report elements for which the main structural element (comprising at least 50% of packaging weight) is plastic, including packaging components that are part of this larger plastic packaging (labels, sleeves and triggers/sprays).

The reporting on plastic packaging only looks at own-brand plastic packaging and does not include national brands. We do not report on national brand products because we do not control the plastic consumption or usage within the value chain and we do not currently receive detailed data on the type of plastics used within these products.

The assessment methodology for recyclability follows the guidelines of the Ellen MacArthur Foundation New Plastics Economy Global Commitment regarding recyclability of plastic packaging, which means that actual, not technical, recycling is used for reporting.

A packaging or packaging component is only reported as recyclable if: (a) its successful post-consumer collection, sorting and recycling is proven to work in practice and at scale and (b) no materials or components disrupt the system for recycling.

3 PLASTIC PACKAGING CONTINUED

That means that for point (a) above, we use the latest results of the Global Commitment's Recycling Rate Survey to check those plastic packaging categories for which there is evidence that a "system for recycling" exists in practice and at scale today (a 30% post-consumer recycling rate in multiple regions, collectively representing at least 400 million inhabitants). For point (b) above, we verify if the color of plastic packaging fits the system for recycling or hinders its ability to be recycled.

In several of our brands' markets, and for several plastic packaging types, this is not yet the case and, as such, the plastics are not reported as recyclable, even though they may technically be recyclable.

Data collection and considerations

Data collection for plastic packaging data is a complex task, because of the large number of products our brands have in their assortments, but also due to several additional circumstances.

- Firstly, in most cases, plastic packaging is not produced by product suppliers themselves but sourced through third parties. Therefore, our brands depend solely on the information they receive from their suppliers.
- Secondly, the assortment at our brands is continuously changing, and product design is renewed during the year, meaning that frequent changes to the packaging materials need to be captured in our systems.
- And thirdly, the complexity of the packaging itself has an impact. Many products, including branded products, use different packaging components (e.g., type, color and weight) that are frequently changed, and each component can impact the reported weight and recyclability of the plastic packaging.

The European brands collect and report on plastic packaging data on a quarterly basis, and the U.S. brands do so on an annual basis, reporting from the beginning of Q4 of the previous financial year through the end of Q3 of the current financial year, with historical periods following the same pattern.

Data collection is accomplished, among others, through supplier questionnaires that are distributed either directly or through a third party. These surveys enable us to collect information per plastic packaging component, such as weight, type of plastic and color. Some brands, including the U.S. brands, started implementing a system that requires packaging vendors to input information about their plastic packaging into software, and are performing some validation of the data at brand level. This new way of working is not yet fully in place, but is in the process of being implemented.

Data received from third parties and suppliers is analyzed internally through sanity checks, focusing on outliers and anomalies. Based on these checks, variations have been identified between reported and actual weight of the plastic packaging. Therefore, we encourage our suppliers to continuously improve the accuracy of the data they provide to us. In Europe, most of our brands have implemented a process of physical (sample) testing with an external third party, taking into account a tolerance level, and store the outcomes in a data-collection tool as evidence and for reference purposes. Our U.S. brands have not yet started a similar process.

In order to determine the total reported weight of own-brand plastic product packaging, the reported weight of each SKU's components are multiplied by the number of SKUs sold.

Recyclability of own-brand primary plastic packaging is assessed internally or, in some cases, through a third party. In some of our brands, data availability prevented us from doing a full EMF assessment. In these cases, we performed the recyclability steps as well as possible.

At the end of 2023, our brands were able to collect information for most of our own-brand products. Most of the information was directly received from suppliers or third-party service providers. For the remaining part, our brands estimated the weight of the plastic packaging using the average weights of similar products. Estimated plastic packaging weight is identified as not recyclable.

The current percentage of reusable, recyclable or compostable own-brand primary plastic product packaging is completely based on recyclable packaging, as reusable and compostable packaging is used in very small amounts that do not impact the overall percentage at group level.

Restatement of prior year figures and adjustments to baseline

Note 1: As a result of a data quality improvement project at some of our brands, minor adjustments in the plastic packaging figures have been made, including adjustment of the 2021 baseline.

Performance indicator description[1]	2022 per Annual Report 2022	Note 1: Correction of errors	Restated
Own-brand primary plastic product packaging (thousand tonnes)	185	1	186
Own-brand primary virgin plastic product packaging (thousand tonnes)	169	(3)	166
Own-brand plastic product packaging that is made from recycled content (thousand tonnes)	15	4	20
% reduction / (increase) in own-brand primary virgin plastic product packaging against the 2021 baseline	(1.3)%	(0.4)%	(1.7)%

Performance indicator description[1]	2022 per Annual Report 2022	Note 1: Correction of errors	Restated
Baseline restatement 2021	167	(4)	163

1 Adjustments are shown in rounded figures.

GRI indicator

301-1 Materials used by weight or volume

301-2 Recycled input materials used

301-3 Reclaimed products and their packaging materials

ESG topic

Sustainable packaging

4 ANIMAL WELFARE

Animal-derived proteins are still an important part of the human diet – predominantly beef, dairy, pork, chicken and eggs – but the economics of their production often has an inversely proportional relationship with the welfare of the animals.

Performance indicator description	2023	2022
% of own-brand shell eggs that are cage free	**43%**	42%
% of national brand shell eggs that are cage free	**46%**	38%

Methodology

The percentage of own- and national-brand shell eggs that are cage free is based on the number of eggs sold by our brands during the reporting period. The percentage is calculated by dividing the number of sold own-brand or national-brand shell eggs that are cage free in the reporting period by the total number of eggs sold in the reporting period.

Data collection and considerations

Cage-free shell eggs are defined as chicken shell eggs produced by farms that do not make use of cages or enriched cages (EU class three and four). Eggs produced in "combination systems," or systems with cages that allow chickens to leave the cages, whether or not temporarily, are not considered to be cage free.

The brands report on both own- and national-brand eggs on a year-to-date basis, based upon eggs sold. Eggs are only counted when sold as the product itself, not when eggs are an ingredient or main ingredient in a product. The reporting only includes sold chicken eggs; no other types of eggs sold, such as quail eggs, are taken into account.

GRI indicator

Own indicator: Percentage of own-brand and national-brand shell eggs that are cage free.

ESG topic

Animal welfare

5 TOTAL WASTE

Our total waste stream includes all cardboard/paper, plastic, food, glass, metal and other material waste produced in our DCs, stores and offices.

Performance indicator description[1]	2023	2022 restated
Total waste generated (thousand tonnes)[2]	**1,103**	1,104
Total waste recycled (thousand tonnes)[2]	**825**	852
% of waste recycled[2]	**75%**	77%

1 The 2023 figures exclude Etos, Gall & Gall and Ahold Delhaize Coffee Company.
2 See "*Restatement of prior year figures and adjustments to baseline*" below for more information on restated figures.

Methodology

Total waste generated includes food waste, cardboard, plastic, glass, metal and wood.

Data collection and considerations

Figures are reported on a quarterly basis through a combination of internal measurements and reports from external partners. This data captures food waste and non-food waste from all integrated stores, DCs, and offices where Ahold Delhaize manages the waste stream. Ahold Delhaize brands work with a number of external partners to recycle cardboard, paper, plastic, metal, glass, wood, electronics, cooking oil and food waste. In some cases, estimates are made by weight and number of bins picked up by third parties. The majority of waste is disposed of offsite. The contractual agreements on waste streams with external parties are managed locally.

Restatement of prior year figures

Due to various adjustments, the prior year figures have been restated.

Note 1: In the prior year, we made corrections in relation to the alignment of the treatment of franchise / affiliate store sales and their food waste in the calculations. However, this late adjustment was not corrected for in the total waste figure for the prior year.

Note 2: We have corrected identified errors.

Note 3: Due to the adjustments described in note 1 and note 2 above, the percentage of total waste recycled changed accordingly.

5 TOTAL WASTE CONTINUED

Performance indicator description[1]	2022 per Annual Report 2022	Note 1: Correction late-entry food waste	Note 2: Correction of errors	Note 3: Adjustment % waste recycled	Restated
Total waste generated (thousand tonnes)	1,090	(21)	36		1,104
Total waste recycled (thousand tonnes)	878	(21)	(4)		852
% of waste recycled	81%			(3)%	77%

1 Adjustments are shown in rounded figures.

GRI indicator

306-1 Waste generation and significant waste-related impacts

306-2 Management of significant waste-related impacts

306-3 Waste generated

306-4 Waste diverted from disposal

306-5 Waste directed to disposal

ESG topic

Not applicable. Following the GRI reporting requirements, total waste is not considered to be a material topic for Ahold Delhaize; it is reported voluntarily. However, as food waste is a material topic and is included in the total waste figure, we have included the relevant GRI references. See *Materiality assessment* for more information.

6 WATER CONSUMPTION

Water consumption in our own operations are reported to provide insights into our own water usage.

Performance indicator description[1]	2023	2022 restated
Total water consumption (thousand m^3)[2]	**8,956**	8,321

1 The 2023 figure excludes FreshDirect.
2 Minor errors in the water consumption data for 2022 have been corrected, resulting in an increase of 14m^3 compared to the prior year's reported figure.

Methodology

Total water consumed by our brands' company-operated stores, DCs and offices during the reporting period.

Data collection and considerations

Water consumption data is collected on an annual basis. Our brands collect water consumption data through supplier invoices or meter readings.

If water consumption is not fully known at the time of data collection (i.e., if invoices have not yet been received), we may use estimations, based on three approaches: (1) using the invoice from the same month in the prior year, (2) if the store or DC was not open in the prior year, making an estimation based on the previous month, or (3) if the store or DC was not open in prior months, using an average – excluding extreme results – of water used by the same store format or DC during that year.

GRI indicator

Not applicable.

ESG topic

Not applicable. Following the GRI reporting requirements, water is not considered to be a material topic for Ahold Delhaize; it is reported voluntarily. See *Materiality assessment* for more information.

7 CUSTOMER HEALTH AND NUTRITION

We aim to make healthier eating commonplace. By making fresh, nutritious and delicious food available and affordable for everyone, we contribute to healthier communities. Our strong local brands and their broad ranges of products offer fresh inspiration every day.

Performance indicator description	2023	2022	2025 target[2]
% of healthy own-brand food sales as a proportion of total own-brand food sales[1]	**54.8%**	54.4%	52.3%
Number of brands with customer-facing nutritional guidance systems in place	8	8	

1 The 2022 and 2023 figures exclude Etos.
2 The 2025 target has been adjusted due to the expected impact of the adjustments to the Nutri-Score algorithm, which will take effect in 2024. The 2025 target will be decreased to 52.3% from 55.6% (as reported in the Annual Report 2022) to account for the expected impact of the amended Nutri-Score algorithm implemented in 2024. See *Outlook* section for more information on ESG targets from 2024 onwards.

Methodology

We are using the *Guiding Stars* ratings for U.S. brands and the Nutri-Score criteria for European brands as our healthy sales standards.

For Guiding Stars, product scores are calculated using patented algorithms designed by independent nutrition experts using evidence-based science and recommendations from the USDA Dietary Guidelines for Americans. Data is derived from product nutrition labels, ingredient lists, and the USDA's National Nutrient Database. Products with a net positive balance of dietary attributes and ingredients earn one, two or three Guiding Stars, indicating good, better and best nutritional quality. Products not meeting the standard earn zero stars. The program was introduced by Hannaford Supermarkets in 2006. For more information, visit the *Guiding Stars website*.

Nutri-Score uses an algorithm to identify how healthy a product is, taking into account product ingredients and nutritional values, derived from product nutrition labels. It translates the outcome into a score ranging from A to E. If a product earns an A or a B score, it is marked as a healthy product in our calculation of the performance indicator.

All of our European brands use the Nutri-Score criteria for measuring the performance indicator healthy own-brand food sales. The number of brands with customer-facing nutritional guidance systems in place excludes our brands in the CSE countries, because they do not have Nutri-Score in place as a customer-facing nutritional guidance system. For more information, see *Social – Customer Health and Nutrition*.

Data collection and considerations

Healthier eating data is collected on a quarterly basis through product and sales information system platforms at each brand.

Since there are some manual steps to the process, to monitor accuracy, our U.S. brands have additional controls in place and our European brands perform a verification on processed products each quarter.

For more information on the performance, see *Performance review – Group performance: Healthy sales*.

GRI indicator

Own indicator: % of healthy own-brand food sales as a proportion of total own-brand food sales

ESG topic

Customer health and nutrition

8 HUMAN RIGHTS IN THE SUPPLY CHAIN

We actively work to minimize the risk of poor working conditions in the production of our own-brand products. Our Standards of Engagement set minimum standards for suppliers that are designed to provide Ahold Delhaize with visibility into aspects of its supply chain.

Performance indicator description	2023	2022
% of production sites of own-brand products in high-risk countries audited against an acceptable standard with a valid audit report or certificate and no non-compliances on deal-breakers[1]	**78%**	75%

1 The 2022 and 2023 figures exclude Gall & Gall and FreshDirect.

Methodology

Production sites in high-risk countries (as defined based on the amfori Business Social Compliance Initiative (BSCI) Country Risk Classification) must comply with amfori BSCI or equivalent audit or certification standards. The amfori BSCI is a non-profit organization that supports more than 1,000 international companies in the process of monitoring and improving working conditions in the global supply chain through its own auditing program.

To determine the production sites to be included in the scope of this definition, the last stage of production (LSOP) is used. For social compliance, that means that we look beyond the first-tier suppliers and focus our requirements on the stage that involves labor to produce or process the final product.

8 HUMAN RIGHTS IN THE SUPPLY CHAIN CONTINUED

For unprocessed fruit and vegetables, the last stage of production is at the farm and packing station levels. The last stage of production excludes (re-)packing in a non-high-risk country.

For all processed own-brand products, the LSOP is at a manufacturing level.

Our European brands in the Netherlands, Belgium, Luxembourg, Czech Republic and Greece apply the definitions as explained above.

For local production in high-risk countries (Serbia and Romania), we have a tailored approach, in which the brands operate in close cooperation with suppliers, resulting in a better understanding of potential local issues. Therefore, the minimum social compliance requirements for these domestic suppliers are set at the stepping stone level and are not included in the percentage of production sites at the level of an acceptable standard reported above.

As part of our project to improve ESG data collection and reporting, we determined that our U.S. brands are currently not applying the LSOP definition in full, as they do not consider the farm level as LSOP for unprocessed fruit and vegetables, but take the packaging facility / location of the local trading partner as LSOP. We are currently analyzing the gap due to the different interpretation of the definition; we aim to work toward closing the gaps in 2024 and aligning with the definitions used by the European brands.

Data collection and considerations

All production units active at the end of the reporting period are in scope for reporting. Information on product social compliance is collected from suppliers and reviewed by internal teams to ensure all audits and certifications are valid and up to date.

GRI indicator

408-1 Operations and suppliers at significant risk for incidents of child labor

409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor

412-1 Operations that have been subject to human rights reviews or impact assessments

ESG topic

Human rights in the supply chain

9 WORKPLACE CONDITIONS

9a. Associate engagement

How we value and treat associates and how leaders operate our brands makes a difference. We aim to ensure associates' voices are heard and valued, and we are taking steps to support them in finding purpose in their work, having equitable access to opportunities and being able to grow and contribute to their fullest. See *Cultivate best talent* for more information.

Performance indicator description[1]	2023	2022
Associate engagement score	**78%**	79%
Growth score[2]	**75%**	New
Inclusion score[3]	**81%**	New

1 For 2023, this excludes Delhaize Belgium, bol and FreshDirect. For 2022, this excludes bol and FreshDirect.
2 The growth score is a new metric and, therefore, has no comparative.
3 The inclusion score is a new metric and is not comparable to the previously reported inclusive workplace score. No comparative figure is therefore provided.

Methodology

Associate engagement is measured through an annual survey of all associates employed by Ahold Delhaize and the brands at the time of sending out the survey. The survey is done in October each year. We work with a third party (Perceptyx) to deploy this survey.

For information on definitions used and questions asked, see *Definitions and abbreviations: Non-financial performance measures*.

Data collection and considerations

We offer our associate engagement survey online and do our best to reach all associates and encourage them to complete the survey. In 2023, we had a participation rate of 81% (2022: 75%) of the total number of associates invited to complete the survey.

GRI indicator

Not applicable

ESG topic

Workplace conditions and Diversity, equity and inclusion

9 WORKPLACE CONDITIONS CONTINUED

9b. Safety at work

Our brands' commitment to workplace safety is non-negotiable; we aim for all associates to feel safe and comfortable at work. In the stores, offices and DCs, our brands integrate safe working practices right into the designs, equipment purchases and operational practices.

Performance indicator description[1]	2023	2022[2]
Workplace injury rate (per one million hours worked)	**17.24**	16.22
Workplace injury absenteeism rate (number of injuries that result in lost days per 200,000 hours worked)	**1.89**	2.00
Serious injuries & fatalities rate (per one million hours worked)	**0.47**	0.42

1 The 2022 safety at work data excludes offices, while 2023 includes offices of European brands.
2 The 2022 figure excludes Ahold Delhaize Coffee Company.

Methodology

The safety at work indicators are based upon our own indicator definitions.

The workplace injury rate is calculated by dividing the total number of work injuries by the total number of worked hours and multiplied by one million.

The workplace injury absenteeism rate is calculated by dividing the total number of work injuries by lost working days and multiplying it by 200,000. Work injuries with lost work days refers to any work-related injury occurring in the course and scope of employment that results in at least one day away from work as a result of the medical condition and requiring medical treatment.

The number of serious injuries and the fatalities rate is calculated by the number of serious injuries and fatalities divided by the total worked hours multiplied by one million.

Prior to 2023, offices were excluded from the scope of workplace safety, but from 2023 onwards, injuries in offices have been included in the reported figures of our European brands. The comparative 2022 figures were not restated, as the information is not available.

Data collection and considerations

Associate injury data is collected on a quarterly basis through information systems at each brand. There are manual steps to the injury reporting process in each country, such as relying on facility managers to produce detailed and timely reports. All U.S. brands use a consistent process to report injury events, and all data resides in the same system. Each European brand has protocols to report injury events and maintains its data in local systems.

Based on a review of the safety at work figures, we see minor increases and decreases per brand. The increase in the workplace injury rate is incidental, as we did not identify a specific cause or brand resulting in the increase. The serious injuries and fatalities rate increased from 0.42 in 2022 to 0.47 in 2023. During 2023, we experienced two fatalities of associates on our premises. These losses have had a huge impact on families, friends and colleagues. For more information on our actions around workplace safety, see *Workplace conditions*.

GRI indicator

403-9 Work-related injuries

403-10 Work-related ill health

ESG topic

Workplace conditions

9c. Other associate-related matters

See also the *Cultivate best talent* growth driver and the *workplace conditions* and *diversity, equity and inclusion* material topics in *Environmental, social and governance* for more information.

Other associate-related indicators

Performance indicator description	2023	2022
% Baby Boomers (1946-1964) (58 to 76 years of age)	**12%**	13%
% Generation X (1965-1979) (43 to 57 years of age)	**21%**	21%
% Generation Y (millennials) (1980-1995) (27 to 42 years of age)	**24%**	24%
% Generation Z (1996-2010) (12 to 27 years of age)	**43%**	41%
Age group under 30 years old	**46%**	46%
Age group 30-50 years old	**29%**	29%
Age group over 50 years old	**25%**	25%
% associates covered by collective bargaining	**59%**	54%
Associate turnover 30+ contract hours	**27%**	30%
Associate turnover	**58%**	63%
100% Reflective of markets (U.S. only)		
Racially/ethnically underrepresented at VP+ level (U.S.)[1]	**15%**	18%
Racially/ethnically underrepresented at director level (U.S.)[1]	**18%**	18%
Racially/ethnically underrepresented at manager level (U.S.)[1]	**22%**	22%
Racially/ethnically underrepresented below manager level (U.S.)[1]	**37%**	38%

1 Figures are for associates in the U.S. only and exclude associates in Europe due to legal restrictions in Europe.

9 WORKPLACE CONDITIONS CONTINUED

Performance indicator description	2023	2022
100% Gender balanced		
% of female associates: Total Ahold Delhaize	**52%**	53%
% of female Supervisory Board members	**44%**	33%
% of female Management Board members	**25%**	25%
% of female Executive Committee members	**29%**	29%
% of females at VP+ level	**37%**	33%
% of females at director level	**36%**	35%
% of females at manager level	**41%**	40%
% of females below manager level	**53%**	54%
% of male associates: Total Ahold Delhaize	**47%**	47%

Also see *Our Management Board and Executive Committee* and *Our Supervisory Board*.

Methodology

We have a process in place that enables us to map all data to automatically calculate the metrics above, which are based on the monthly personnel submissions by the brands or our Global HR system. The outcomes are provided at an aggregate level.

Associate data is collected using calendar years; the data presented here are as at December 31, which coincides with our 2023 financial year.

Collective bargaining

For those associates not covered by collective bargaining agreements, our local brands determine their own agreements.

Associate turnover

Associate turnover is defined as the number of people who left the company compared to the total number of associates. It includes all turnover, regardless of reason.

Turnover is calculated based on averages over the year; the data is based on actual data. We see within our brands that, in some cases, associates return several times after a contract has ended. For example, this may be due to the fact that we also employ students, who organize their work around their school schedules.

We, therefore, report on an additional metric: associate turnover with more than 30 contract hours. For Ahold Delhaize reporting purposes, the definition from the U.S. government of a full-time associate is used for this metric and thus only includes associates that have a contract with a minimum of 30 working hours per week. This metric is considered to give a better view of turnover, as it excludes associates, such as students, who work at our brands as a side job.

Reflective of markets

For the purposes of Ahold Delhaize's reporting, the following racially/ethnically underrepresented groups are used and reported in the following categories: underrepresented groups, white and unknown.

Figures are for associates in the U.S. only and exclude associates in Europe due to legal restrictions in Europe. The term "racially/ethnically underrepresented" refers to racial/ethnic groups that are underrepresented in the U.S. workforce in general, for example Black or African American, Asian, Native American or Alaska Native, Hispanic or Latino, Native Hawaiian or Other Pacific Islander, two or more races.

Reported associate racial/ethnic categories in the U.S. are based on voluntary self-identification; associates with a missing racial/ethnic category are not included in the figures above. Each U.S. brand has adopted its own DE&I strategy to reflect our DE&I ambitions, and these figures represent an aggregation of the data of each brand. See also *Diversity, equity and inclusion*.

Data collection and considerations

Reflective of markets information is based upon voluntary self-identification; associates also have the option to change their self-identification at any time. For this reason, changes might not always be the result of changes in the workforce.

Associate turnover

Assessing associate turnover provides a helpful indicator of associate sentiment regarding work and workplace conditions. High turnover is common in the retail industry, when compared with other industries. In 2023, our brands and Global Support Office had an average turnover of 58%, an improvement from 2022: 63%.

We report on an additional metric: associate turnover with more than 30 contract hours. This metric is considered to give a better view of turnover, as it excludes associates, such as students, who work at our brands as a side job. In 2023, this was 27%, which, again, improved from 2022's value of 30%.

GRI indicator

GRI 2 General disclosures 2-7 Employees

405-1 Diversity of governance bodies and employees

ESG topic

Workplace conditions and Diversity, equity and inclusion

10 DIVERSITY, EQUITY AND INCLUSION

We are working hard on our 100/100/100 aspiration to truly engage with associates and represent the brands and businesses in local communities. See also the *Cultivate best talent* growth driver and the *workplace conditions* and *diversity, equity and inclusion* material topics in *Environmental, social and governance* for more information.

Associates by gender (head count)

Performance indicator description[1]	2023	2022
Number of associates (thousands) – Total Ahold Delhaize	**402**	414
Number of associates (thousands) – Male	**189**	194
Number of associates (thousands) – Female	**211**	219
Number of associates (thousands) – Other/Unknown	**2**	1
Number of full-time associates (thousands) – Total Ahold Delhaize	**139**	146
% of full-time associates – Total Ahold Delhaize	**35%**	35%
- of which % is male	**52%**	53%
- of which % is female	**48%**	47%
- of which % is other/unknown	**0.2%**	0.2%
Number of part-time associates (thousands) – Total Ahold Delhaize	**263**	268
% of part-time associates – Total Ahold Delhaize	**65%**	65%
- of which % is male	**45%**	44%
- of which % is female	**55%**	56%
- of which % is other/unknown	**1%**	0.3%

Associates by region (head count)

Performance indicator description	2023	2022
Number of associates (thousands) – Total Ahold Delhaize	**402**	414
Number of associates – United States	**229**	239
Number of associates – Europe	**173**	175
% of full-time associates – Total Ahold Delhaize	**35%**	35%
- of which % is from the United States	**60%**	61%
- of which % is from Europe	**40%**	39%
% of part-time associates – Total Ahold Delhaize	**65%**	65%
- of which % is from the United States	**56%**	56%
- of which % is from Europe	**44%**	44%

Methodology

We have a process in place where we can map all data to automatically calculate the metrics above, which are based on the monthly personnel submissions by the brands or our global HR system. The outcomes are provided at an aggregate level.

Associate data is collected using calendar years; the data presented here are as at December 31, which coincides with our 2023 financial year.

Diversity

Gender diversity is reported based upon voluntary disclosure by associates. When associates have not indicated a gender in the source systems or do not associate with either the male or female gender, the associates are reported under the category Other/Unknown.

The allocation between part time and full time is based on contract hours / standard weekly working hours, which can differ per brand. Associates who work less than full time (< one full time equivalent (FTE)) are considered part time. An associate works part time if the associate works less than what is considered as the standard (full time) hours in a brand.

The reporting per region is based upon where the contract of the associate is and, therefore, does not correspond identically to the segments as reported in the consolidated financial statements. Global Support Office associates are split between the regions based upon the location of their contract.

Data collection and considerations

Diversity information is based upon voluntary self-identification; associates also have the option to change their self-identification at any time. For this reason, changes might not always be the result of changes in the workforce.

GRI indicator

GRI 2 General disclosures 2-7 Employees

405-1 Diversity of governance bodies and employees

ESG topic

Workplace conditions and Diversity, equity and inclusion

PRODUCT SAFETY

The focus of our product safety reporting is on own-brand products. Our brands work to ensure that the products are produced in clean, efficient facilities with good working conditions.

Performance indicator description[1]	2023	2022
% of production sites of own-brand food products that are Global Food Safety Initiative (GFSI)-certified or comply with an acceptable level of assurance standard	**98%**	98%
% of high-risk non-food own-brand products that are produced in production units audited by an independent third party against an acceptable standard, or where testing was used as an alternative	**81%**	78%

1 The 2023 figures exclude FreshDirect.

Methodology

All own-brand food production units must achieve a GFSI-recognized certification. GFSI is a CGF Coalition of Action that enables continuous improvement of food safety management across the supply chain. The small percentage of production units that cannot receive GFSI certification must comply with Accepted Food Safety Assurance standards, the list of which is maintained by our Product Safety team at Ahold Delhaize.

For non-food safety, we report on products rather than production units, and the risk profile of the individual product is leading. Low-, moderate- and high-risk non-food products are defined as such based on a risk assessment. As the certification and testing requirements are only applicable for high-risk products and product testing can be used as an alternative for certification, we report on products instead of production locations. All high-risk products must comply with audit standards or be adequately tested. A list of audit standards is maintained by the Ahold Delhaize Product Safety team.

To determine the production sites to be included in the scope of these reported food and non-food indicators, we use the LSOP, the entity that performs the last stage of production or processing in the supply chain where food or non-food safety is impacted, as follows:

- For food safety: The location where the final consumer product (including packing in its primary packaging) is handled. Note that this is always a production site, and cannot be a DC, as it is about products sourced.
  - For unprocessed produce: Both the farm level and the packing station are considered an LSOP for food safety.
- For non-food safety: The location where the final consumer product (excluding packing) is produced or assembled.

Our European brands apply the definition of LSOP as explained above.

As part of our project to improve ESG data collection and reporting, we determined that our U.S. brands are currently not applying the LSOP definition in full, as they do not consider the farm level as LSOP for unprocessed fruit and vegetables, but take the packing facility / location of the local trading partner as LSOP. We are currently analyzing the gap due to the different interpretation of the definition; we aim to work toward closing this gap in 2024 and aligning with the definition used by the European brands.

In addition, we have identified that the data source used by our U.S. brands to identify own-brand food products is focused on private label products rather than the full own brand-portfolio. This results in a gap in the data used for this KPI. In 2024, we aim to identify the actual gap and work towards closing it.

Data collection and considerations

Audits are performed by third-party verification bodies. Information on this is collected from suppliers and reviewed by internal teams to ensure all certifications are valid and up to date.

In addition to the indicators reported on in these statements, we also work to ensure that all products our brands sell are safe to consume and use, and we do this through our policies, control framework and standard operating procedures. We take responsibility for maintaining the highest levels of product safety for our own-brand products. We work to ensure they are safe; produced in clean, efficient facilities; and clearly and accurately labeled. Product safety for national brand products is left to the responsibility of the national brand suppliers.

To drive global food safety, we take an active role in various standards committees and working groups. We support the CGF's GFSI standards to advance the safety of food products. As an active contributor to organizations such as BRCGS and GLOBALG.A.P., we help develop and maintain the highest standards.

In addition, we have clear policies and procedures in place to ensure the products in our DCs and stores are safe to use or consume. Before products enter our brands' facilities, temperature and expiration dates are verified and daily quality checks are done in both DCs and stores. Our brands also provide training to associates on a regular basis.

If a product is found to be materially unsafe to consume or use, we take corrective action and immediately remove it from the stores and recall it from the market. This process can be performed in a very short time frame and associates are trained on it as a part of Ahold Delhaize's food safety management system.

See our website at *www.aholddelhaize.com* for more information on the product safety standards we adhere to.

GRI indicator

Own indicators:

- % of production sites of own-brand food products that are Global Food Safety Initiative (GFSI)-certified or comply with an acceptable level of assurance standard.
- % of high-risk non-food own-brand products that are produced in production units audited by an independent third party against an acceptable standard, or where testing was used as an alternative.

ESG topic

Not applicable. Following the GRI reporting requirements, product safety is not considered to be a material topic for Ahold Delhaize; it is reported voluntarily. See *Materiality assessment* for more information. Product safety is considered to be a principal risk; see *Risks and opportunities*.

12 ESG RATINGS

	2023		2022	
	Score	**Industry rank**	Score	Industry rank
MSCI ESG rating[1]	AAA	Top 10%	AA	Top ~36%
ISS-ESG rating[2]	C+	Prime, top 10%	C	Top 10%
Sustainalytics score[3]	Not available yet		26	Average
CDP Climate score[4]	B	Above average	B	Above average

1. MSCI scores companies from CCC to AAA, where AAA is the best score.
2. ISS-ESG scores companies from D- to A+, where A+ is the best score. The Prime Status is awarded to companies with an ESG-performance above the sector-specific Prime threshold.
3. Sustainalytics scores companies from 100 to 0, where 0 is the best score. The score for 2023 will be published, when available, on our website at *www.aholddelhaize.com*.
4. CDP Climate scores companies from D- to A, where A is the best score.

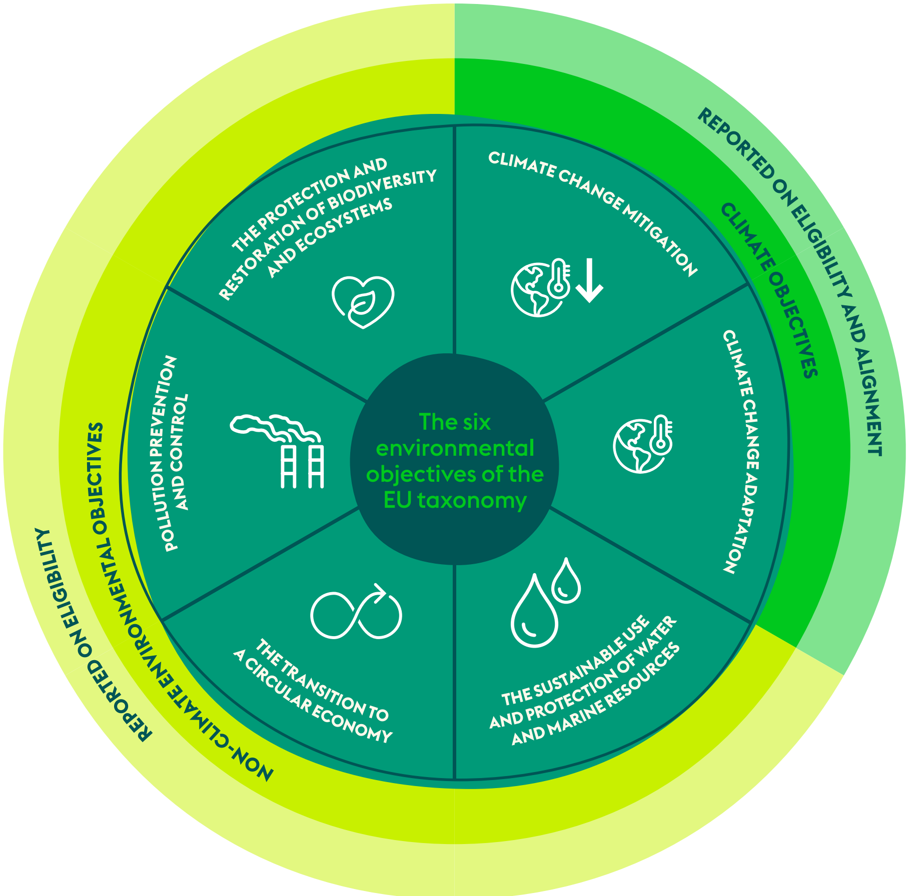
In 2023, we reassessed which ESG ratings are most relevant to Ahold Delhaize, based on investor and other stakeholder feedback, peer and industry analysis, and external research. We considered the transparency, quality, usefulness and coverage of rating methodologies and the efforts required by companies, and started to prioritize our performance according to the four ESG benchmarks disclosed above.

For these prioritized ESG ratings, we actively participate in the assessments, provide data and feedback to the rating agency where relevant, and analyze the results to identify improvement opportunities relating to the various ESG topics. Compared to previous years, and based on the aforementioned reasons, we no longer actively participate in the S&P Global Corporate Sustainability Assessment (CSA), which forms the basis of the Dow Jones Sustainability Index (DJSI) score that we previously reported on.

EU TAXONOMY FOR SUSTAINABLE ACTIVITIES (EU TAXONOMY)

Introduction

The European Taxonomy Regulation (EU 2020/852) and its supporting delegated acts are designed to help companies, investors, and policymakers identify environmentally sustainable economic activities. This regulation sets criteria to determine which activities are environmentally sustainable, focusing on aspects like carbon neutrality and goals outlined in the Paris Agreement. Companies must disclose how their activities align with these criteria, promoting transparency and adherence to the EU's environmental objectives.



The regulation addresses six key environmental objectives to guide businesses in reporting their contributions to a sustainable economy. It lays out technical screening criteria (TSC) to assess taxonomy alignment under which an economic activity must substantially contribute to one or more of the six environmental objectives while, at the same time, doing no significant harm (DNSH) in relation to any of these objectives and complying with minimum safeguards.

In June 2023, the European Commission approved a new environmental regulation that delegates TSCs for economic activities related to four non-climate environmental objectives: sustainable use and protection of water and marine resources (WTR), transition to a circular economy (CE), pollution prevention and control (PPC), and protection and restoration of biodiversity and ecosystems (BIO) and also introduced new economic activities for the two climate environmental objectives, climate change mitigation (CCM) and climate change adaptation (CCA). As a result, the reporting scope for 2023 expanded. The reporting scope for 2023 is as follows:

- The TSCs, as per the Climate Delegated Act (June 2021) for CCM and CCA, remain relevant for the initial list of economic activities, and, thus, both eligibility and alignment should be reported.
- Companies must report only on eligible economic activities under the four non-climate environmental objectives and eligible new economic activities as per the Amended Climate Delegated Act.
- Companies must report the financial KPIs (Turnover, CapEx, and OpEx) as per the amended content and layout of the mandatory reporting templates.

The complete reporting of eligibility and alignment for all six environmental objectives will be mandatory starting from the 2024 financial year.

We support the EU Taxonomy and the objectives it aims to achieve. However, considering the evolving character of the European regulatory framework, the level of complexity of the available legislation, and the lack of clarity around how to interpret and apply it, we expect that reporting will continue to evolve in the coming years. We will, therefore, from time to time, review our methodology and figures based on the evolution of the regulations and guidance.

Own operations and application of the EU Taxonomy

The European Parliament and the European Council have prioritized economic activities that can make the most relevant contribution to the environmental objectives. The EU Taxonomy currently focuses on sectors with the highest emissions impact, including energy, manufacturing, transport, buildings and activities enabling their transformation.

Ahold Delhaize's business operations are explained below:

Main activities: Ahold Delhaize's main economic activity is the operation of food retail stores and e-commerce (see also *Note 7* to the consolidated financial statements). Food retail currently does not match any eligible economic activities outlined in the Climate Delegated Act and the Environmental Delegated Act that classified economic activities as sustainable; therefore, the main activities of the company are out of scope.

EU TAXONOMY FOR SUSTAINABLE ACTIVITIES (EU TAXONOMY)

Secondary activities: Ahold Delhaize also engages in other, secondary economic activities that primarily support its retail activities. These include transporting goods from DCs to stores and owning and leasing real estate, including retail spaces, office buildings and DCs. A number of these supporting activities are recognized as economic activities under the EU Taxonomy legislation.

- Outsourced transportation: For many brands and underlying businesses, outbound logistics is not handled by the brand itself but outsourced to a third party and purchased as a service, resulting in no capital expenditure.
- Data processing and storage: As our business becomes more data driven and large quantities of data are produced, processed and analyzed on a daily basis, Ahold Delhaize and its brands are increasingly using data processing and storage services. A significant part of these activities are outsourced to third-party data centers, not owned or leased by the company.
- Manufacturing of own-brand products: The manufacturing of own-brand products sold by Ahold Delhaize brands is outsourced to third parties, except for some coffee roasting and packaging activities. The manufacture of these food products is not considered an eligible economic activity according to the EU Taxonomy.

KPIs under the EU Taxonomy

The EU Taxonomy requires companies to report proportions of KPIs that are taxonomy aligned for the six environmental objectives. The relevant KPIs are turnover, CapEx and OpEx.

For 2023, companies need to report the proportion of KPIs associated with taxonomy eligible and aligned economic activities for the first two environmental objectives, CCM and CCA, and reflect on their performance compared to the previous year. There is also a requirement to report the proportion of KPIs associated with taxonomy-eligible economic activities for the four non-climate environmental objectives. However, no alignment proportions or prior-year comparisons are relevant to report for these environmental objectives.

Ahold Delhaize's reported KPIs remain consistent with last year, as the estimates and judgments remain unchanged and applied throughout the company and its brands. We have summarized the reported numbers in the table *Reporting summary of financial KPIs under the EU Taxonomy;* for the breakdown, please refer to the disclosure tables.

Reporting summary of financial KPIs under the EU Taxonomy

Reporting of financial KPIs (in million €)	Total		Taxonomy non-eligible activities		Taxonomy-eligible activities	
KPIs / Year	**2023**	2022	**2023**	2022	**2023**	2022
Turnover	88,649	86,984	88,649	86,984	—	—
OpEx	711	563	711	563	—	—
CapEx	2,984	3,039	2,044	2,086	940	954
Of which:						
Taxonomy eligible and aligned					132	198
Taxonomy eligible but not aligned					808	756

Turnover

As food retail is not considered a high-emitting sector by EU Taxonomy legislation, it does not match the economic activities described in the Climate Delegated Act and the Environmental Delegated Act, which classify economic activities as sustainable. No net sales are accounted for in the consolidated income statement for the secondary activities listed above. Therefore, due to how the legislation is structured, our turnover is not covered by and thus is not eligible for, the EU Taxonomy. As a result, we report 0% eligibility and alignment for 2023, in line with the prior year.

Total turnover (or net sales, per our consolidated financial statements) is €88.6 billion, of which 0% is eligible and aligned under the EU Taxonomy. See also the *disclosure template* for turnover.

Accounting policies

Turnover eligibility is calculated in accordance with the definition in Article 8 of the EU Taxonomy. The net sales line, as included in the consolidated income statement, is the equivalent of turnover under the EU Taxonomy. See also *Note 7* to the consolidated financial statements.

Estimates and judgments

Other income is disclosed as a separate line in the consolidated income statement and, as such, is not considered to meet the definition of turnover under the EU Taxonomy. Other income includes, for example, rental income from real estate.

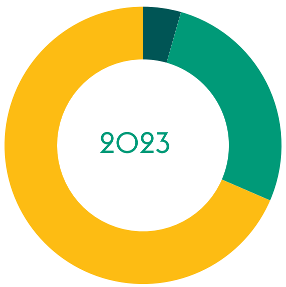
EU TAXONOMY FOR SUSTAINABLE ACTIVITIES (EU TAXONOMY)

Capital expenditure (CapEx)

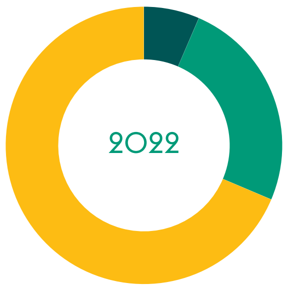
We have allocated our CapEx to eligible activities in accordance with the EU Taxonomy. For economic activities with insignificant CapEx in 2023, these activities were considered small or insignificant and, as such, reported as non-eligible and not aligned, following the same approach as last year, even though some might qualify under the EU Taxonomy criteria.

In line with 2022, the 2023 CapEx analysis indicated little to no spending on CCA. In cases where CapEx potentially could serve both mitigation and adaptation, we allocated the full amount of CapEx to CCM. See also the *disclosure template* for CapEx.

Eligibility and alignment proportions of CapEx under the EU Taxonomy



Eligible and aligned CapEx	4%
Eligible but not aligned CapEx	27%
Non-eligible CapEx	68%



Eligible and aligned CapEx	6%
Eligible but not aligned CapEx	25%
Non-eligible CapEx	69%

The following company-specific circumstances impact Ahold Delhaize's eligibility and alignment figures:

- Eligibility and alignment of economic activities require an assessment against local legislation, which does not always align with EU Taxonomy, making it more challenging to prove alignment against locally available legislation (if any). This requirement significantly impacts our business in the United States, where we spend approximately 53% (56% in 2022) of the total regular CapEx (see *Capital investments and property overview* for more information).
- Countries are on different levels of maturity in terms of energy performance certification. For example, in Romania, local legislation to facilitate energy performance certificates was not yet in place, resulting in no alignment of newly acquired or leased real estate in that country. In addition, obtaining certification is not mandatory in certain countries.
- Energy efficiency labeling for specially built or business-to-business equipment is not available. For example, Ahold Delhaize's brands often install custom-built refrigeration systems that combine different components in stores. Since there is no labeling in place for these types of systems, there is no alignment of these assets, even though our brands are confident of their quality and energy efficiency.
- Prices for equipment requiring specialized or extended installation or a more granular breakdown of costs are not always available in the level of detail needed to consider eligibility and alignment. For example, labor costs are capitalized on a project basis and not allocated to individual equipment, making it impossible to determine the total cost price of a specific asset to consider its eligibility or alignment. As a result, all capitalized labor costs are considered not eligible and not aligned.
- Our experience has shown that, in many cases, the criteria around doing no significant harm are stricter than the substantial contribution criteria under TSCs and require more stringent rules for compliance than the assets currently available in the market. For example, the noise pollution requirement for transport is at such a high standard that the average electric small delivery vehicle cannot fulfill the criteria to claim alignment.

In 2023, Ahold Delhaize reported an eligibility percentage of 31.5%, which marginally changed from the 31.4% reported in 2022. While the gross eligibility proportions remained relatively similar, the eligible and aligned CapEx activities were lower by 2 percentage points. This reduction is primarily due to a change in the type of assets we acquired. The eligible, but not aligned, CapEx activities increased by 2 percentage points, attributable to new economic activities identified under non-climate environmental objectives. See the *CapEx disclosure table* for the movement across economic activities under relevant environmental objectives.

Accounting policies

We have determined the CapEx eligibility and alignment in accordance with the definition as per Article 8 of the EU Taxonomy. CapEx includes additions to tangible[1] and intangible assets during the financial year considered before depreciation, amortization and any remeasurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value changes. It also includes additions to tangible and intangible assets resulting from business combinations but excludes additions to goodwill.

The additions follow the accounting principles as disclosed in the financial statements of this Annual Report. A reconciliation of the additions included in the financial statements (*Note 11*, *Note 12*, *Note 13* and *Note 14* to the consolidated financial statements) to the total CapEx under the EU Taxonomy is included in the *Reconciliation of the alternative performance measure: CapEx* table.

1 Tangible assets comprise the balance sheet line items property, plant and equipment, right-of-use assets and investment property.

EU TAXONOMY FOR SUSTAINABLE ACTIVITIES (EU TAXONOMY)

Reconciliation of the alternative financial performance measure: CapEx

(€ millions)	2023	2022
Additions to property, plant and equipment (PPE) (*Note 11*)	1,872	1,918
Acquisition of PPE through business acquisitions (*Note 11*)	21	3
Additions to investment property – owned (*Note 13*)	10	9
Additions of right-of-use assets – PPE (*Note 12*)	588	559
Acquisition of right-of-use assets – PPE through business acquisitions (*Note 12*)	1	0
Additions of right-of-use assets – investment property (*Note 13*)	5	2
Additions to intangible assets (*Note 14*)	485	535
Acquisition of intangible assets through business acquisitions (*Note 14*)	27	51
Subtotal	**3,008**	**3,077**
Adjustments: Excluding additions to goodwill (*Note 14*)	(24)	(38)
CapEx used for EU Taxonomy purposes	**2,984**	**3,039**

Accounting estimates and judgments

Reassessments and modifications to right-of-use assets have been excluded from the EU Taxonomy calculation of CapEx.

While the company's IT systems only partially capture all of the necessary data fields for EU taxonomy automation, our teams made efforts to improve this. Some manual processes are still in use to determine the underlying economic activities. Where relevant, we have allocated CapEx to the identified activities based on a review of readily available information, such as investment proposals, cost centers and asset registers, which may not be entirely suitable for classification under the EU Taxonomy. As a result, estimates and judgments were applied, to a certain extent, to determine the CapEx number, as reported under the EU Taxonomy.

Operating expenditure (OpEx)

The legislation also considers the spend on OpEx directly attributed to CapEx needed for the transition to more sustainable operations to be eligible in accordance with the EU Taxonomy. This definition is narrower than the accounting definition of operating expenses. Like last year, Ahold Delhaize's eligible operating expenses (as defined by the EU Taxonomy regulation) represent an insignificant portion of the Group's total OpEx. This indicator is still irrelevant to the Group's activities, so it is not assessed for taxonomy eligibility and alignment. Thus, we use the exemption for the calculation of OpEx in accordance with the legislation.

Therefore, we report 0% eligible (and aligned) OpEx based on our materiality assessment for the six environmental objectives. For 2023, the OpEx denominator is €711 million versus €563 million in 2022. See also the *disclosure template* for OpEx.

Accounting policies

The EU Taxonomy defines OpEx as direct non-capitalized costs that relate to research and development; building renovation measures; short-term leases, maintenance and repair; and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to which activities are outsourced that are necessary to ensure the continued and effective functioning of such assets. This definition differs from the broader definition used in the consolidated financial statements as Operating expenses or Other operating expenses; see *Note 8*.

The EU Taxonomy allows for an exemption where the OpEx is not material for the business model of non-financial undertakings. Ahold Delhaize makes use of this exemption, as explained above.

Estimates and judgments

Ahold Delhaize's long-term goals to transition to more sustainable operations are strategically focused on prioritizing CapEx over OpEx, and in accordance with the EU Taxonomy OpEx definition, it is not significant to our business model; therefore, from both perspectives, it remains insignificant for the company and supports the judgment of making use of the exemption for the calculation of OpEx.

The OpEx denominator was determined using estimates to decide if the amounts meet the definition of OpEx, as our current IT systems only partially capture the necessary information to determine the underlying economic activities and nature of expenses as defined by the EU Taxonomy.

EU TAXONOMY FOR SUSTAINABLE ACTIVITIES (EU TAXONOMY)

Assessment of compliance with the EU Taxonomy Regulation

The assessment of taxonomy-aligned activities follows a three-step approach, considering the two TSC and minimum safeguards set by the Taxonomy Regulation (EU) 2020/852. For economic activity to claim alignment, it must fulfill the TSC of substantial contribution, do no significant harm (DNSH), and comply with minimum safeguards.

This year, Ahold Delhaize conducted a taxonomy-alignment assessment for the two climate environmental objectives and a taxonomy-eligibility assessment for the remaining four non-climate environmental objectives for reporting under the Taxonomy regulation (2020/852).

Economic activities eligible under climate environmental objectives

Ahold Delhaize analyzed its operations to align with the Climate Delegated Act (June 2021). As a result, we identified 10 of Ahold Delhaize's activities that fall within the eligibility criteria outlined in Annex I and Annex II of the Climate Delegated Act for CCM and CCA environmental objectives and listed in the table "Eligible activities under climate environmental objectives." However, similar to last year, in 2023, Ahold Delhaize mainly contributed to CCM. The five economic activities (6.4, 6.5, 6.6, 7.3, and 7.7) contributing to CCM are the same as reported in the previous year based on the same estimates and judgments. The remaining five economic activities (7.4, 7.5, 7.6, 8.1, and 8.2) were part of the smaller activities classified as non-eligible in 2022; in 2023, they were classified as eligible due to more significant CapEx spending.

We also identified one new economic activity eligible as per the Amended Climate Delegated Act (June 2023) contributing to the sector "Disaster Risk Management." Since the EU Taxonomy regulation adopted this new sector in 2023, Ahold Delhaize has also acknowledged the importance of aligning its operations with emergency services for disaster preparedness and response. These types of economic activities are eligible under "CCA14.1 Emergency services." However, due to a lack of CapEx, the new economic activity identified was classified as non-eligible for 2023.

Eligible activities under climate environmental objectives

Activity number[1]	Activity name	Description and main activities by Ahold Delhaize
CCM6.4	Transportation (T): Operation of personal mobility devices, cycle logistics	Ahold Delhaize engages in purchasing, financing, leasing, renting, and operating personal mobility or freight transport devices where the propulsion comes from the user's physical activity from a zero-emissions motor or a mix of zero-emissions motor and physical activity such as (cargo) bicycles.
CCM6.5	T: Transport by motorbikes, passenger cars and light commercial vehicles	Ahold Delhaize's economic activities relating to leasing cars and sometimes small delivery vehicles, mainly for its e-commerce business, fall under this economic activity code.
CCM6.6	T: Freight transport services by road	Ahold Delhaize's transportation activities relating to buying or leasing trucks to deliver goods from DCs to stores are eligible under this activity code. However, it excludes outsourced transportation services unless the vehicles in these agreements are considered leases.
CCM7.3	Construction and real estate activities (CRE): Installation, maintenance and repair of energy efficiency equipment	This activity includes most of Ahold Delhaize's store remodeling activities that lead to energy-efficiency improvements. The activity also includes adding insulation to walls, roofs and floors, using energy-efficient windows and doors, and upgrading heating, ventilation and air-conditioning systems.
CCM7.4	CRE: Installation, maintenance and repair of charging stations for electric vehicles in buildings	Ahold Delhaize engages in the installation, maintenance and repair of electric vehicle charging stations at stores or in buildings and associated parking spaces.
CCM7.5	CRE: Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	Ahold Delhaize spends money to install zoned thermostats and building automation and control systems, contributing to the efficient management of a building's energy usage. This activity is considered an enabling activity under Taxonomy regulation.
CCM7.6	CRE: Installation, maintenance and repair of renewable energy technologies	The economic activity includes various measures such as setting up and caring for solar photovoltaic systems, solar hot water panels, heat pumps, wind turbines, solar transpired collectors and energy storage units. Ahold Delhaize engages in installing solar panel systems and ancillary technical equipment.
CCM7.7	CRE: Acquisition and ownership of buildings	Acquiring and owning real estate properties are part of Ahold Delhaize's economic activities. When entering into new lease agreements for real estate (additions to right-of-use assets), although it may not technically be considered acquiring or owning a building, Ahold Delhaize utilizes this economic activity for CapEx reporting, following the broader definition of CapEx under the EU Taxonomy.
CCM8.1	Information and communication (IC): Data processing, hosting and related activities	Ahold Delhaize's spending on servers and essential hardware to operate the IT Center of Excellence for the Belgian and CSE brands falls under this activity code.
CCM8.2	IC: Data-driven solutions for GHG emissions reductions	Ahold Delhaize invests in software to enhance the efficiency of the e-commerce supply chain, home delivery and productivity units per hour. This investment focuses on the logistics software that calculates the most optimal routes, contributing to reduced GHG emissions.

1 Activities and the related activity numbers as defined in the EU Taxonomy Climate Delegated Act.

EU TAXONOMY FOR SUSTAINABLE ACTIVITIES (EU TAXONOMY)

Estimates and judgments

Real estate: While the company and its brands, from time to time, construct new buildings on existing (or newly acquired) land or renovate existing buildings, these construction activities are always outsourced to a professional developer or construction company. In 2023, business judgment did not change regarding renovations of existing buildings, compared to last year; and are thus reported together as economic activity "7.7. Acquisition and ownership of buildings" instead of "7.1. Construction of new buildings" and "7.2. Renovation of existing buildings." The economic activity "7.7. Acquisition and ownership of buildings" includes CapEx of right-of-use assets.

The replacement or retrofitting of refrigerants is not specifically mentioned under "7.3. Installation, maintenance, and repair of energy efficiency equipment," but refrigerators (as household appliances) are included under "3.5 Manufacture of energy efficiency equipment for building"; therefore, we believe that when this equipment is used in construction, it is also eligible and, thus, included in the 7.3 economic activity.

Energy: Ahold Delhaize brands regularly install solar panels on the roofs of stores and DCs; however, the installation is considered to be an integral part of the building, and most (if not all) of the energy generated by these solar panels is utilized in the applicable store or DC. Therefore, while activity "4.1. Electricity generation using solar photovoltaic technology" might seem applicable, all our solar panel installations on top of roofs are considered to be part of economic activity "7.6. Installation, maintenance, and repair of renewable energy technologies."

Information and communication: Ahold Delhaize primarily engages in data processing and hosting activities, often outsourced to third-party providers. However, Ahold Delhaize's strategic use of ICT solutions in route optimization software for its e-commerce business model supports overall logistic management. Ahold Delhaize considers these types of economic activities relevant for activity code "CCM8.2 Data-driven solutions for GHG emissions reductions," as they contribute to lower GHG emissions.

Smaller activities classified as non-eligible: Consistent with prior years, we found Ahold Delhaize was involved in certain support activities within the construction and real estate, water, information and communication, and disaster risk management sectors. After analyzing them for 2023 CapEx, we found that the total spending on these activities was very low compared to the overall CapEx defined by the EU Taxonomy of €2,984 million. Because of this, we consider these activities to be small or insignificant for 2023. Therefore, like last year, we will not report activity codes under these sectors as eligible and will classify them as non-eligible (and not aligned).

Substantial contribution TSCs under climate environmental objectives

The first pillar in the alignment assessment is to determine if an undertaking substantially contributes to one of the environmental objectives that is required to meet the specific TSCs set out in the Climate Delegated Act. Ahold Delhaize and its brands assessed substantial contribution criteria for all eligible activities based on the legislative requirements covering relevant activity codes.

Estimates and judgments

Due to the level of complexity of the currently available legislation and the need for clarity around how to interpret and apply it, we applied estimates and judgments in evaluating compliance with the detailed TSCs.

In certain circumstances, the criteria are not straightforward, as they refer to multiple regulations and directives, both on an EU and local level. The existence of applicable evidence or certifications is challenging to establish, especially in non-EU countries where the transposition of an EU directive into local law is not applicable or where the transposition to local law in an EU country is only partially done. Therefore, we have applied a conservative approach in claiming alignment.

Does not significantly harm (DNSH) criteria under climate environmental objectives

The second pillar in the alignment assessment relates to demonstrating that our economic activity does no significant harm to the other five environmental objectives included in the EU Taxonomy. Therefore, we evaluated the DNSH criteria on an economic activity level and, where applicable, further considered it on an asset level. The most significant DNSH criterion is that of CCA. The criterion requires a climate risk and vulnerability assessment and an adaptation plan to mitigate the identified material physical climate risks. This aligns with the physical risk assessments conducted for our overall business, to some extent.

Our approach to performing DNSH climate risk assessment criteria has evolved since 2022. Last year's process was manual and focused on material CapEx, emphasizing areas where we perceived potential climate risks. However, in 2023, we utilized an automated climate risk assessment tool, streamlining our processes. Where material, we have prepared CCA plans to mitigate the identified climate risks, although some implementation plans are still pending, reflecting our ongoing commitment to improvement. For a detailed update, see also further details provided in the *Climate change* material topic.

Estimates and judgments

Estimates and judgments were applied in evaluating compliance with the DNSH TSC, considering the evolving character of the European regulatory framework, the level of complexity of the available legislation, and the need for clarity around how to interpret and apply it.

Minimum safeguards

The last pillar in the alignment assessment relates to compliance with the minimum safeguards. These safeguards encompass the procedures implemented by a company carrying out an economic activity to ensure alignment in accordance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Ahold Delhaize assessed the minimum safeguards criteria on a consolidated level in relation to the eligible economic activities. We leveraged the work done to date on Human Rights, including the latest version of our *Position on Human Rights*, published in 2022, and the latest version of the *Standards of Engagement*, published in 2023. For more information, see also *Human rights in the supply chain*. We also considered the Platform on Sustainable Finance's report that advises on applying minimum safeguards, including corruption, taxation, and fair competition.

EU TAXONOMY FOR SUSTAINABLE ACTIVITIES (EU TAXONOMY)

Estimates and judgments

We have applied judgments to assess the adequacy of Ahold Delhaize's minimum safeguards at the company level for asserting compliance. Given that alignment with the guidelines encompasses a diverse set of criteria, the application of these criteria is subject to interpretation.

Economic activities under non-climate environmental objectives

Ahold Delhaize analyzed its operations to align with the new Environmental Delegated Act (June 2023) for the four non-climate environmental objectives mentioned in the *EU taxonomy figure*.

Therefore, for the 2023 eligibility assessment, we analyzed our activities with the criteria specified in the Environmental Delegated Act to identify eligible economic activities. We identified the following eligible economic activities the company is engaged in, mainly contributing to the transition to a circular economy environmental objective.

Eligible activities under non-climate environmental objectives

Activity number[2]	Activity name	Description and main activities by Ahold Delhaize
CE2.3	Water supply, sewerage, waste management activities: collection of hazardous and non-hazardous waste	Ahold Delhaize manages waste for reuse or recycling through spending on gathering and sorting plastic bottles, cans and other hazardous and non-hazardous waste at its stores for recycling, falling under this economic activity code.
CE4.1	Information and communication: provision of IT/OT data-driven solutions	Ahold Delhaize invests in IT systems, particularly in reducing food waste and implementing dynamic pricing strategies. Initiatives such as Electronic Shelf Labelling (ESL), IT-driven solutions for dynamic pricing, digitizing inventory information, and enhancing replenishment systems focused on reducing food waste are, therefore, eligible activities under this economic activity.

2 Activities and the related activity numbers as defined in the EU Taxonomy Environmental Delegated Act.

Estimates and judgments

We applied estimates and judgments to identify eligibility for the four non-climate environmental objectives where uncertainties arise due to legislation's complexity or lack of clarity. The company recognizes the challenge of understanding legislative complexities and highlights the recurring nature of uncertainties in dealing with it.

Multiple environmental objectives: We applied estimates and judgments when splitting CapEx, especially when facing complex projects contributing to multiple objectives. The judgment involves assessing these projects to determine the primary reporting objective, favoring alignment with the most significant environmental objective. For instance, construction and real estate activities are relevant for CCM and CE environmental objectives. However, we allocate to CCM as per business judgment. Similarly, the business activities of collecting and sorting cans and plastic bottles focus on recycling rather than just collecting and transporting them, contributing to CE and not directly to CCM.

Smaller activities classified as non-eligible: The economic activities categorized as non-eligible in the table "Small economic activities reported non-eligible" involve Ahold Delhaize's participation in non-climate environmental objectives. We have identified certain support activities across sectors – such as water supply, sewerage, waste management and remediation, construction and real estate – and services – such as providing a marketplace for the trade of second-hand goods for reuse – in which Ahold Delhaize is engaged.

Upon analyzing the 2023 CapEx for these activities, we observed that the total spending was either minimal or absent compared to the EU Taxonomy-defined CapEx of €2,984 million. Because of this, we consider these activities to be small or insignificant for 2023. As a result, we will not report economic activities under these sectors as eligible and classify them as non-eligible (and not aligned).

Small economic activities reported non-eligible

Activity number[2]	Activity name
WTR2.3	Water supply, sewerage, waste management activities (WM): Sustainable urban drainage systems (SUDS)
CE2.5	WM: Recovery of bio-waste by anaerobic digestion or composting
CE3.4	Construction and real estate activities: Maintenance of roads and motorways
CE5.6	Services: Marketplace for the trade of second-hand goods for reuse

2 Activities and the related activity numbers as defined in the EU Taxonomy Environmental Delegated Act.

EU Taxonomy KPI disclosure tables

The KPI tables on the following pages summarize the outcome of Ahold Delhaize's assessment of its turnover, CapEx and OpEx.

As 2023 is the second year of reporting alignment under the Climate Delegated Act, the KPI tables also include the comparative figures for 2022 on taxonomy-eligible and aligned economic activities for climate environmental objectives. Additionally, the tables present taxonomy-eligible KPIs for the four non-climate environmental objectives. Please note that they do not include alignment or comparisons for these four objectives, since 2023 is the first year of reporting under the Environmental Delegated Act.

EU TAXONOMY FOR SUSTAINABLE ACTIVITIES (EU TAXONOMY)

Turnover (Amounts in € million)

				Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
	Code(s) (2)	Allocate turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year N-1 (18)	Category (enabling activity or) (19)	Category (transitional activity) (20)
Economic activities (1)		Currency	%	%	%	%	%	%	%	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		—	—%														—%		
of which Enabling		—	—%														—%		
of which Transitional		—	—%														—%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		—	—%														—%		
Total (A.1 + A.2)		—	—%														—%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		88,649	100%														100%		
Total (A + B)		88,649	100%														100%		

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EU TAXONOMY FOR SUSTAINABLE ACTIVITIES (EU TAXONOMY)

CapEx (Amounts in € million)

				Substantial contribution criteria						Does not significantly harm (DNSH) criteria									
	Code (s) (2)	Allocate CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category (enabling activity or) (19)	Category (transitional activity) (20)
Economic activities (1)		Currency	%	%	%	%	%	%	%	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Operation of personal mobility devices, cycle logistics	CCM6.4	1	—%	Y						N/A	Y	Y	Y	Y	Y	Y	—%		
Transport by motorbikes, passenger cars and commercial vehicles	CCM6.5	15	1%	Y						N/A	Y	Y	Y	Y	Y	Y	—%		T
Installation, maintenance and repair of energy-efficiency equipment	CCM7.3	25	1%	Y						N/A	Y	Y	Y	Y	Y	Y	1%	E	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM7.4	4	—%	Y						N/A	Y	Y	Y	Y	Y	Y	—%	E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM7.5	2	—%	Y						N/A	Y	Y	Y	Y	Y	Y	—%	E	
Installation, maintenance and repair of renewable energy technologies	CCM7.6	3	—%	Y						N/A	Y	Y	Y	Y	Y	Y	—%	E	
Acquisition and ownership of buildings	CCM7.7	82	3%	Y						N/A	Y	Y	Y	Y	Y	Y	6%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		132	4%	4%						N/A	Y	Y	Y	Y	Y	Y	6%		
of which Enabling		34	25%	25%													1%	E	
of which Transitional		15	12%	12%													—%		T

EU TAXONOMY FOR SUSTAINABLE ACTIVITIES (EU TAXONOMY)

CapEx (Amounts in € million)

				Substantial contribution criteria						Does not significantly harm (DNSH) criteria									
Economic activities (1)	Code (s) (2)	Allocate CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category (enabling activity or) (19)	Category (transitional activity) (20)
		Currency	%	%	%	%	%	%	%	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Percent	E	T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Operation of personal mobility devices, cycle logistics	CCM6.4	0	—%	—%													—%		
Transport by motorbikes, passenger cars and commercial vehicles	CCM6.5	20	1%	1%													1%		
Freight transport services by road	CCM6.6	30	1%	1%													1%		
Installation, maintenance and repair of energy-efficiency equipment	CCM7.3	211	7%	7%													7%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM7.5	1	—%	—%													—%		
Acquisition and ownership of buildings	CCM7.7	507	17%	17%													16%		
Data processing, hosting and related activities	CCM8.1	11	—%	—%													—%		
Data-driven solutions for GHG emissions reductions	CCM8.2	11	—%	—%													—%		
Collection and transport of non-hazardous and hazardous waste	CE2.3	10	—%					—%											
Provision of IT/OT data-driven solutions	CE4.1	9	—%					—%											
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		808	27%	26%	—%	—%	—%	1%	—%								25%		
Total (A.1 + A.2)		940	32%														31%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)		2,044	68%														69%		
Total (A + B)		2,984	100%														100%		

EU TAXONOMY FOR SUSTAINABLE ACTIVITIES (EU TAXONOMY)

OpEx (Amounts in € million)

				Substantial contribution criteria						DNSH Criteria ("Does Not Significantly Harm")									
	Code (s) (2)	Allocate OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year N-1 (18)	Category (enabling activity or) (19)	Category (transitional activity) (20)
Economic activities (1)		Curren	%	%	%	%	%	%	%	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		—	—%														—%		
of which Enabling		—	—%														—%		
of which Transitional		—	—%														—%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		—	—%														—%		
Total (A.1 + A.2)		—	—%														—%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)		711	100%														100%		
Total (A + B)		711	100%														100%		

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) INDEX

We have adopted the TCFD's recommendations and are reporting in line with them, where possible. In this Annual Report, we decided to incorporate the TCFD recommendations into our reporting on the material topic climate change, instead of addressing them in a separate section, as we did in our Annual Report 2022. In the table below, we provide references showing where our reporting responds to the TCFD recommended disclosures. The majority is included under *Environmental, social and governance*, and, specifically, under the *Climate change* material topic. For certain recommendations, the table references other chapters of this Annual Report.

SECTION	DESCRIPTION	LINK TO CONTENT
Governance	Describe the board's oversight of climate-related risks and opportunities	*Governance*
	Describe management's role in assessing and managing climate-related risks and opportunities	*Governance*
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	*Climate-related risk assessment* *Opportunities*
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	*Managing climate-related risks and opportunities*
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	*Climate-related risk assessment*
Risk management	Describe the organization's processes for identifying and assessing climate-related risks	*Climate-related risk assessment*
	Describe the organization's processes for managing climate-related risks	*Climate-related risk assessment*
	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	*ERM principal risk profile* in the *Risks and opportunities* chapter *Risk management* in the *Governance* chapter
Metrics and targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	*How we measure performance*
	Disclose scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas emissions and the related risks	*Own operations (scope 1 and 2)* *Value chain* ESG statements: *Scope 1 and 2 GHG emissions* ESG statements: *Scope 3 GHG emissions*
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	*Our material topics* *Setting targets for scope 1 and 2* *Scope 3 setting targets for SBTi*

OTHER INFORMATION

LOCAL MATTERS

The GIANT Company
United States

AUDIT REPORT ON THE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To: the General Meeting of Shareholders and the Supervisory Board of Koninklijke Ahold Delhaize N.V.

Report on the audit of the financial statements for the 52-weeks ended December 31, 2023 included in the annual report

Our opinion

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Koninklijke Ahold Delhaize N.V. as at December 31, 2023 and of its result and its cash flows for the 52-weeks ended December 31, 2023, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying parent company financial statements give a true and fair view of the financial position of Koninklijke Ahold Delhaize N.V. as at December 31, 2023 and of its result for the 52-weeks ended December 31, 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements for the 52-weeks ended December 31, 2023 of Koninklijke Ahold Delhaize N.V. (Ahold Delhaize or the Company) based in Zaandam, the Netherlands. The financial statements include the consolidated financial statements and the parent company financial statements.

The consolidated financial statements comprise:

1. the consolidated balance sheet as at December 31, 2023;
2. the following consolidated statements for the 52-weeks ended December 31, 2023: the income statement, the statements of comprehensive income, changes in equity and cash flows; and
3. the notes comprising material accounting policy information and other explanatory information.

The parent company financial statements comprise:

1. the parent company balance sheet as at December 31, 2023;
2. the parent company income statement for the 52-weeks ended December 31, 2023; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Ahold Delhaize in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of going concern, fraud and non-compliance with laws and regulations, climate and the key audit matters has been addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

AUDIT REPORT ON THE FINANCIAL STATEMENTS

Information in support of our opinion

Summary

MATERIALITY

- Materiality of EUR 150 million
- 5% of normalized profit before tax

GROUP AUDIT

- Audit coverage of 85% of total assets
- Audit coverage of 90% of revenue

RISK OF MATERIAL MISSTATEMENTS RELATED TO FRAUD, NOCLAR, GOING CONCERN AND CLIMATE RISKS

- Fraud risks: the presumed risks of management override of controls and revenue recognition and the risk related to vendor allowance receivables are identified.
- Non-compliance with laws and regulations (NOCLAR) risks: no risk of material misstatement related to NOCLAR risks identified.
- Going concern risks: no going concern risks identified.
- Climate risks: we have considered the impact of climate-related risks on the financial statements and described our approach and observations in the section ‘Audit response to climate-related risks’.

KEY AUDIT MATTERS

- Valuation of goodwill and brand names Delhaize Belgium
- Vendor allowance receivables

Materiality

Based on our professional judgement we determined materiality for the financial statements as a whole at EUR 150 million. Materiality is determined with reference to the normalized profit before tax (5%). We consider normalized profit before tax as the most appropriate benchmark because profit before tax is an important metric for users of the financial statements. Profit before tax has been normalized for the disposal of FreshDirect, impairments and restructuring charges. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements identified during our audit in excess of EUR 7.5 million would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Koninklijke Ahold Delhaize N.V. is at the head of a group of components. The financial information of this group is included in the financial statements of Koninklijke Ahold Delhaize N.V.

Our group audit mainly focused on significant components. These are components that are (i) of individual financial significance to the group, or (ii) that, due to their specific nature or circumstances, are likely to include significant risks of material misstatement for the group financial statements. We identified 3 significant components, consisting of the retail operations in the United States, the Netherlands and Belgium.

We have:

- performed audit procedures at the group level in respect of the parent entity, the Global Support Office activities, financing activities, the group consolidation, the financial statement disclosures and a number of more complex accounting and valuation items. This included procedures performed regarding, amongst others, goodwill and brand names impairment testing, board remuneration testing including share-based compensation and the disposal of FreshDirect.
- made use of the audit procedures performed by other KPMG component auditors for the retail operations in the United States, the Netherlands, Czech Republic and Belgium as well as the insurance activities in the United States and Curacao.

For the residual population not in scope we performed analytical procedures in order to corroborate that our scoping remained appropriate throughout the audit.

By performing the procedures mentioned above at components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group’s financial information to provide an opinion about the financial statements.

Our procedures as described above can be summarized as follows:

TOTAL ASSETS

77%	8%	15%
Audit of the reporting packages	Audit of account balances	Covered by additional procedures performed at group level

REVENUE

87%	3%	10%
Audit of the reporting packages	Audit of account balances	Covered by additional procedures performed at group level

AUDIT REPORT ON THE FINANCIAL STATEMENTS

Audit response to the risk of fraud and non-compliance with laws and regulations

In chapter 'Risk and Opportunities' of the Strategic report section and the chapter 'Risk management' of the Governance section of the Annual Report, the Management Board describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the Company, its business environment and the Company's enterprise risk management in relation to fraud and non-compliance.

Our procedures included, amongst others, assessing the Company's Governance, Risk Management and Compliance Framework, consisting of the Company's Code of Ethics, Speak Up policy and the group-wide management certification process. We assessed internal audit reports, reviewed the minutes of the Governance, Risk and Compliance Committee which describe the fraud and/or non-compliance incidents identified and assessed the Company's procedures to investigate indications of possible fraud and non-compliance.

Furthermore, we performed inquiries with the Management Board, Supervisory Board, and other relevant functions, such as Internal Audit, Chief Legal Officer, Compliance & Ethics and Risk and Control and included correspondence with relevant authorities and regulators in our evaluation. We have also incorporated elements of unpredictability in our audit, such as specific procedures on supplier contracting, and involved forensic specialists in our audit procedures.

As a result of our risk assessment, we identified the following laws and regulations as those which could potentially have a material effect on the financial statements in case of non-compliance: anti-corruption and bribery, anti-competition, data privacy and product safety.

Based on the above and on the auditing standards, we identified the following fraud risks that are relevant to our audit, including the relevant presumed risks laid down in the auditing standards, and responded as follows:

Management override of controls (a presumed risk)

Risk:

- Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- The key opportunities for management manipulation are within the manual elements of the control environment, such as journal entries (within revenue accounts and vendor allowances) and accounting estimates that require significant judgment (such as vendor allowances and goodwill and brand names).

Responses:

- We evaluated the design and the implementation of internal controls that mitigate fraud risks, such as those related to journal entries.
- We tested journal entries, including consolidation and elimination entries, based on high risk criteria, amongst others in relation to revenues and vendor allowances, including inspection of the source documentation to assess the validity of the business rationale and substantiation of corroborating evidence.
- We evaluated areas with significant management judgment for bias by the Company's management. Where deemed appropriate, we involved specialists and performed retrospective reviews of prior years' estimates.
- We assessed the appropriateness of changes compared to prior year in the methods and underlying assumptions used to prepare accounting estimates.

Revenue recognition (a presumed risk)

Risk:

- We identified a fraud risk in relation to the recognition of revenue. This presumed risk inherently includes the fraud risk that management deliberately overstates revenue as management may feel pressure to achieve planned results for the current year.
- As the majority of the Company's revenue is recorded at the time of sale, much of which is recorded through point of sales systems and payment is made at the time of sale, there is limited risk of management manipulation in the point of sales revenue process. Therefore, the risk of fraud in revenue recognition is focused on the occurrence of inappropriate journal entries.

Responses:

- We evaluated the design and the implementation of internal controls that mitigate fraud risks, such as controls related to revenue recognition through journal entries.
- We tested journal entries posted in revenue accounts based on high risk criteria, including inspection of the source documentation to assess the validity of the business rationale and substantiation of corroborating evidence.

Vendor allowance receivables

Our risk description and procedures performed to address the fraud risk related to vendor allowance receivables are described in the key audit matter section.

Our evaluation of procedures performed related to fraud did not result in an additional key audit matter. We communicated our risk assessment, audit responses and results to the Management Board and the Supervisory Board.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

AUDIT REPORT ON THE FINANCIAL STATEMENTS

Audit response to going concern

The Management Board has performed its going concern assessment and has not identified any going concern risks. Our main procedures to assess the Management Board's assessment were:

- we considered whether the Management Board's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we analyzed the company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify going concern risks;
- we inquired with the Management Board on the key assumptions and principles underlying the Management Board's assessment of the going concern risks;
- we inspected financing agreements in terms of conditions that could lead to going concern risks, including the term of the agreement and any covenants.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

Audit response to climate-related risks

The Company has set out its ambitions and commitments relating to climate change in the chapter 'Environmental', as included in the 'Environmental, Social and Governance' section of the Annual Report. The Company has a climate ambition in line with the UN's goal to limit global warming to 1.5 degrees Celsius. The Company announced their commitment to reach net-zero Green House Gas (GHG) emissions across own operations by 2040 (scope 1 and 2) and become net-zero across the entire value chain no later than 2050 (scope 3). This commitment includes both a reduction and removal target.

Against the background of the Company's business and operations, management has assessed in detail how climate-related risks and opportunities could have a significant impact on its business or could impose the need to adapt its strategy and operations. As described in the 'Principal Risks and Uncertainties' chapter, included in the 'Risks and opportunities' section of the Annual Report, management has considered climate-related risks, more specifically relating to the impact of physical- and transition risks.

Management prepared the financial statements, including considering whether the implications from material climate-related risks and commitments have been appropriately accounted for and disclosed, in accordance with EU-IFRS. The material climate-related risks are managed by the Company as part of its climate-related risk management process and as such are taken into account in the preparation of the financial statements.

As part of our audit we performed a risk assessment of the impact of climate-related risks and the ambitions and commitments made by the Company in respect of climate change on the financial statements and our audit approach. In doing this, we performed the following:

- Understanding management's processes:
  - we made inquiries to understand management's assessment against the background of the Company's business and operations of the potential impact of climate-related risks and opportunities on the Company's financial statements and the Company's preparedness for this;
  - we have inspected minutes and documents relevant for assessing the climate-related risks in the audit;
  - we obtained an understanding of relevant sustainability themes and issues, considering the operations and characteristics of the Company;
- We have considered and evaluated climate related fraud risk factors, such as management board remuneration being linked to climate related KPIs; and
- We have made use of KPMG's climate change subject matter experts to:
  - Support in obtaining an understanding of management's assessment processes, participate in inquiry sessions;
  - Inspect the Company's climate-related risk assessment, both on physical and transition risks, climate-related disclosures, including those related to Task Force on Climate-Related Financial Disclosures (TCFD), in the Annual Report;
  - Obtain insights into potential business implications of the climate-related risks and opportunities identified by the Company and its accounting in the financial statements.

Based on our risk assessment procedures, we did not identify a risk of material misstatement specific to climate-related risk, including on the valuation of non-current assets, and thus no further audit response was considered necessary.

Furthermore we have read the 'Other information' with respect to climate-related risks as included in the Annual Report and considered whether such information contains material inconsistencies with the financial statements or our knowledge obtained through the audit, in particular as described above and our knowledge obtained otherwise.

AUDIT REPORT ON THE FINANCIAL STATEMENTS

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. Each of these key audit matters have been set out below. The key audit matters are not a comprehensive reflection of all matters discussed.

VALUATION OF GOODWILL AND BRAND NAMES DELHAIZE BELGIUM

Risk

As at December 31, 2023, the Group's goodwill and brand names are valued at €11.0 billion, of which €1.2 billion relates to Delhaize Belgium. Cash-generating units (CGUs), to which goodwill and brand names have been allocated, as well as intangible assets under development and other intangible assets with indefinite lives, are tested for impairment annually, or more frequently when there is an indication that the CGU or an asset may be impaired. Judgments are required to determine whether there is an indication that a CGU to which goodwill has been allocated may be impaired.

In the 2023 annual goodwill and brand names impairment test, the recoverable amounts of the CGUs were based on fair value less costs of disposal. The Company uses discounted cash flow projections (usually 5 year) based on the assets' highest and best use from a market participant's perspective; taking financial plans as approved by management as a base. As part of this test, management concluded that no impairments should be recognized. In addition to our normal procedures, we particularly focused on the CGU Delhaize Belgium based on the sensitivity of the impairment test as disclosed in Note 14.

Estimates and assumptions are involved in the determination of the recoverable amount of the CGUs. These include assumptions related to discount rates and cash flow projections (such as sales growth rates, operating margins and growth rates to determine terminal value). We consider the valuation of goodwill and brand names of the CGU Delhaize Belgium to be a key audit matter and significant risk, due to the magnitude of the goodwill and brand names balances, the involved significant management judgments concerning the change in the strategic direction with an increased affiliation of the business in Belgium, and the impact of key assumptions on the valuations.

Our response

During our audit, we performed the following procedures for CGU Delhaize Belgium:

- We have evaluated management's process and design of controls over the impairment assessment, including the appropriateness of management's identification of the CGUs, indicators of impairment, discount rate and forecasts;
- We have challenged management's assumptions used in determining the cash flow projections, primarily relating to the projected sales growth, operating margin developments, discount rate and (terminal) growth rate, by benchmarking the key assumptions applied against external data and by comparing the assumptions to historic performance of the Company. In doing so, we ran sensitivities on management's assumptions;
- We have involved our valuation specialists to assist us in evaluating the appropriateness of the impairment model and the discount rate applied.
- We verified that the model was prepared in line with the fair value less cost of disposal methodology.

We verified the mathematical accuracy of management's valuation model and agreed relevant data to the financial plans as approved by the Management Board.

Our observation

Based on our procedures performed, we consider the valuation of goodwill and brand names Delhaize Belgium as per December 31, 2023 reasonable.

VENDOR ALLOWANCE RECEIVABLES

Risk
As at December 31, 2023, the vendor allowance receivables amounted to EUR 674 million as disclosed in Note 18. Ahold Delhaize receives various types of vendor allowances. The most common allowances vendors offer are (i) volume allowances based on the quantity of products sold to customers or purchased from the vendor and (ii) promotional allowances, which relate to cooperative advertising and market development efforts. Volume allowances are recognized as a reduction of the cost of the related products as they are sold. Promotional allowances are recognized as a reduction of the cost of the related products when the Company has performed the activities specified in the contract with the vendor. When vendor allowances cannot be specifically identified in the purchase price of products, this requires management to apply judgments and estimates, mainly relating to the timing of when performance obligations have been fulfilled, the volume of purchases that will be made during a period of time, the product remaining in ending inventory, and the probability that funds can be collected from vendors.

Using these judgments and estimates, management's practice is to allocate earned vendor allowances between cost of sales and inventory based upon the amount of related product that was sold and the amount that remains in ending inventories. This practice is based upon the turnover of the inventories.

We consider the vendor allowance receivables to be a key audit matter and fraud risk for the components in the US, the Netherlands and Belgium because of the magnitude of amounts involved, specifically for the contracts that pertain significant judgment in determining the performance obligation.

Our response
During our audit, we performed the following procedures:

- We have evaluated the design and implementation of internal controls around determination of vendor allowances;
- We have challenged management's assumptions used in determining the recognized vendor allowances and we ran sensitivities on management's assumptions;
- We have assessed the quality of the estimates through performing a retrospective review of management judgments and estimates in prior year by testing subsequent collections on prior period vendor allowance receivables;
- We have assessed the aging and recoverability of the receivable balance; and

On a sample basis, we have agreed the recorded vendor allowances to the contracts and we confirmed the related positions with the vendors.

Our observation
Based on our procedures performed, we found management's recognition of vendor allowances to be appropriately supported.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the Annual Report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Management Board is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were initially appointed by the General Meeting of Shareholders as auditor of Koninklijke Ahold Delhaize N.V. on April 13, 2022 as of the audit for the 52-weeks ended December 31, 2023 and have operated as statutory auditor since 2023.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

AUDIT REPORT ON THE FINANCIAL STATEMENTS

European Single Electronic Format (ESEF)

The Company has prepared its Annual Report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the Annual Report prepared in XHTML format, including the (partly) marked-up consolidated financial statements as included in the reporting package by the Company, complies in all material respects with the RTS on ESEF.

The Management Board is responsible for preparing the Annual Report including the financial statements in accordance with the RTS on ESEF, whereby the Management Board combines the various components into one single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the Annual Report in this reporting package complies with the RTS on ESEF. We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting). Our examination included among others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package;
- Identifying and assessing the risks that the Annual Report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;
  - Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of the Management Board and the Supervisory Board for the financial statements

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Management Board is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect the Management Board, under supervision of the Supervisory Board, is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, the Management Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Management Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is included in the appendix of this auditor's report. This description forms part of our auditor's report.

Amstelveen, February 27, 2024
KPMG Accountants N.V.

E.J.L. van Leeuwen RA

Appendix: Description of our responsibilities for the audit of the financial statements

Appendix

Description of our responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board;
- concluding on the appropriateness of the Management Board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audits of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

ASSURANCE REPORT OF THE INDEPENDENT AUDITOR

To: the General Meeting of Shareholders and the Supervisory Board of Koninklijke Ahold Delhaize N.V.

Assurance report on the environmental, social and governance information 2023

Our conclusion

We have reviewed a selection of the environmental, social and governance information as included in the Annual Report 2023 (the selected ESG information) of Koninklijke Ahold Delhaize N.V. (Ahold Delhaize or the Company), based in Zaandam, the Netherlands, for the period January 2, 2023 until December 31, 2023. A review is aimed at obtaining a limited level of assurance.

The selected ESG information in scope of our review is included in the following sections of the Annual Report 2023:

- "Strategic report" for the following sections:
  - "Our business";
  - "Our leading together strategy";
  - The paragraph "Tax transparency and responsibility" as included in the section "Performance review";
  - "Environmental, Social and Governance (ESG)";
- "ESG statements", excluding the section on EU Taxonomy.

Based on our review, nothing has come to our attention that causes us to believe that the selected ESG information included in the Annual Report 2023 of Ahold Delhaize does not present, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to ESG; and
- the thereto related events and achievements for the period January 2, 2023 until December 31, 2023;

in accordance with the GRI Standards and the Company's internally developed supplemental reporting criteria as included in the section 'Reporting Criteria' of our report.

Basis for our conclusion

We have performed our review on the selected ESG information in accordance with Dutch law, including Dutch Standard 3810N 'Assurance-opdrachten inzake maatschappelijke verslagen' ('Assurance engagements relating to sustainability reports'), which is a specified Dutch standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information'. Our responsibilities in this regard are further described in the 'Auditor's responsibilities' section of our report.

We are independent of the Company in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics). We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Reporting Criteria

The ESG information needs to be read and understood together with the reporting criteria. The Company is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The selected ESG information is prepared in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) and Ahold Delhaize's internally developed supplemental reporting criteria as disclosed in the "ESG statements" of the Annual Report.

The absence of an established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time. Consequently, the selected ESG information needs to be read and understood together with the reporting criteria used.

Materiality

Based on our professional judgement we determined materiality levels for each relevant part of the selected ESG information. When evaluating our materiality levels, we have taken into account quantitative and qualitative considerations as well as the relevance of information for both stakeholders and the Company.

ASSURANCE REPORT ON THE ESG INFORMATION

Scope of the group review

Koninklijke Ahold Delhaize N.V. is at the head of a group of components. The selected ESG information incorporates the consolidated information of this group to the extent as specified in 'Reporting Criteria' section in the Report.

Our group review procedures consisted of both review procedures at the group level and at component level. Our selection of components in scope of our review procedures is primarily based on the component's individual contribution to the consolidated information.

By performing our review procedures at component level, together with additional review procedures at group level, we have been able to obtain sufficient and appropriate assurance evidence about the group's selected ESG information to provide a conclusion about the selected ESG information.

Our key assurance matters

Key assurance matters are those matters that, in our professional judgement, were of most significance in our review of the selected ESG information. We communicate key assurance matters to the Supervisory Board. We considered the Scope 3 indicator a key assurance matter in view of the significant estimation uncertainty, magnitude and the related higher inherent risk of material misstatement. The key assurance matter has been set out below. The key assurance matter is not a comprehensive reflection of all matters discussed.

THE SCOPE 3 INDICATOR IS SUBJECT TO ESTIMATIONS AND ASSUMPTIONS

Risk

The Scope 3 indicator includes both upstream and downstream emissions of Ahold Delhaize's activities. These are the result of activities from assets not owned or controlled by the Company but that the Company indirectly impacts in its value chain. Inherent to the nature of information and data on Scope 3 is that these are to a large extent based on the use of estimates and underlying assumptions.

As a result, reported data relating to the indicator is inherently subject to estimations and assumptions and judgments with regard to the relevant third party activities in the value chain and the related emissions. We put special attention to the review of these assumptions and judgements due to the related level of subjectivity.

Responses

We have performed review procedures in order to evaluate the applied estimations and assumptions, aimed to determine the plausibility of information. These procedures include among others:

- We have performed interviews with the Scope 3 category owners in order to understand the judgments and assumptions used and we have gained an understanding of the data gathering process;
- We have evaluated the suitability of the reporting criteria based on the Greenhouse Gas Protocol;
- We have assessed the plausibility of the estimations and assumptions made against the Greenhouse Gas Protocol;
- We have performed limited sampling procedures in order to review the accuracy of items in areas that rely on assumptions, for example on the Scope 3 categories "Purchased goods and services" and "Use of sold products";
- We have reviewed the applied emission factors, for example by determining whether these are based on widely known and commonly adopted sources.

Our observation

We did not identify matters that indicate that management's key assumptions and estimates are inadequate with respect to the reported Scope 3 indicator.

Limitations to the scope of our review

The selected ESG information includes prospective information such as ambitions, strategy, plans, expectations and estimates. Inherently the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the selected ESG information.

References to external sources or websites in the Annual Report are not part of the selected ESG information as reviewed by us. Therefore, we do not provide assurance on this information.

Our conclusion is not modified with respect to these matters.

The Management Board and Supervisory Board's Responsibilities

The Management Board is responsible for the preparation of the selected ESG information in accordance with the applicable criteria as described in the 'Reporting Criteria' section of our report, including the identification of stakeholders and the definition of material matters.

Furthermore, the Management Board is responsible for such internal control as it determines is necessary to enable the preparation of the selected ESG information that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is, amongst other things, responsible for overseeing the Company's ESG reporting process.

ASSURANCE REPORT ON THE ESG INFORMATION

Auditor's responsibilities

Our responsibility is to plan and perform our review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing, and are less in extent, compared to a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We apply the 'Nadere Voorschriften Kwaliteitssystemen' (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have exercised professional judgment and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements.

Our review included among others:

1. Performing an analysis of the external environment and obtaining an understanding of relevant societal themes and issues, and the characteristics of the Company;
2. Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the selected ESG information. This includes the evaluation of the results of stakeholder dialogue and the reasonableness of estimates made by the Management Board;
3. Obtaining an understanding of the reporting processes for the selected ESG information, including obtaining a general understanding of internal controls relevant to our review;
4. Identifying areas of the selected ESG information where a material misstatement, whether due to fraud or error, are most likely to occur, designing and performing assurance procedures responsive to these areas, and obtaining assurance information that is sufficient and appropriate to provide a basis for our conclusion. These procedures included, amongst others:
   - interviewing management and relevant staff at group level responsible for the strategy, policy and results;
   - interviewing relevant staff responsible for providing the information for, carrying out internal control procedures over, and consolidating the data in the selected ESG information;
   - determining the nature and extent of the review procedures to be performed both centrally and at component level. For this, the nature, extent and/or risk profile of these components are decisive.
   - obtaining assurance information that the selected ESG information reconciles with underlying records of the Company;
   - reviewing, on a limited test basis, relevant internal and external documentation;
   - performing an analytical review of the data and trends.
5. Evaluating the consistency of the selected ESG information with the information in the report which is not included in the scope of our review;
6. Evaluating the presentation, structure and content of the selected ESG information;
7. Considering whether the selected ESG information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We have communicated with the Management Board and the Supervisory Board regarding, among other matters, the planned scope and timing of the review and significant findings that we identified during our review.

Amstelveen, February 27, 2024
KPMG Accountants N.V.
E.J.L. van Leeuwen RA

DISTRIBUTION OF PROFIT AND SHAREHOLDER RIGHTS

DISTRIBUTION OF PROFIT

Articles of Association provisions governing the distribution of profit

The holders of common shares are entitled to one vote per share and to participate in the distribution of dividends and liquidation proceeds. Pursuant to section 39 of the Articles of Association, a dividend will first be declared out of net income on cumulative preferred shares and cumulative preferred financing shares. Any net income remaining after reservations deemed necessary by the Supervisory Board, in consultation with the Management Board, will then be at the disposal of the General Meeting of Shareholders, who may resolve to distribute it among the common shareholders. The Management Board, with the approval of the Supervisory Board, may propose that the General Meeting of Shareholders make distributions wholly or partly in the form of common shares. Amounts of net income not paid in the form of dividends will be added to the accumulated deficit. In the financial statements, the dividend on cumulative preferred financing shares is included in the income statement. Consequently, net income according to the parent company income statement is fully attributable to common shareholders.

See *Note 21* to the consolidated financial statements and *Note 16* to the parent company financial statements for more information on the dividend on common shares.

DETAILS OF SPECIAL SHAREHOLDER RIGHTS

Ahold Delhaize shareholders have no special rights; see *Corporate governance* for more information about voting rights.

DETAILS OF SHARES WITHOUT PROFIT RIGHTS AND NON-VOTING SHARES

Ahold Delhaize has no common shares without profit rights and no non-voting shares.

4 Appendix

APPENDIX

CONTACT INFORMATION

SHAREHOLDER ENGAGEMENT

Ahold Delhaize proactively maintains an open, constructive and ongoing dialogue with its shareholders. We are committed to keeping shareholders updated by informing them transparently and accurately about Ahold Delhaize's strategy, performance and other Company matters and developments that could be relevant to investors' decisions. We disclose information through both financial and non-financial performance briefings, such as during our quarterly results releases, the Annual General Meeting of Shareholders, Investor Days and other special events. We also participate in investor conferences and organize roadshows. All disclosed information is accessible via our website.

CORPORATE WEBSITE

On the Company's website, you can find recent and archived press releases, financial reports, annual reports, presentations, the financial calendar and other relevant shareholder information. To receive press releases and other Ahold Delhaize news, please subscribe to our email service through our website at *www.aholddelhaize.com*.

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KEY DATES

KEY DATES 2024

AGM	April 10
Final dividend 2023	
Ex-dividend date	April 12
Dividend record date	April 15
Payment date	April 25
Interim dividend 2024	
Ex-dividend date	August 9
Dividend record date	August 12
Payment date	August 29
Publication Q1 2024 results	May 8
Publication Q2 2024 results	August 7
Publication Q3 2024 results	November 6

ANNUAL GENERAL MEETING 2024

This year's AGM will be held on April 10, 2024. The meeting will start at 2:00pm (CET).

The agenda and explanatory notes to the agenda can be found on our website at **www.aholddelhaize.com**.

DEFINITIONS AND ABBREVIATIONS

FINANCIAL PERFORMANCE MEASURES

The financial information included in this Annual Report is prepared in accordance with International Financial Reporting Standards as adopted by the European Union and as explained in Note 2 and Note 3 to the consolidated financial statements as well as in the individual footnotes, unless otherwise indicated.

This Annual Report also includes alternative performance measures (also known as non-GAAP measures). The definitions of these financial and non-financial alternative performance measures can be found below.

FINANCIAL ALTERNATIVE PERFORMANCE MEASURES

Management believes that financial alternative performance (non-GAAP) measures allow for a better understanding of Ahold Delhaize's operating and financial performance. These alternative performance measures should be considered in addition to, but not as substitutes for, the most directly comparable IFRS measures.

Basic and diluted underlying income per share from continuing operations

Underlying income per share from continuing operations is calculated as underlying income from continuing operations, divided by the weighted average number of shares outstanding, also referred to as "underlying earnings per share" or "underlying EPS."

Comparable sales

Comparable sales are net sales, in local currency, from exactly the same stores – including remodeled stores and stores that are replaced within the same market area – and online sales in existing market areas for the most recent comparable period. Ahold Delhaize measures a store for comparable sales after it is open for a full 56 weeks. Comparable stores are locations that were open for both the full time period being reported on and the full comparable time period in the preceding year. In 2021, comparable sales growth is calculated by adjusting 2020 to a 52-week period.

Stores that are transferred from the integrated store network to franchise (or vice versa) are excluded from the comparable store base.

For markets that sell gasoline, Ahold Delhaize also calculates the comparable sales excluding gasoline sales, to eliminate gasoline price volatility in the comparison.

Comparable sales and comparable sales excluding gasoline sales are not reflected in Ahold Delhaize's financial statements. However, the Company believes that disclosing comparable sales and comparable sales excluding gasoline sales provides additional useful analytical information to investors regarding the operating performance of Ahold Delhaize, as it neutralizes the impact of, for example, newly acquired stores, in the calculation of sales growth.

Comparable sales excludes value-added tax (VAT).

Comparable sales growth excluding weather and calendar impacts

Comparable sales (as described under "Comparable sales"), adjusting for significant impacts driven by weather and calendar changes:

Weather: Changes to year-over-year comparable sales influenced by extreme weather conditions (e.g., (snow)storms and hurricanes).

Calendar: Comparable sales to be reported due to changes in the reporting calendar. For instance, year-over-year timing of public holidays, or number of trading days for companies that report on a monthly basis.

Complementary revenue streams

Complementary revenue streams is the sum of income through commercial services, B2B commercialization and gross monetization income.

Commercial services is defined as fee income or commission from selling products or services where Ahold Delhaize acts as an agent or where the product or service is sold to the customer in exchange of a standard fee. B2B commercialization is defined as fee income received by the platform by a third-party seller for products or services provided by the platform to the third-party seller. Gross monetization income is derived from advertising and data insights activities in collaboration with suppliers and/or third parties who fund these activities in our omnichannel retail landscape.

Constant exchange rates

At constant exchange rates excludes the impact of using different currency exchange rates to translate the financial information of Ahold Delhaize subsidiaries or joint ventures to euros. Ahold Delhaize's management believes this measure provides a better insight into the operating performance of Ahold Delhaize's foreign subsidiaries or joint ventures. When we use a constant exchange rate instead of the actual exchange rate for a performance measure, we will indicate this for the applicable KPIs.

Diluted underlying income per share

Diluted underlying income per share from continuing operations is calculated as diluted underlying income from continuing operations, divided by the diluted weighted average number of common shares outstanding, also referred to as "diluted underlying EPS."

Earnings before interest, taxes, depreciation and amortization, or EBITDA

Ahold Delhaize defines EBITDA as operating income / (loss) plus depreciation and amortization. EBITDA is considered to be a useful measure for investors to analyze profitability by eliminating the effects of financing (i.e., net financial expense), capital investments and the impact of the purchase price allocation (i.e., depreciation and amortization).

E-commerce penetration

E-commerce penetration is a calculation that shows the portion of online sales relative to total net sales.

Food sales

Food sales contains all net sales, excluding the following categories: pet food, flowers and plants, tobacco, and non-food products including health and beauty and cleaning products. Sales taxes and value-added taxes are excluded from food sales reported in the ESG statements.

Free cash flow

Ahold Delhaize defines free cash flow as operating cash flows from continuing operations minus net capital expenditures, net repayment of lease liabilities and receivables (both interest and principal portions) and net interest paid plus dividends received.

Ahold Delhaize has included free cash flow, as the Company believes it is a useful measure for investors, because it provides insight into the cash flows available to, among other things, reduce debt and pay dividends. Free cash flow is derived from the financial statements; however, this is not a measure calculated in accordance with IFRS and may not be comparable to similar measures presented by other companies. Accordingly, free cash flow should not be considered as an alternative to operating cash flow.

DEFINITIONS AND ABBREVIATIONS

Global Support Office costs
Global Support Office (GSO) costs relate to the responsibilities of the Global Support Office, including Finance, Strategy, Mergers & Acquisitions, Internal Audit, Legal, Compliance, Human Resources, Information Technology, Insurance, Tax, Treasury, Communications, Investor Relations, Health and Sustainability and the majority of the Executive Committee. GSO costs also include results from other activities coordinated centrally but not allocated to any subsidiary. Underlying GSO costs exclude impairments of non-current assets, gains (losses) on leases and the sale of assets, and restructuring and related charges and other items, including business acquisition transaction costs.

Gross merchandise value (GMV)
Gross merchandise value is defined as online sales including first-party sales as well as third-party sales, via bol's partner platform. GMV excludes VAT, and does not take into account any shipping costs, discounts, returns and cancellations.

Loyalty sales
Total third-party sales excluding VAT and generated by active addressable loyalty card holders. Active addressable loyalty card holders are the number of unique, active and addressable loyalty cards used in the reporting period. Active: cards used at least twice in the past 26 weeks (at the end of the reporting period), or at least one time in the reporting period. Addressable: from cardholders for whom we hold at least an address, phone number or email address.

Net capital expenditure
Total regular (gross) capital expenditure net of acquisitions; right-of-use assets; change in property, plant and equipment payables (and other non-cash adjustments); and divestment of assets/disposal groups held for sale.

Net consumer online sales
Net consumer online sales is defined as online sales including sales of third parties via bol's partner platform and other initiatives, such as Ship2Me in the U.S. Net consumer online sales excludes VAT. Ahold Delhaize's management believes that this measure provides more insight into the growth of our online businesses.

Net debt
Net debt is the difference between (i) the sum of loans, lease liabilities and short-term debt (i.e., gross debt) and (ii) cash, cash equivalents, current portion of investment in debt instruments, and short-term deposits and similar instruments. In management's view, because cash, cash equivalents, current portion of investments in debt instruments and short-term deposits and similar instruments can be used, among other things, to repay indebtedness, netting this against gross debt is a useful measure for investors to judge Ahold Delhaize's leverage. Net debt may include certain cash items that are not readily available for repaying debt.

Net sales at constant exchange rates
Net sales at constant exchange rates excludes the impact of using different currency exchange rates to translate the financial information of Ahold Delhaize subsidiaries or joint ventures to euros. Ahold Delhaize's management believes this measure provides a better insight into the operating performance of Ahold Delhaize's foreign subsidiaries or joint ventures.

Net sales by category
Net sales are specified into predefined sales categories: perishable, non-perishable, non-food, gasoline and pharmacy.

Category definitions:

- Perishable includes: produce, dairy (fresh), meat, deli, bakery, seafood and frozen.
- Non-perishables include: grocery, dairy (long-life) and beer and wine.
- Non-food includes: floral, pet food, health and beauty care, kitchen and cookware, gardening tools, general merchandise articles, electronics, newspapers and magazines, tobacco, etc.
- Gasoline includes: gasoline sales only.
- Pharmacy includes: pharmacy sales only.

Net sales grocery
Net sales grocery are net sales (see the definition above), excluding sales from gasoline, bol, Etos and Gall & Gall.

Net sales growth
Net sales is a calculation of the following sales components excluding VAT: intercompany sales and total third party sales, which is a calculation consisting of other sales to third parties, wholesale sales, franchise sales, online sales and retail sales. Net sales growth is the percentage year-over-year change.

Net sales in local currency
In certain instances, net sales are presented in local currency. Ahold Delhaize's management believes this measure provides a better insight into the operating performance of Ahold Delhaize's foreign subsidiaries.

Online grocery penetration
Online grocery penetration is calculated as online sales as a percentage of net sales, excluding sales from gasoline, bol, Etos and Gall & Gall. Ahold Delhaize's management believes that this measure provides insights into the value of our online grocery business.

Online sales
Online sales are net sales generated through electronic ordering by the final customer at the fair value of the consideration received or receivable. Online sales includes both business-to-consumer and business-to-business sales as long as the purchaser is the end user, sales generated through third-party platforms (e.g., Instacart and eMag), delivery fee income, other income derived from online sales generated through third-party platforms (e.g., price markups), and fees and commissions when Ahold Delhaize acts as an agent.

Online sales excludes VAT.

Online sales grocery
Online grocery sales are online sales (see the definition above), excluding online sales from bol, Etos and Gall & Gall.

Operating income in local currency
In certain instances, operating income is presented in local currency. Ahold Delhaize's management believes this measure provides better insight into the operating performance of Ahold Delhaize's foreign subsidiaries.

Operating margin
Operating margin is reported operating income (IFRS) divided by reported net sales (IFRS).

Own-brand food sales
Net sales of own-brand food products. It follows the definitions of food sales and own-brand sales.

Own-brand sales
Net sales of own-brand products, which include: private labels, fancy brands (proprietary private labels that are a fantasy name owned by Ahold Delhaize), exclusive brands (brands that are not international, national or regional brands), store-prepared products (in-store food preparation, even if derived from branded stock), non-branded products (such as bulk fruits and vegetables or no-name non-food products) and promotional items relating to the former. In short, every product that is not an international, national or regional brand is considered to be an own-brand product.

DEFINITIONS AND ABBREVIATIONS

Regular CapEx expenditure
The amounts represent additions to property, plant and equipment; right-of-use assets; investment property; and intangible assets. The amounts exclude acquisition capital expenditure.

Return on capital
Return on capital (RoC) is calculated as underlying operating income before depreciation and amortization divided by the annual rolling average of the sum of company-owned property, plant and equipment at purchase price, intangible assets (excluding goodwill) at purchase price, operating working capital components and repayment of lease liabilities, divided by 8%.

Save for Our Customers
Save for Our Customers is a savings program to improve and optimize operational efficiency and buying conditions and reduce waste, focusing on optimizing cost price and volume efficiencies. These savings are based on the brands' improvement initiatives and efficiencies in the following areas: cost of goods sold (price, design and media monetization), transportation, logistics and distribution, and labor cost, as well as operating expenses (staff, general and administrative costs) in stores and headquarters. Save for Our Customers savings are intended to drive saving initiatives and improvements across the brands and are incremental to prior year savings. These savings should be reinvested, adding more value for the benefit of customers. Recorded savings are in compliance with the Save for Our Customers savings definitions included in Ahold Delhaize's Accounting and Procedures Manual. Recorded savings (Actuals) need to be sufficiently supported.

Underlying earnings before interest, taxes, depreciation and amortization, or underlying EBITDA and margin
Ahold Delhaize defines EBITDA as operating income / (loss) plus depreciation and amortization. EBITDA is considered to be a useful measure for investors to analyze profitability by eliminating the effects of financing (i.e., net financial expense), capital investments and the impact of the purchase price allocation (i.e., depreciation and amortization). Underlying EBITDA margin is calculated as underlying EBITDA as a percentage of sales.

Underlying income from continuing operations
Ahold Delhaize defines underlying income from continuing operations as income from continuing operations adjusted for impairments of non-current assets, gains and losses on the sale of assets, gains and losses on leases and subleases, restructuring and related charges, and other items considered not to be directly related to the underlying operating performance, as well as material non-recurring finance costs and income tax expense, and the potential effect of income tax on all these items.

Underlying operating income and margin
Underlying operating income is defined as total operating income, adjusted for impairments of non-current assets, gains and losses on the sale of assets, gains and losses on leases and subleases, restructuring and related charges, and other items considered not to be directly related to the underlying operating performance.

Ahold Delhaize's management believes this measure provides better insight into the underlying operating performance of the Company's operations. Underlying operating income margin is calculated as underlying operating income as a percentage of net sales.

NON-FINANCIAL ALTERNATIVE PERFORMANCE MEASURES
The specific definitions outlined below add context to our non-financial alternative performance measures and other metrics used in this report.

Acceptable standards and certifications for commodities
Ahold Delhaize defines acceptable standards as multi-stakeholder initiatives or standards supported by multiple stakeholders. They include third-party verification and focus on mitigating the main environmental and/or social issues associated with a commodity's production. Acceptable standards are globally consistent and focus on continuously improving production and supply chain practices.

Acceptable standards for tea, coffee and cocoa include Rainforest Alliance/UTZ Fair Trade USA/ Fairtrade/FLOCERT/Fairtrade Sourcing Program or equivalent standards. Acceptable standards for palm oil include RSPO Principles and Criteria and equivalent standards. Acceptable standards for wood fiber are the Forest Stewardship Council (FSC) Chain of Custody, Program for Endorsement of Forest Certification (PEFC) and Sustainable Forestry Initiative (SFI) or equivalent standards. Acceptable standards for soy are the RTRS standard for Responsible Soy Production and ProTerra, or equivalent standards. The majority of credits we purchase are area-based RTRS credits from the Cerrado Region. Acceptable standards for seafood products include certification against a program that is recognized by the Global Sustainable Seafood Initiative (GSSI) and cover all Aquaculture Stewardship Council (ASC) farm standards.

Associate
People with a legal contract or active pay status (U.S.-specific) with Ahold Delhaize or its brands. This excludes external associates and contingent workers and includes expats counted in their home country.

Associates include seasonal workers, student workers (including summer season students), part-time and full-time associates, both short-term and long-term contracted associates and associates with an active pay status (U.S.-specific), as well as associates whose contract is currently suspended (e.g., for time credit or long-term illness).

Associates who have an employment contract with independent operators of affiliated or franchised stores and students who are on a non-remunerated internship are excluded from the reported figures in this section.

Associate engagement survey
Associate engagement is measured through an annual survey of all associates employed by Ahold Delhaize and its brands. A number of items in the survey are used to derive and calculate an associate engagement score:

- Healthy workplace: Associates are asked about the support they receive to have healthier lives.
- Inclusive workplace: Associates are asked about the support they receive to have a more inclusive workplace.
- Associate development: Associates are asked about the support they receive to develop their skills and careers with Ahold Delhaize. Our U.S. brands are excluded from this metric.
- Engagement: Associates are asked about how they feel about Ahold Delhaize.

DEFINITIONS AND ABBREVIATIONS

Associate engagement survey benchmarks
We use two global benchmarks for our associate engagement survey: Global Retail, which comprises companies in the 5300 Retail industry classification benchmark that operate in multiple countries and have both a brick-and-mortar and online presence, and High Performance Norm, which comprises companies in the top quartile (75th percentile) of the Perceptyx Global normative benchmark database.

Associate turnover
This metric expresses the number of people lost through resignation, attrition and other means compared to the total number of people in the organization. It includes all turnover, regardless of reason, and is reported as a percentage. Associate turnover is defined as the number of people who left the company compared to the average number of associates during that time period. It includes all terminations regardless of reason.

Associate turnover 30+ contract hours
Associate turnover with more than 30 contract hours is defined as the number of people who left the company compared to the average number of associates during that time period. It includes all terminations regardless of reason.

Balanced candidate slates (50/50)
In a balanced candidate slate, 50% of the final candidates must be from a diverse/underrepresented population (female, person of color/ethnic/multinational) and at least two of the candidates in the final slate must be diverse.

Brick and mortar
Existing as a physical building, rather than doing business only on the internet.

Cash contributions
The monetary amount paid by a company in support of charitable donations in the form of direct cash donations or grants and payments for materials and services. It includes support of cultural institutions, matched employee giving, employee involvement costs, memberships and subscriptions to community-related organizations and cause-related marketing campaigns.

Charitable donations
Donations of cash, products, services, equipment or other company resources to local, national and international charitable appeals, sponsorships that are not part of a marketing strategy, grants and costs of employee volunteering that fall outside of a core community strategy, company matching of employee donations and the costs of facilitating donations by customers and suppliers.

CO_2 emissions/CO_2 equivalent (CO_2e)
The CO_2 (carbon dioxide) emissions data we report consists of a calculated CO_2 equivalent: actual CO_2 emitted plus equivalent emissions from other greenhouse gases (such as CH_4, N_2O and F-gases). We report in reference to the Greenhouse Gas (GHG) Protocol Corporate Standard.

Ethnicity representation by level (VP+, Director, Manager, Overall) U.S. ONLY
Associates identifying as American, Asian, Hispanic or Latino, African-American, Native Hawaiian/Other Pacific Islander, White, Other, Not Registered, Two or more races and Unknown. Within the U.S., this metric shows the representation within Equal Employment Opportunity Commission (EEOC) classifications, by organizational level.

Food Loss and Waste Protocol
A multi-stakeholder effort to develop the global accounting and reporting standard (known as the FLW Standard) for quantifying food and associated inedible parts removed from the food supply chain (referred to for simplicity's sake as "food loss and waste"). For more information, see *www.flwprotocol.org*.

Food waste
As defined by the UN Food and Agriculture Organization (FAO), food waste is any removal of food from the food supply chain that is or was at some point fit for human consumption, but has been disposed of or has spoiled or expired, mainly as a result of economic behavior, poor stock management or neglect. In our calculations, in contrast to shrink, food waste excludes donations to hunger relief organizations, theft and cash shortages.

We measure food waste using the *Food Loss and Waste Protocol*. Food waste includes waste used for animal feed, bio-based materials, anaerobic digestion, composting/aerobic digestion, controlled combustion and landfill.

Free from products
"Free from" products exclude certain ingredients, such as allergens, synthetic colors or artificial flavors. The excluded ingredients are normally referenced on the packaging or product marketing materials.

Full time
Associates who work full time (= one FTE), as measured by contract hours/standard weekly working hours, are considered full time.

Gen Z
Generation Z, also called Gen Z, is the generational cohort following millennials, born between 1997 and 2010.

Global Reporting Initiative (GRI)
An independent international not-for-profit organization that developed the GRI Sustainability Reporting Standards and works to support their implementation.

Global warming potential (GWP)
The GHG Protocol defines global warming potential as "a factor describing the radiative forcing impact (degree of harm to the atmosphere) of one unit of a given GHG relative to one unit of CO_2." By using GWPs, GHG emissions can be standardized to a carbon-dioxide equivalent (CO_2e), which allows expressing the emissions of different GHGs using carbon dioxide as a reference. For example, for a 100-year time horizon, the impact of one unit of methane is 28 times greater than one unit of CO_2 (according to IPCC's 6th assessment report). Hence, methane's global warming potential (GWP) is 28.

Greenhouse gases (GHG)
Gases such as carbon dioxide or methane that contribute to climate change.

Growth score: Associate perception
The associate growth score is driven by the perception of opportunity for personal development and growth, opportunities for career growth, feeling their job makes good use of their skills and abilities, and support from their manager for skills and career development.

Healthy products
Own-brand healthy food sales include all own-brand products that earn one, two or three Guiding Stars (in the U.S. market) or an A or B score from Nutri-Score (in Europe). Total own-brand food sales include food sales from company-operated stores as well as to franchise / affiliate stores.

More information on Guiding Stars can be found at *www.guidingstars.com*.

APPENDIX
DEFINITIONS AND ABBREVIATIONS

Inclusive workplace: Associate perception
Associates' perception of the inclusivity of their workplace

The metric shows the percentage of associates who strongly agree or agree with the following index statements in the associate engagement survey:

- At my company, diversity is valued.
- All associates, regardless of their differences, are treated fairly.
- I can be my authentic self at My Company.
- My manager treats all associates with respect.
- I am encouraged to share my ideas about improving our work environment.

Last stage of production (LSOP) unit
The entity that performs the last stage of production or processing in the supply chain where food and non-food safety and/or working conditions are impacted. The LSOP is:

- For food safety: The location where the final consumer product (including packing) is handled.
- For non-food safety: The location where the final consumer product (excluding packing) is assembled.
- For social compliance: The location where labor is involved in producing or processing the final product, excluding (re-)packing in a non-high-risk country.

National brands
Products that are distributed nationally under a brand name owned by the producer or distributor.

Net Promoter Score (NPS)
A survey-based market research metric that measures the probability of respondents recommending a certain brand.

Number of injuries that result in lost days
Number of injuries that result in days lost that are directly related to work-related accidents per 200,000 hours worked. The number of days lost are days scheduled to be worked according to each associate's schedule. An injury is a non-fatal or fatal injury arising in the course of work.

Organic food products
Food that meets specific, governmental standards relative to the use of synthetic pesticides, fertilizers or any other chemicals and the way natural resources (soil, animals, energy and water) are treated in the production process. An "organic" product is a product that is certified as organic by a certifying body recognized by the government.

Own brands
Own-brand products at Ahold Delhaize company-operated and franchise / affiliated stores include: private labels, fancy brands (proprietary private labels that are a fantasy name owned by Ahold Delhaize), exclusive brands (brands that are not international, national or regional brands), store-prepared products (in-store food preparation, even if derived from branded stock), non-branded products (such as bulk fruits and vegetables or no-name non-food products) and promotional items related to the non-branded products.

In short, every product that is not an international, national or regional brand is considered to be an own-brand product.

Ozone-friendly refrigerant
A refrigerant that has no ozone depletion potential (ODP = 0), meaning there is no degradation to the ozone layer. The data are based on the 2015 report from United Nations Environment Programme (UNEP), "TOC Refrigeration, A/C and Heat Pumps Assessment Report 2015."

Part time
Associates who work less than full time (< one FTE), as measured by contract hours/standard weekly working hours, are considered part time.

Pick-up point and click-and-collect points
A pick-up point (PUP) is a location that serves as a point where customers can pick up groceries they have ordered online. PUPs exclude bol, Etos and Gall & Gall locations.

PUPs with pick-from-store (PFS) capability are also referred to as click-and-collect points.

Plastic packaging
According to ISO 21067, packaging is a product to be used for the containment, protection, handling, delivery, storage, transport and presentation of goods, from raw materials to processed goods, from the producer to the user or consumer, including processor, assembler or other intermediary. Plastic packaging is packaging of which the main structural element is made of plastic.

Private label products
Private label products are a sub-set of Ahold Delhaize's own brands, consisting of products with a visible proprietary label from an Ahold Delhaize brand.

Sales area
The sum of the store areas (in square meters or square footage) where products are sold and services provided, taken at the end of the year.

Scope 1 (direct GHG emissions)
Emissions from sources that are owned or controlled by Ahold Delhaize. Scope 1 emissions include emissions from refrigerant leakages, owned trucking and on-site fuel usage (natural gas, propane and light fuel).

Scope 2 (indirect GHG emissions)
Emissions from the generation of purchased electricity, heat or steam consumed by the Company. They are not "direct" emissions in that they arise from third-party installations but are attributed to the Company's operations as the end user of the electricity, heat or steam.

Scope 3 (indirect GHG emissions)
Scope 3 emissions are the result of activities from assets not owned or controlled by our Group, but that indirectly impact our value chain. For example, this includes products our brands source from suppliers, and emissions generated when customers use them. Scope 3 emissions, also referred to as value chain emissions, represent the vast majority of total GHG emissions in food retail.

APPENDIX

DEFINITIONS AND ABBREVIATIONS

Stock-keeping unit (SKU)
A stock-keeping unit (SKU) is a specific type of product, with attributes that distinguish it from other SKUs.

We include SKUs that were active only for a limited period of time during the reporting period; SKUs that were active at a certain point in time during the reporting period, even though not active anymore at the end of the reporting period or at the time of the data collection; seasonal products; and SKUs that are only sold in our franchise/affiliated stores. Excluded SKUs are SKUs that are sold in company-operated stores selling only wholesale, promotional products and secondary SKUs.

Sustainable Development Goals (SDGs)
The United Nations SDGs are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. The 17 goals replace the Millennium Development Goals and are set on a 2016-2030 time frame.

Tenure
Tenure, as disclosed for the Management Board, Executive Committee and Supervisory Board, is calculated as the length of time members have been members of the applicable bodies.

For members of the Supervisory Board, their tenure includes their tenure in the Board of Directors of the former Delhaize Group, prior to their appointment to the Supervisory Board of Ahold Delhaize.

Tonnes of food waste donated
Includes only food products to feed people (excludes animal feed). It includes food donations to food banks and other food donations to feed people and excludes third-party donations (from customers, suppliers and associates).

Waste
Includes all waste, regardless of the waste management method (recycling, incineration or landfill). It is broken down by percentage sent to landfill, recycled and sent to incinerators that produce energy. Waste data covers all types of facilities (stores, DCs and offices). Information about all waste disposal methods has been determined through information provided by the waste disposal contractors.

Waste recycling
All methods that do not include sending waste to landfill or incineration. For food waste, this includes four methods: recycling through animal feed, recycling through biogas generation, composting and rendering. For other waste streams, such as cardboard, paper, plastic and other waste, recycling refers to applied methods for each specific waste type.

TERMS AND ABBREVIATIONS
In addition to the non-financial alternative performance measures defined above, the following concepts or terminologies are used in our *ESG statements* and elsewhere in this report.

amfori BSCI
The amfori Business Social Compliance Initiative (BSCI) is a non-profit organization that supports more than 1,000 international companies in the process of monitoring and improving working conditions in the global supply chain through its own auditing program.

AMS
AMS is an Amsterdam-based, non-profit, strategic buying alliance that currently works on behalf of nine top European food retailers. Since 1988, the alliance has been initiating, managing and coordinating joint-buying activities for its shareholders and, later, for EURO SHOPPER™ distributor members as well.

Biodiversity
The variety of plant and animal species on earth or as measured for a specific ecosystem. According to the Food and Agriculture Organization (FAO), biodiversity for food and agriculture is indispensable to food security and sustainable development. It supplies many vital ecosystem services, such as creating and maintaining healthy soils, pollinating plants, controlling pests and providing a habitat for wildlife, including for fish and other species that are vital to food production and agricultural livelihoods.

Deforestation and land conversion are closely linked to biodiversity.

Business Resource Group (BRG)
A BRG is a group of associates who join together in their workplace based on shared characteristics, life experiences, etc., to provide support, enhance career development and contribute to personal development and the feeling of belonging and inclusiveness in the work environment.

CapEx
Capital expenditure.

CDP
The Carbon Disclosure Project (CDP) is an international non-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

CGF
The Consumer Goods Forum (CGF) is an organization that brings consumer goods retailers and manufacturers together globally to help them collaborate, alongside other stakeholders, to secure consumer trust and drive positive change, including greater efficiency.

CSDDD
Corporate Sustainability Due Diligence Directive.

CSRD
Corporate Sustainability Reporting Directive.

Deforestation
Deforestation is a loss of natural forest as a result of:

1. Conversion to agriculture or other non-forest land use
2. Conversion to a tree plantation
3. Severe and sustained degradation

Defra
The UK Department for Environment, Food and Rural Affairs is responsible for environmental protection, food production and standards, agriculture, fisheries and rural communities in the United Kingdom.

Eligible economic activity
An EU Taxonomy-eligible activity refers to activities that are described in the EU Taxonomy Delegated Acts adopted pursuant to the six environmental objectives of the EU Taxonomy, irrespective of whether those economic activities meet the relevant technical screening criteria as laid down in those Delegated Acts.

ESG
The acronym stands for Environmental, Social and Governance.

ESMA
The European Securities and Markets Authority is an independent European Union Authority, whose purpose is to improve investor protection and promote stable, orderly financial markets.

DEFINITIONS AND ABBREVIATIONS

EU Taxonomy for sustainable activities (EU Taxonomy)

The EU Taxonomy is a classification system establishing a list of environmentally sustainable economic activities.

Geofencing

Geofencing is a type of location-based marketing and advertising by using of GPS or RFID technology it can create a virtual geographic boundary, enabling software to trigger a response when a mobile device enters or leaves a particular area.

GFSI

The Global Food Safety Initiative is a Consumer Goods Forum Coalition of Action that enables continuous improvement of food safety management across the supply chain, through benchmarking, collaboration and harmonization of food safety certification programs.

Global Support Office (GSO)

The name of Ahold Delhaize's headquarters, based in Zaandam, the Netherlands. The company also has regional offices in Brussels and Geneva, and some GSO associates work out of the U.S. brands.

GRC

The acronym refers to Governance, Risk Management and Compliance, covering an organization's approach across these three practices.

Greenhouse Gas (GHG) Protocol

The Greenhouse Gas (GHG) Protocol works with companies to develop standards and tools that help them measure, manage, report and reduce their emissions. The protocol covers the accounting and reporting of the six GHGs covered by the Kyoto Protocol and helps to increase the consistency and transparency in GHG accounting and reporting among various companies and GHG programs. For more information, see *ghgprotocol.org/corporate-standard*.

IPCC

The Intergovernmental Panel on Climate Change was created to provide policymakers with regular scientific assessments on climate change, its impacts and future risks and options for adaptation and mitigation.

JMR

The acronym refers to "JMR -Gestão de Empresas de Retalho, SGPS. S.A.," Ahold Delhaize's joint venture in Portugal operating stores under the Pingo Doce brand. The joint venture partner in JMR is Jerónimo Martins, SGPS, S.A.

Land conversion

Change of a natural ecosystem to another land use or profound change in a natural ecosystem's species composition, structure or function.

Deforestation is one form of land conversion (conversion of natural forests). Land conversion also includes severe degradation from the introduction of management practices that result in a substantial and sustained change in the ecosystem's former species composition, structure or function. A change to natural ecosystems that meets this definition is considered to be conversion, regardless of whether or not it is legal.

LGBTQ+

LGBTQ+ is an acronym for lesbian, gay, bisexual, transgender, queer or questioning and others. These terms are used to describe a person's sexual orientation or gender identity.

Location-based approach

The GHG Protocol scope 2 Guidance defines the location-based approach as "a method that reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data)."

Market-based approach

The GHG Protocol scope 2 Guidance defines the market-based approach as "a method that reflects emissions from electricity that companies have purposefully chosen (or their lack of choice). It derives emission factors from contractual instruments, which include any type of contract between two parties for the sale and purchase of energy bundled with attributes about the energy generation, or for unbundled attribute claims. Markets differ as to what contractual instruments are commonly available or used by companies to purchase energy or claim specific attributes about it, but they can include energy attribute certificates (RECs, GOs, etc.), direct contracts (for both low-carbon, renewable, or fossil fuel generation), supplier-specific emission rates and other default emission factors representing the untracked or unclaimed energy and emissions (termed the 'residual mix') if a company does not have other contractual information that meets the scope 2 Quality Criteria."

Materiality assessment

A materiality assessment is a formal exercise aimed at engaging external stakeholders to determine which environmental, social and governance (ESG) topics are important to them.

MEP

The acronym refers to multi-employer plan, which is a retirement savings plan adopted by two or more employers who are not related.

Net zero

A state of balance between anthropogenic greenhouse gas emissions and anthropogenic removals. Net zero GHG emissions must be achieved at the global level to stabilize temperature increase, and targets set using the Net-Zero Standard cover all UNFCCC/Kyoto GHG emissions.

The SBTi's Net-Zero Standard outlines what companies need to do to enable the global economy to achieve net zero. The Standard makes clear that corporate net-zero targets in line with keeping global warming to 1.5°C require rapid and deep emission reductions. Companies must take action to halve their emissions by around 2030. Likewise, long-term deep emissions cuts of at least 90% before 2050 are crucial for net-zero (Energy and Industrial) targets to align with science.

NGO

The acronym stands for non-governmental organization.

Non-eligible economic activity

A non-eligible economic activity means any economic activity that is not described in the EU Taxonomy Delegated Acts adopted pursuant to the six environmental objectives of the EU Taxonomy.

DEFINITIONS AND ABBREVIATIONS

Operations
Refers to business activities that are substantive and / or commercial activities.

OpEx
Operating expenditure.

Partner Platform network partners
Partner Platform network partners active on bol's platform, measured by the number of partners that have fulfilled at least one order in the last year, including orders followed by a cancellation.

Power purchase agreement (PPA)
A power purchase agreement (PPA), or electricity power agreement, is a contract between two parties, one that generates electricity (the seller) and one that is looking to purchase electricity (the buyer). The PPA defines all of the commercial terms for the sale of electricity between the two parties.

Science-based targets
Science-based targets provide a clearly-defined pathway for companies to reduce GHG emissions, helping prevent the worst impacts of climate change and future-proof business growth. Targets are considered "science-based" if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C. For more information please go to: *www.sciencebasedtargets.org*

Science Based Targets initiative (SBTi)
The Science Based Targets initiative (SBTi) is a global body enabling businesses to set ambitious emissions-reduction targets in line with the latest climate science. It is focused on accelerating efforts by companies across the world to halve emissions before 2030 and achieve net-zero emissions before 2050.

The initiative is a collaboration between CDP, the United Nations Global Compact (UNGC), World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) and one of the We Mean Business Coalition commitments. The SBTi defines and promotes best practices in science-based target setting, offers resources and guidance to reduce barriers to adoption, and independently assesses and approves companies' targets; see *www.sciencebasedtargets.org*.

It is the lead partner of the Business Ambition for 1.5°C campaign – an urgent call to action from a global coalition of UN agencies, business and industry leaders, mobilizing companies to set net-zero science-based targets in line with a 1.5°C future.

SBTi provides a framework to help specify how much and how quickly organizations need to reduce their GHG emissions to stay within the 1.5°C maximum rise in global temperature.

TCFD
Acronym refers to the Task Force on Climate-related Financial Disclosures which has developed a framework to help public companies and other organizations disclose climate-related risks and opportunities.

World Business Council for Sustainable Development (WBCSD)
WBCSD is a global, CEO-led community of over 200 of the world's leading sustainable businesses working collectively to accelerate the system transformations needed for a net-zero, nature-positive and more equitable future.

World Resources Institute (WRI)
The WRI is a global research organization that works with governments, businesses, multilateral institutions and civil society groups to develop practical solutions that improve people's lives and ensure nature can thrive.

They organize their work around seven global challenges: Food, Forests, Water, Energy, Climate, the Ocean and Cities. They analyze these issues through the lenses of their four Centers of Excellence: Business, Economics, Finance and Equity.

FINANCIAL ALTERNATIVE PERFORMANCE MEASURES

INTRODUCTION

This section includes the key reconciliations of our financial alternative performance measures (also known as non-GAAP measures). The descriptions of these financial alternative performance measures are included under *Definitions and abbreviations* in the *Appendix*.

FREE CASH FLOW

The reconciliation is included in *Cash flows* in the *Performance review* section.

NET DEBT

The reconciliation is included in *Financial position* in the *Performance review* section.

UNDERLYING OPERATING INCOME (EXPENSES)

The reconciliations are included in *Group key financial indications*, *Financial review by segment – United States* and *Financial review by segment – Europe* in the *Performance review* section.

UNDERLYING EBITDA

The reconciliation is included in *Group performance* in the *Performance review* section.

UNDERLYING INCOME FROM CONTINUING OPERATIONS

€ million, except per share data	2023	2022
Income from continuing operations	**1,874**	2,546
Adjustments to operating income	**758**	(40)
Tax effect on adjusted and unusual items	**(181)**	44
Underlying income from continuing operations	**2,451**	2,551
Underlying income from continuing operations for the purpose of diluted earnings per share	**2,451**	2,551
Basic income per share from continuing operations[1]	**1.95**	2.56
Diluted income per share from continuing operations[2]	**1.94**	2.54
Underlying income per share from continuing operations – basic[1]	**2.55**	2.56
Underlying income per share from continuing operations – diluted[2]	**2.54**	2.55

1. Basic and underlying earnings per share from continuing operations are calculated by dividing the (underlying) income from continuing operations attributable to equity holders by the average numbers of shares outstanding. The weighted average number of shares used for calculating the basic and underlying earnings per share for 2023 is 962 million (2022: 995 million).
2. The diluted earnings per share from continuing operations and diluted underlying EPS are calculated by dividing the diluted (underlying) income from continuing operations by the diluted weighted average number of shares outstanding. The diluted weighted average number of shares used for calculating the diluted underlying EPS for 2023 is 966 million (2022: 1,001 million).

APPENDIX
FINANCIAL ALTERNATIVE PERFORMANCE MEASURES

ONLINE SALES
The difference between online sales and net consumer online sales is third-party online sales, as shown below.

Group

€ million	2023	2022	% change
Online sales in grocery	**6,059**	5,855	3.5%
Other online sales	**2,956**	2,763	7.0%
Online sales	**9,015**	8,618	4.6%
Third-party online sales	**2,850**	2,705	5.4%
Net consumer online sales	**11,865**	11,323	4.8%

The United States

€ million	2023	2022	% change
Online sales in grocery	**4,247**	4,157	2.2%
Other online sales	**—**	—	—%
Online sales	**4,247**	4,157	2.2%
Third-party online sales	**—**	—	—%
Net consumer online sales	**4,247**	4,157	2.2%

Europe

€ million	2023	2022	% change
Online sales in grocery	**1,812**	1,698	6.7%
Other online sales	**2,956**	2,763	7.0%
Online sales	**4,768**	4,461	6.9%
Third-party online sales	**2,850**	2,705	5.4%
Net consumer online sales	**7,618**	7,166	6.3%

COMPARABLE SALES
Comparable sales reconciles to net sales, as shown below.

Group

€ million	2023	2022	% change
Net sales	**88,649**	86,984	1.9 %
Adjustments to comparable sales	**(1,218)**	(2,546)	(52.2)%
Comparable sales	**87,431**	84,438	3.5%
Gas sales	**(1,066)**	(1,295)	(17.7)%
Comparable sales (ex gas)	**86,365**	83,143	3.9%
Weather and calendar impact	**(31)**	(371)	(91.7)%
Comparable sales (ex gas, weather and calendar)	**86,334**	82,773	4.3%

The United States

€ million	2023	2022	% change
Net sales	**54,536**	55,218	(1.2)%
Adjustments to comparable sales	**(172)**	(1,834)	(90.6)%
Comparable sales	**54,364**	53,383	1.8%
Gas sales	**(1,066)**	(1,295)	(17.7)%
Comparable sales (ex gas)	**53,298**	52,088	2.3%
Weather and calendar impact	**(23)**	(364)	(93.7)%
Comparable sales (ex gas, weather and calendar)	**53,275**	51,724	3.0%

Europe

€ million	2023	2022	% change
Net sales	**34,113**	31,767	7.4 %
Adjustments to comparable sales	**(1,046)**	(712)	47.0 %
Comparable sales	**33,067**	31,055	6.5%
Gas sales	**—**	—	— %
Comparable sales (ex gas)	**33,067**	31,055	6.5%
Weather and calendar impact	**(8)**	(7)	6.6 %
Comparable sales (ex gas, weather and calendar)	**33,059**	31,048	6.5%

FINANCIAL ALTERNATIVE PERFORMANCE MEASURES

CONSTANT EXCHANGE RATES

In the tables below, we show the movements at actual exchange rates versus the movements at constant exchange rates.

Group

	2023 vs 2022		
% movement	At actual exchange rates	Impact of exchange differences	At constant exchange rates
Net sales	**1.9 %**	1.9 pp	3.8%
Online sales	**4.6 %**	1.4 pp	6.1%
Net consumer online sales	**4.8 %**	1.1 pp	5.9%
Operating income	**(24.5)%**	1.6 pp	(22.9)%
Operating margin	**(1.1)%**	— pp	(1.1)%
Income from continuing operations	**(26.4)%**	1.5 pp	(24.9)%
Net income	**(26.4)%**	1.5 pp	(24.9)%
Underlying operating income	**(3.3)%**	2.1 pp	(1.2)%
Underlying operating margin	**(0.2)%**	— pp	(0.2)%
Basic EPS	**(23.9)%**	1.6 pp	(22.3)%
Diluted EPS	**(23.7)%**	1.6 pp	(22.2)%
Underlying EPS	**(0.6)%**	2.2 pp	1.6%
Diluted underlying EPS	**(0.4)%**	2.2 pp	1.8%
Free cash flow	**10.8 %**	2.4 pp	13.2%
Online sales in grocery	**3.5%**	2.1 pp	5.6%

The United States

	2023 vs 2022		
% movement	At actual exchange rates	Impact of exchange differences	At constant exchange rates
Net sales	**(1.2)%**	3.0 pp	1.8%
Online sales	**2.2%**	3.0 pp	5.1%
Net consumer online sales	**2.2%**	3.0 pp	5.1%
Operating income	**(21.5)%**	2.4 pp	(19.1)%
Operating margin	**(1.0)%**	— pp	(1.0)%
Underlying operating income	**(1.9)%**	3.2 pp	1.3%
Underlying operating margin	**— %**	— pp	— %
Online sales in grocery	**2.2%**	3.0 pp	5.1%

Europe

	2023 vs 2022		
% movement	At actual exchange rates	Impact of exchange differences	At constant exchange rates
Net sales	**7.4%**	(0.2) pp	7.2%
Online sales	**6.9%**	— pp	6.9%
Net consumer online sales	**6.3%**	— pp	6.3%
Operating income	**(25.9)%**	(0.1) pp	(26.0)%
Operating margin	**(1.1)%**	— pp	(1.1)%
Underlying operating income	**(1.0)%**	(0.2) pp	(1.2%)
Underlying operating margin	**(0.3)%**	— pp	(0.3)%
Online sales in grocery	**6.7%**	— pp	6.7%

NET CAPITAL EXPENDITURES

The reconciliation is included in *Capital investments and property overview* in the *Performance review* section.

CAUTIONARY NOTICE

This Annual Report includes forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. Words and expressions such as goal, reduc(e)/(ing)/(tion), further, step(s), help(ing)/(s), support(ing), advanc(e(d))/(ing), ensur(e)/(ing), continu(ously)/(e)/(es)/(ed), contribut(es)/(ing), aim(s)/(ing), commit(ment)/(ted), project, immersive, will, challenge(s), constant, change, remarkable, achieve(ments)/achieving, key, focus(ed), plan(s), subject to, progress, pursue, strategy, believe(s), offer, need, lead(er)/(ing), work(ing) to/toward(s)/on, striv(ing)/(e), accelerat(e)/(ing), maintain(ing), improve, proposition, enables, future, expect(ed)/(ations), see(ing), opportunit(y)/(ies), count on, remain(s), milestone, intention, successfully, ambit(ion(s))/(ious), journey, through(out), must, increas(ing(ly))/(e)/(ed), impact(ing), look(ing) at/to, driv(ing)/(e), expand(ing), grow(th), by, 2050, strong(er), 2030, pressure, keep(s)/(ing), solid, create(e)/(ing), values, priorities, outlines, strength(ened), introduc(ed)/(ing), imperative, transparent, approach, may, develop(ment), align(s)/(ed), main(ly), 2025, potential(ly), risk(s), ongoing, provide, better, encourage, to become, aspir(e(s))/(ation), build, beyond, 2040, responsibility, can, difference, want(s), realize, target(s), momentum, views, could, policy, propose, outlook, consistent, should, position, anticipate, translates, implement, consider(ed), estimate, uncertaint(y)/(ies), stay, reach, short-term, medium-term, long-term, mitigat(e)/(ing), assumptions, considerations, in our view, inspire, shall, from time to time, active(ly) or other similar words or expressions are typically used to identify forward-looking statements.

Forward-looking statements are subject to risks, uncertainties and other factors that are difficult to predict and that may cause the actual results of Koninklijke Ahold Delhaize N.V. (the “Company”) to differ materially from future results expressed or implied by such forward-looking statements.

Such factors include, but are not limited to, risks relating to the Company’s inability to successfully implement its strategy, manage the growth of its business or realize the anticipated benefits of acquisitions; risks relating to competition and pressure on profit margins in the food retail industry; the impact of economic conditions, including high levels of inflation, on consumer spending; changes in consumer expectations and preferences; turbulence in the global capital markets; political developments, natural disasters and pandemics; wars and geopolitical conflicts; climate change; energy supply issues; raw material scarcity and human rights developments in the supply chain; disruption of operations and other factors negatively affecting the Company’s suppliers; the unsuccessful operation of the Company’s franchised and affiliated stores; changes in supplier terms and the inability to pass on cost increases to prices; risks related to environmental, social and governance matters (including performance) and sustainable retailing; food safety issues resulting in product liability claims and adverse publicity; environmental liabilities associated with the properties that the Company owns or leases; competitive labor markets, changes in labor conditions and labor disruptions; increases in costs associated with the Company’s defined benefit pension plans; ransomware and other cybersecurity issues relating to the failure or breach of security of IT systems; the Company’s inability to successfully complete divestitures and the effect of contingent liabilities arising from completed divestitures; antitrust and similar legislation; unexpected outcomes in the Company’s legal proceedings; additional expenses or capital expenditures associated with compliance with federal, regional, state and local laws and regulations; unexpected outcomes with respect to tax audits; the impact of the Company’s outstanding financial debt; the Company’s ability to generate positive cash flows; fluctuation in interest rates; the change in reference interest rate; the impact of downgrades of the Company’s credit ratings and the associated increase in the Company’s cost of borrowing; exchange rate fluctuations; inherent limitations in the Company’s control systems; changes in accounting standards; inability to obtain effective levels of insurance coverage; adverse results arising from the Company’s claims against its self-insurance program; the Company’s inability to locate appropriate real estate or enter into real estate leases on commercially acceptable terms; and other factors discussed in the Company’s public filings and other disclosures.

Forward-looking statements reflect the current views of the Company’s management and assumptions based on information currently available to the Company’s management. Forward-looking statements speak only as of the date they are made, and the Company does not assume any obligation to update such statements, except as required by law.

In this report, the term “materiality,” “material,” and similar terms, when used in the context of economic, environmental, social, and governance topics, are defined in the referenced sustainability standards, and are not meant to correspond to the concept of materiality under prevailing securities laws or stock exchange listing requirements.

Outside the Netherlands, Ahold Delhaize presents itself under the name “Royal Ahold Delhaize” or “Ahold Delhaize.” For the reader’s convenience, “Ahold Delhaize,” the “Company,” the “company,” “Ahold Delhaize Group,” “Ahold Delhaize group” or the “Group” are also used throughout this Annual Report. The Company’s registered name is “Koninklijke Ahold Delhaize N.V.”

Nielsen’s information as included in this Annual Report does not constitute a reliable independent basis for investment advice or Nielsen’s opinion as to the value of any security or the advisability of investing in, purchasing or selling any security.