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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.

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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	
	€ million	Tax rate
Income before income taxes	**2,300**	
Income tax expense at statutory tax rate	**(593)**	**25.8%**
Adjustments to arrive at effective income tax rate:		
Rate differential (local rates versus the statutory rate of the Netherlands)	**115**	**(5.0)%**
Deferred tax income (expense) related to recognition of deferred tax assets – net	**(9)**	**0.4%**
Non-taxable income (expense)	**18**	**(0.8)%**
Other	**13**	**(0.6)%**
Total income taxes	**(456)**	**19.8%**

	2022	
	€ million	Tax rate
Income before income taxes	3,216	
Income tax expense at statutory tax rate	(830)	25.8%
Adjustments to arrive at effective income tax rate:		
Rate differential (local rates versus the statutory rate of the Netherlands)	107	(3.3)%
Deferred tax income (expense) related to recognition of deferred tax assets – net	3	(0.1)%
Non-taxable income (expense)	(16)	0.5%
Other	23	(0.7)%
Total income taxes	(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 follows:

€ 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:

	The Netherlands		The United States		Rest of world		Total	
€ million	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	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		January 1, 2023, restated	
	Carrying amount	Fair value	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		Notional amount
		Assets	Liabilities	
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

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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

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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.

INTRODUCTION

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

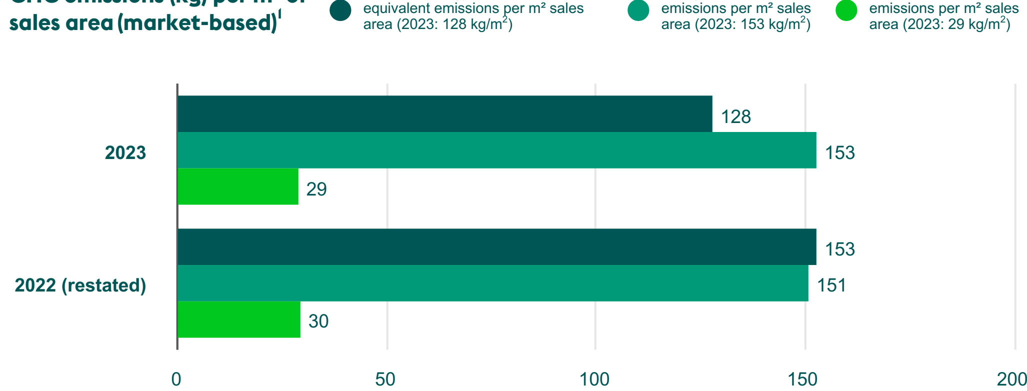
1 Includes renewable electricity produced on site and used on site of 24 million kWh (2022: 19 million kWh) and renewable electricity produced on site and exported to grid of 13 million kWh (2022: 11 million kWh); the latter is excluded from scope 1 and 2 calculations
2 Includes Guarantee of Origin certificates 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.

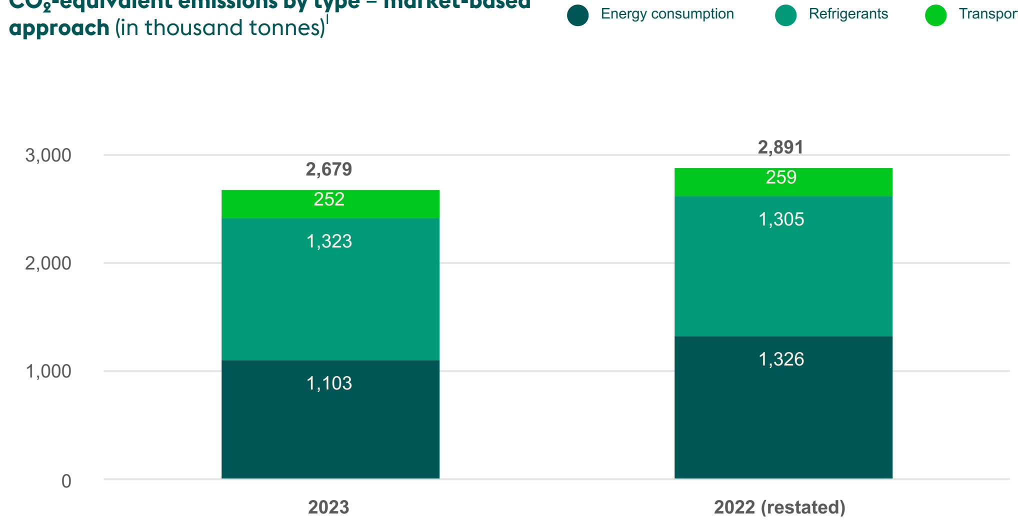
GHG emissions (kg) per m² of sales area (market-based)[1]



1 The 2022 figures have been restated; see "*Restatement of prior year figures and adjustments to baseline*" for more information.

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.

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.

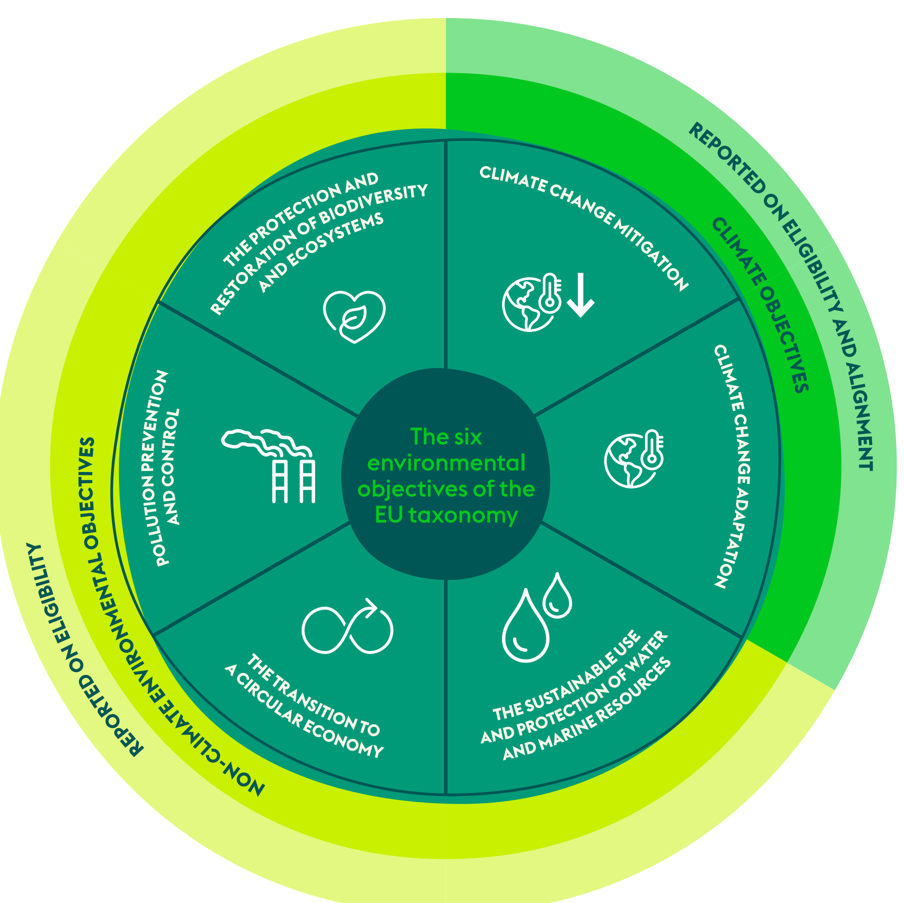
In 2023, we reassessed which ESG ratings are most relevant to Ahold Delhaize, based on investor and other stakeholder feedback, peer and industry analysis, and external research. We considered the transparency, quality, usefulness and coverage of rating methodologies and the efforts required by companies, 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.

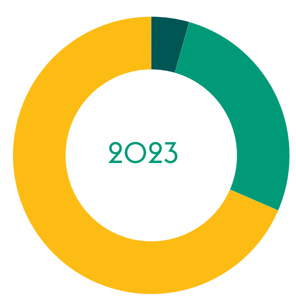
EU TAXONOMY FOR SUSTAINABLE ACTIVITIES (EU TAXONOMY)

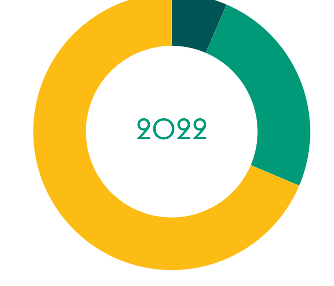
Capital expenditure (CapEx)

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





2023	
Eligible and aligned CapEx	4%
Eligible but not aligned CapEx	27%
Non-eligible CapEx	68%

2022	
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)

Economic activities (1)	Code(s) (2)	Allocate turnover (3)	Proportion of turnover (4)	Substantial contribution criteria: Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	DNSH criteria ("Does Not Significantly Harm"): 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)
		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%		

EU TAXONOMY FOR SUSTAINABLE ACTIVITIES (EU TAXONOMY)

CapEx (Amounts in € million)

Economic activities (1)	Code (s) (2)	Allocate CapEx (3)	Proportion of CapEx (4)	Substantial contribution criteria: Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Does not significantly harm (DNSH) criteria: 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. 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)

Economic activities (1)	Code (s) (2)	Allocate CapEx (3)	Proportion of CapEx (4)	Substantial contribution criteria: Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Does not significantly harm (DNSH) criteria: 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*

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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.

OTHER INFORMATION
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.

AUDIT REPORT ON THE FINANCIAL STATEMENTS

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

AUDIT REPORT ON 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 ON THE ESG INFORMATION

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.