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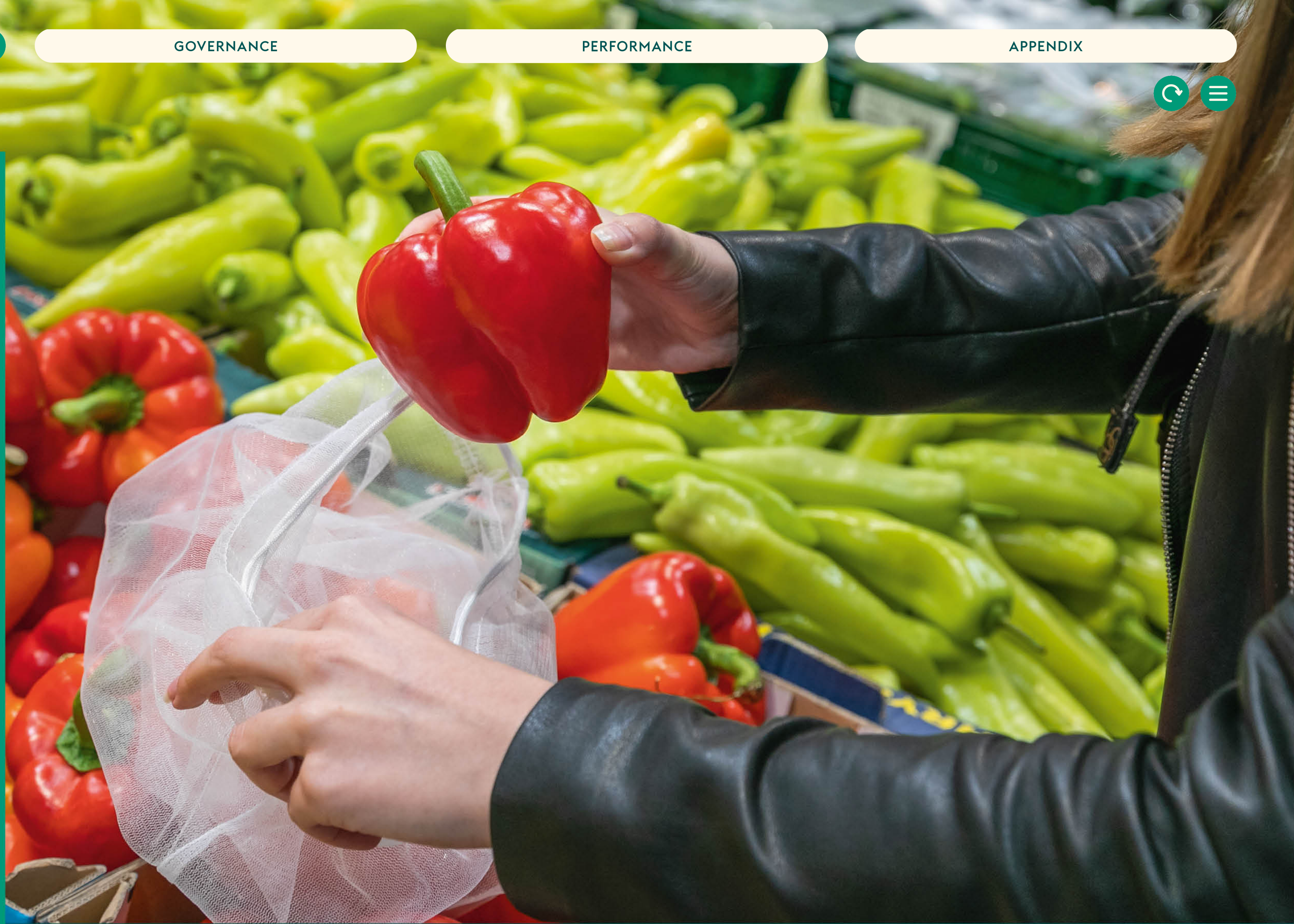


LOCAL MATTERS

Albert Czech Republic

GROUP HIGHLIGHTS

NET SALES[1]

€87.0bn ^ 15.1%

2021: €75.6bn
(+6.9% at constant rates)

NET CONSUMER ONLINE SALES

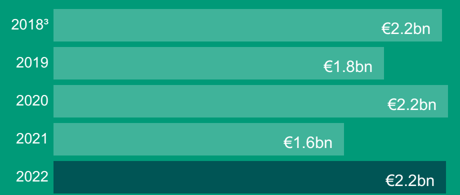
€11.3bn ^ 8.9%

2021: €10.4bn
(+4.9% at constant rates)

FREE CASH FLOW[2]

€2.2bn ^ 35.2%

2021: €1.6bn



DIVIDEND PER COMMON SHARE

€1.05 ^ 10.5%

2021: €0.95
(40% of net profit)

NET INCOME

€2.5bn ^ 13.4%

2021: €2.2bn

UNDERLYING OPERATING INCOME

€3.7bn ^ 11.9%

2021: €3.3bn

UNDERLYING OPERATING INCOME MARGIN

4.3% ˅ (0.1) pp

2021: 4.4%

DILUTED INCOME PER SHARE FROM CONTINUING

€2.54 ^ 17.2%

2021: €2.17

DILUTED UNDERLYING INCOME PER SHARE FROM CONTINUING OPERATIONS

€2.55 ^ 16.5%

2021: €2.19

OWN-BRAND FOOD SALES FROM HEALTHY PRODUCTS[4]

54.4% ^ 1 pp

2021: 53.4%

REDUCTION IN FOOD WASTE (T/€ MILLION)[4,5]

33% ^ 13 pp

2021: 20%
2022: 3.38 t/€ million

REDUCTION IN ABSOLUTE CO_2-EQUIVALENT EMISSIONS (SCOPE 1 AND 2)[4,6]

32% ^ 1 pp

2021: 31%
2022: 2,837 kt

ASSOCIATE ENGAGEMENT SCORE

79% = Maintain

2021: 79%
Industry benchmark: 77%

MSCI INDEX

AA = Maintain

2021: AA

1 Ahold Delhaize's 2018, 2019, 2021 and 2022 fiscal year consisted of 52 weeks, while 2020 consisted of 53 weeks.
2 In 2022, after €2.5 billion cash capital expenditure (2021: after €2.4 billion cash capital expenditure).
3 The 2018 figures have been restated for the change of accounting policies (IFRS 16 Leases).
4 The 2021 figure was restated, see *ESG statements* for more information.
5 The reduction is measured against the restated 2016 baseline: 5.09 t/€ million. See *ESG statements* for more information.
6 The reduction is measured against the restated 2018 baseline: 4,164 thousand tonnes CO_2-equivalent emissions. See *ESG statements* for more information.

FRANS MULLER, PRESIDENT AND CEO OF AHOLD DELHAIZE

Q&A WITH OUR CEO

We talked to Frans Muller about how being a family of great local brands helped us continue to meet the needs of all our stakeholders during another challenging year.

Q It's been another challenging year around the world – looking back, how has the company responded?

It was indeed a difficult year, that put a lot of strain on associates and communities – particularly as a result of the war in Ukraine. Having worked in Ukraine and Russia earlier in my career, I felt great sadness and shock as I watched events unfold. I'm grateful to, and proud of, the people in our brands, particularly in Romania and the Czech Republic, who offered comfort, food and other necessary supplies, shelter and work to civilians fleeing violence.

We also saw the impact on people's mental well-being – which was already under pressure after two difficult years of the COVID-19 pandemic. The war created uncertainty, fear and a feeling of powerlessness for many. Our brands worked hard to support associates, continuing to invest into mental health and overall well-being.

The wider impact of the war was felt across the world, but particularly in Europe, where we saw unprecedented inflation, rising commodity prices and soaring energy prices. What helped us to adapt is our unique strength as a family of great local brands and our proven Leading Together strategy. Our brands worked hard to keep prices as low as possible for customers and support local communities – while implementing cost-savings programs to control margin pressure, particularly in Europe. Our buying and merchandising teams did an amazing job. They negotiated firmly with suppliers and left no stone unturned to ensure we could continue to provide realistic prices, even in these challenging times. I'm very grateful for their hard work on behalf of customers. This is a responsibility all companies across the food supply chain need to take.

I want to thank all of my colleagues for putting customers and communities first during the year, especially while facing their own challenges. As we continue to navigate through choppy waters, I feel confident that together we've built a strong ship that can weather the storm. We laid a solid groundwork in 2022, guided by our Leading Together strategy, and we have great teams and the right knowledge and expertise to face whatever comes next.

Q&A WITH OUR CEO

How are our great local brands adapting to this volatile environment?

During the year, our brands focused on keeping healthy groceries affordable for customers. They invested in local communities and associates, along with strategic projects in digitalization, sustainability and store remodeling. We worked hard to balance the needs of all stakeholders, and ensure our brands could keep caring for customers and communities during these challenging times.

I already mentioned tougher supplier negotiations by our buying teams. There are many other examples of how our brands are keeping healthy food as affordable as possible. One I'm especially proud of, and that shows the value of collaboration, was the adoption of Albert Heijn's price favorite program by our other European brands. This program supports customers by providing the best prices on high-quality everyday products.

During the pandemic, we saw people cooking at home more and enjoying the convenience of our brands' ready-to-eat ranges. This year, our brands built on that trend by expanding their ranges, enhancing the affordability of their convenient meal solutions and finding other ways to help customers manage their spending. For example, all our brands provided online recipes and cost calculations to help customers cook fresh and healthy meals on a budget.

Our brands also continued to expand their own-brand assortments, which I'm proud to see growing stronger every day. And they used their highly tailored omnichannel loyalty programs to provide personalized offers and solutions relevant to customers at every step of the shopping journey.

In line with our shared values, our brands showed they care for people across their communities in many other ways. As a total company, we donated €218 million in cash and equivalent donations, such as food and products, to charitable organizations. Food Lion Feeds reached an important milestone in 2022 when it donated its one billionth meal, and Albert became the largest food donor in the Czech Republic during the year.

How did this environment influence Ahold Delhaize's financial results?

We felt the brunt of the external headwinds – such as rising energy and raw materials prices – in our European businesses. This impacted margin here, and we are working to bring it back to normal levels over time. While our U.S. brands were also affected, to a lesser extent, they were able to weather these headwinds better due to a stronger U.S. economy, higher consumer confidence and more energy self-sufficiency.

With many factors outside of our control in 2022, we focused on things we could control, for the benefit of customers, communities and our company.

While the magnitude of inflation made it impossible to avoid raising prices, our brands were able to absorb part of the cost increases relating to energy, transport and labor by accelerating their work on our Save for Our Customers programs – delivering record-high savings of €979 million. This enabled us to continue to invest in better customer propositions and keep shelf prices as low as possible.

One person who has been passionate about driving our Save for Our Customers program is our CFO, Natalie Knight. In light of her decision in early 2023 to leave the company and return home to the U.S., I'd like to thank her for her contributions to our company. We wish her all the best in the future.

In our Annual Report 2021, I mentioned our planned sub-IPO to fuel bol.com's growth potential. However, during this turbulent past year, we announced that we had decided to suspend the intention to sub-IPO bol.com in 2022 and would revisit when equity market conditions are more conducive.

> "During the year, our brands focused on keeping healthy groceries affordable for customers."

Q&A WITH OUR CEO

Q The theme of this year's Annual Report is 'Local matters' – why is this an especially important message for 2022?

To us, local is not just about geography. It's about communities – and our deep connections to them through our great local brands. It's about offering people jobs in the neighborhood, while supporting local charities and institutions they care about. It's about our ambition to be 100% gender balanced, 100% reflective of our communities and 100% inclusive.

The concept that local matters is at the center of our vision to create the leading local food shopping experience and our purpose to help people eat well, save time and live better. It's part of everything we do. We are proud to operate the great local brands that customers love and trust – brands deeply rooted in their communities for generations.

We believe that local is the right strategy for us, and what makes us unique. A high relative market share combined with brand strength is, in our view, the winning combination.

And our customers appreciate us for it; we see that more than ever in these challenging times. Year after year, our brands have connected with customers, supported causes important to their communities and provided healthy and affordable food. We believe that people remember this, they trust us for it, and they come to us in times of crisis as a result.

Q What is the value for our local brands in being part of an international company?

Our unique portfolio of brands, operating across different markets in the U.S. and Europe, gives us some big advantages. We can leverage skills across the brands – for example, by sharing learnings from a program or initiative that's proven successful at one brand to be locally adapted and very quickly implemented at another. Our ability to collaborate makes us more agile and gives us better speed to market.

A good example of this is the AB Plus loyalty program. It was first implemented as the SuperPlus program at Delhaize Belgium and later rolled out at Alfa Beta in Greece. Our Digital and Tech teams adapted most of the SuperPlus functionalities into AB Plus, leveraging the existing technology and knowledge, and added even more capabilities. Since its launch in September 2022, the program has quickly gained popularity. Within the first few weeks, the AB app ranked among the top trending apps in Greece, with 180,000 new user registrations and 280,000 active users in December 2022.

We are working to unlock even more value by leveraging our transatlantic and regional scale. We have launched several projects that are helping us transform our omnichannel offering by combining our skills on both sides of the ocean to find solutions and opportunities in areas like mechanization, retail media services, payments and last-mile and multi-fulfillment orchestration.

Across Europe, we are working together to maximize our brands' customer value propositions, leverage our scale and build strong ecosystems between brands. For example, our teams in Central and Southeastern Europe are making strong progress on a joint strategy to accelerate growth. It leverages the brands' proximity, addresses the similar challenges they face and helps them be better for customers and communities. We also see regional examples of the ecosystems evolving in the Benelux.

In the U.S., we are uniquely organized to effectively deliver the Connected Customer Strategy. By providing innovative solutions to leverage scale and expertise through our Ahold Delhaize USA support organizations, the local brands can focus on serving customers.

> “To us, local is not just about geography. It's about communities – and our deep connections to them through our great local brands.”

This strategy owes much to our CEO Ahold Delhaize USA Kevin Holt, who has, among other things, led our omnichannel transformation in the U.S. I'm grateful for his service and wish him all the best in his retirement later in 2023. To succeed Kevin, we're pleased to be nominating JJ Fleeman, our current President & Chief E-commerce Officer at Peapod Digital Labs, for appointment to the Management Board at our General Meeting of Shareholders in April.

We're strengthening our portfolio through mergers and acquisitions and strategic partnerships, such as Albert Heijn's partnership with Jan Linders Supermarkets in the Netherlands and our investments in advertising technology company Adhese. This supports us in creating an ecosystem of great local brands that lead together.

Q&A WITH OUR CEO

Q In addition to strengthening the portfolio, what are some of your other most pressing priorities?

While our growth drivers remain the foundation of our long-term strategy, we've also introduced four priorities that represent the concrete steps we will take in the next three years – through 2025.

First, we want to build deeper digital relationships with our customers – this is key to our brands' future competitiveness. One example is Delhaize Serbia's successful development of its My Maxi loyalty app. The encrypted data collected through the app is turned into useful insights, enabling the brand to offer personalized services that enhance the customer experience, such as by expanding the number of visible promotions. The app gained half-a-million users after only a few months, and was ranked number one on the app store charts, beating apps like TikTok.

Next, we are working to lead the transformation to a healthy and sustainable food system. In 2022, we focused intensely on providing affordable healthy choices to our brands' customers. We cemented our commitment to reducing carbon emissions from our operations (scope 1 and 2). And we strengthened our target for reducing (scope 3) emissions across the value chain.

I've already mentioned the third focus area – the work we're doing to strengthen our portfolio and create an ecosystem of great local brands that lead together.

And finally, we continue to accelerate our omnichannel transformation to be the best local operators and enable customers to shop whenever and wherever they want. Part of this is improving the profitability of our e-commerce business, something we took good strides forward on in 2022. For example, bol.com expanded its fulfillment center in Waalwijk, the Netherlands, to help support its growth and continue to provide good service at increasing volumes. The brand also acquired a majority stake in Cycloon, which delivers bol.com packages to Dutch customers on emissions-free cargo bikes.

These four priorities are enabled by technology and amazing associates – we cannot achieve any of it without them.

As our digital and technology agenda becomes more important – and more costly – we want to spread these investments over more sales by leveraging our scale. In addition, we are building additional revenue streams. In the U.S., Peapod Digital Labs announced plans in 2022 to create an end-to-end, in-house retail media business, building on the existing AD Retail Media network. Our investment in Adhese in Europe will also drive the development of digital advertising opportunities.

When it comes to nurturing the best talent, we know that employing great people and giving them opportunities to grow is crucial to our success. We are investing to develop people and teams, build the skills necessary to address customers' needs and prepare our teams for change. Ensuring their mental health and overall well-being is a priority. We also continue investing in inclusive leadership and making sure everyone is heard and valued and finds purpose in their work.

Q&A WITH OUR CEO

Last year you set more ambitious targets on climate and healthier sales – how have you performed?

Even during challenging times, we believe it's important to keep making progress on our Healthy and Sustainable strategy. We are committed to reducing our scope 1 and 2 emissions and to becoming net zero in our own operations in 2040. In 2022, we strengthened our CO_2 emissions-reduction target for our entire value chain (scope 3) to at least 37% by 2030 and reiterated our commitment to become net zero in the entire value chain by 2050. This was a big decision for us. But we feel it reflects our responsibility to use our influence across the value chain to support the transition to a healthy and sustainable food system. It also brings us in line with the UN's goal of keeping global warming below 1.5°C.

I'm proud that our Healthy and Sustainable strategy is bringing real benefits to customers, especially in providing healthy and affordable food. For example, several brands now offer dynamic pricing for products approaching their sell-by dates. This helps reduce food waste while benefiting customers' wallets. Albert Heijn expanded access to Nutri-Score guidance by making it visible on electronic price tags for 6,000 products and adding it to its app and e-commerce site.

Hannaford in the U.S. launched its "Eat Well, Be Well – A Path to Better Health" initiative, which will provide $1.5 million in funding to non-profit organizations to host programs that increase access to healthy, fresh food tailored to the specific needs of an individual's health conditions, as well as nutrition education.

Giant Food partnered with circular reuse platform Loop to offer shoppers products in reusable packaging. And Albert became the first retailer in the Czech Republic to test a hydroponic system growing herbs and leafy vegetables right on the shop floor.

To ensure that sustainability is fully represented at the Executive Committee level, we appointed a Chief Sustainability Officer, Jan Ernst de Groot, during the year.

You've said that creating a workforce that reflects the diversity of customers is an important priority. How is the company doing on this?

I feel very strongly about ensuring we're an inclusive company, where people find equal opportunities to grow, and where everyone feels free to bring their true selves to work and to shop with our brands.

We're not there yet, but we are working hard to reach our ambitious diversity, equity and inclusion (DE&I) aspiration to be 100% gender balanced, 100% reflective of our communities and 100% inclusive – and to be transparent about our journey. I'm pleased that in the past year, we saw our inclusiveness index go up by one percentage point, and the appreciation for our development opportunities rose by three percentage points.

Two important areas where we've made progress this year are in pay parity and Business Resource Groups, or BRGs. Our brands are conducting gender pay research and pay equity analyses and implementing action plans to eliminate disparities. Our BRGs have gone from strength to strength across our brands and are at the forefront of advocating positive change. AD Pride in the Netherlands is one of the newest, and is committed to making positive advancements within the group of associates that identify as part of the LGBTQ+ community.

While it's nice to have aspirations, we know the importance of measuring our progress. We've been pleased to see gender representation increase across our senior leaders (VP and above) from 27% to 33% in 2022. We still have a long way to go; however, we are convinced we are building momentum, not only in representation but in overall understanding about how diverse teams are better for the business and customers.

We also published our second Human Rights Report in 2022 – a big milestone for us. During a time when our world is facing extreme geopolitical challenges, we feel more than ever the weight of our responsibility to contribute to a more equitable society that recognizes and respects human rights.

I'm excited that we've brought on board a real champion of DE&I in our Chief Human Resources Officer Natalia Wallenberg, who joined the company in January 2022. She's already brought fresh perspectives and energy to our drive to become a more diverse, equitable and inclusive company.

What are your expectations for the year ahead?

We expect the year ahead to remain challenging, so it is crucial we keep doing the right thing for customers, communities and associates. We laid the groundwork for this in 2022 and have a strong strategy guiding us forward. We will keep anticipating the headwinds and opportunities to come in 2023 and balancing the interests of all our stakeholders – delivering good results for customers, associates, communities and investors. Thanks to our balanced portfolio, spread across the U.S. and a more challenged Europe, we expect to be able to achieve this.

So, in 2023, we will stay focused on our omnichannel customer experience. We will continue to pursue our environmental, social and governance performance and our healthy and sustainable ambitions. This includes working towards our scope 1, 2 and updated scope 3 targets, transitioning to renewable energy, increasing the sale of healthy food, and reducing food waste and use of virgin plastics.

And we will strengthen the portfolio of great local brands that helps us reach all of these goals. Together, we will keep our eyes open for the right M&A targets, deliver on the external commitments we've made and collaborate more closely to leverage the strength of our Leading Together strategy.

By continuing to work together across our family of brands, while showing how much local matters in all we do, I'm confident we'll continue to meet the demands of the future and remain the choice for customers in all our brands' markets.

YEAR IN REVIEW

JANUARY

Albert Heijn expands Nutri-Score ratings to electronic price tags, consumer app and ah.nl.

Ahold Delhaize USA brands are recognized again as Best Places to Work for LGBTQ+ Equality, earning perfect scores on the Human Rights Campaign Foundation's 2022 Corporate Equality Index (CEI).

HUMAN RIGHTS CAMPAIGN FOUNDATION 2022 BEST PLACES TO WORK for LGBTQ+ Equality 100% CORPORATE EQUALITY INDEX

FEBRUARY

Ahold Delhaize commences multiple efforts to provide humanitarian aid to civilians affected by the war in Ukraine.

Delhaize Serbia launches My Maxi loyalty app nationally.

Delhaize hits milestone of having largest home delivery network in Belgium.

MARCH

Albert Heijn and bol.com are recognized among the most sustainable brands in the Netherlands by the 2022 Sustainable Brand Index™.

APRIL

Hannaford commits to 100% renewable energy by 2024.

Albert in the Czech Republic promotes organic products for the same price as conventional branded products.

MAY

Jessica Fisher (The GIANT Company) receives the store manager of the year leadership award. She is recognized for the difference she makes to the brand, her colleagues and the community they serve.

Ahold Delhaize Leadership Award

JUNE

Ahold Delhaize publishes its second Human Rights Report.

Stop & Shop announces it will invest $140 million in its New York City stores to improve the shopping experience for local customers.

Delhaize launches Little Lions campaign to support customer purchasing power by highlighting 500 basic own-brand products at new, more competitive prices.

$140 MILLION
invested in NYC stores

TIMELINE CONTINUES ON NEXT PAGE

YEAR IN REVIEW

JULY

The GIANT Company donates $1.1 million to the Rodale Institute, a global nonprofit dedicated to growing the organic movement through research, farmer training and consumer education.

$1.1 MILLION

Donated to Rodale Institute

Alfa Beta launches "Price Favorite products – Low Prices Every Day" campaign.

Fresh Direct celebrates its 20-year anniversary with a summer of celebrations and customer promotions.

AUGUST

bol.com welcomes its

50,000TH

sales partner

Ahold Delhaize maintains its strong AA MSCI ESG rating for the second consecutive year, on the basis of its resilience to long-term environmental, social and governance (ESG) risks and how well it managed those risks relative to peers.

SEPTEMBER

Delhaize opens largest wine bottling plant in the Benelux.

Albert becomes the first retailer in the Czech Republic to test a hydroponic system that grows herbs and vegetables in stores.

OCTOBER

Ahold Delhaize acquires minority stake in advertising technology company Adhese to accelerate digital advertising solutions for B2B partners.

Peapod Digital Labs expands partnerships and brings media network for Ahold Delhaize USA brands in-house, building on its existing AD Retail Media Network.

Giant Food launches circular reuse platform, Loop.

NOVEMBER

We announce that Food Lion has reached one decade of consecutive quarters of positive comparable sales growth.

Ahold Delhaize sets updated CO_2 emissions reduction targets for its entire value chain, in line with the UN goal of keeping global warming below 1.5°C.

DECEMBER

Ahold Delhaize maintains its position as a leader in the Dow Jones Sustainability World Index.

Jan Linders Supermarkets and Albert Heijn partner, with family business Jan Linders operating as an Albert Heijn franchisee.

WAR IN UKRAINE: IMPACT AND OUR RESPONSE

Few developments in 2022 impacted our business and people across our brands' markets more than the war in Ukraine. The most devastating impacts, of course, were within Ukraine, where countless lives were lost, and homes, businesses and cities destroyed, in a massive humanitarian tragedy. But the shock waves spread throughout Europe and the world as people struggled to deal with the wide-ranging macro-economic impacts and care for refugees and others impacted by the war. This chapter outlines our response to the conflict from a crisis management and humanitarian perspective.

CRISIS RESPONSE

At the start of the war, we activated our crisis management organization to coordinate the Group and brand response, make recommendations for risk mitigation, and prepare executive leadership decisions on topics such as humanitarian aid, product sourcing, people safety, cyber defense and legal and regulatory compliance. We gathered crisis management representatives from all the brands in five workstreams: Communications and Public Affairs; Human Resources; Direct and Not-for-Resale Sourcing; IT/Information Security Office; and Humanitarian aid. We adapted and coordinated our approach as the situation developed.

HUMANITARIAN AID

While we do not have operations in Ukraine, as the events unfolded, our European brands in the region quickly jumped into action and provided crucial support to those affected by this war. We supported humanitarian relief efforts at a global and a local brand level throughout the year.

Ahold Delhaize and our brands in Europe donated more than €1.5 million in cash and in-kind support, and generated an additional €1.2 million in customer and associate donations to organizations like the Red Cross to provide humanitarian relief on the ground in Ukraine and in neighboring countries and support civilians fleeing the escalating violence.

In addition to monetary donations, our brands provided assistance in many other ways.

Mega Image in Romania gave direct donations of food and hygiene materials to refugee centers in cooperation with the Red Cross and a local NGO. They placed donation boxes in 180 stores to collect non-perishable food for distribution by the Red Cross. Local associates donated blood and waited at the central train station for displaced Ukrainians to offer a hot meal and comfort. Others worked at Red Cross warehouses, sorting products for refugee care packages containing items such as hygiene products, water and food.

Albert in the Czech Republic sent hundreds of pallets of food and non-food supplies to food banks, refugee centers and affected cities in Ukraine, in cooperation with the Federation of Food Banks, non-profit partners and the Ukraine embassy. The brand made it easier for associates impacted by the war to get help by making its Albert helpline available in the Ukrainian language so specialists could help colleagues with questions about the war and how to manage work and residence visas or health insurance.

Delhaize Belgium donated much-needed surgical face masks and emergency generators, ensuring 95,000 Ukrainians can access water and heat.

Bol.com donated hundreds of thousands of euros worth of products, including diapers and soap, but also clothes and books out of its current stock, to refugee shelters.

Albert Heijn collected cash donations and offered customers an option to donate returnable bottle deposit vouchers and Albert Heijn Air Miles to benefit the Red Cross and Giro 555, a campaign by Dutch aid organizations to offer food, shelter, medical care and clean drinking water assistance. The effort raised €327,000 for Giro 555 and €420,000 for the Red Cross.

SAFETY AND WELL-BEING

Ahold Delhaize and the brands also put local measures in place to support the safety of associates. Our brands provided support to associates impacted by the war and looked for opportunities to offer employment to civilians fleeing from violence. We supported local and European aid organizations and tracked legislative changes, especially related to the protection rights of residency and employment.

Our brands extended employment conditions and paid travel benefits for Ukrainian associates who returned to help their families or join the army, and ensured daily contact with Ukrainian and Russian associates and their families in directly impacted countries to determine how to best support them.

Human Resources teams identified associates potentially impacted by the war to make them aware of available support tools, including compensation to associates returning to war, mental health support call lines, webinars on resilience in times of crisis, and volunteering and donation opportunities. Our brands leveraged job sites and contact with local authorities and NGOs supporting employment opportunities to Ukrainian refugees. They adapted recruitment processes to the EU Temporary Protection Directive, triggered to offer assistance to people fleeing the war in Ukraine. For example, Mega Image gave Ukrainian citizens seeking asylum in Romania the opportunity for full-time, part-time and temporary positions.

CYBER DEFENSE

Ahold Delhaize's Information Security Office prioritized and strengthened its security monitoring and response capabilities in 2022. The team conducted reviews to identify and improve risk areas within the IT systems and applications of the company and our partners and suppliers in response to potential changes in the risk profile. As the conflict continued, we saw cyber warfare targeting the Ukrainian public IT infrastructure, leading to services being unavailable, and disruptions due to Distributed Denial of Service attacks. We have not yet identified any major instances of cyber warfare targeting commercial companies as a result of the conflict, but we are closely monitoring the situation for any potential changes to the risk profile.

LEGAL AND REGULATORY COMPLIANCE

Ahold Delhaize and its brands developed due diligence processes to identify suppliers that may be the subject of sanctions related to Russia's invasion of Ukraine. We adopted a global sanctions policy that set out the standards Ahold Delhaize and its brands should comply with to meet our legal obligations related to the imposed sanctions. It established a due diligence framework to support and monitor continued compliance with relevant sanctions and provides direction to anyone with questions or concerns.

WIDER IMPACTS

The war in Ukraine has destabilized the world economy, leading to a severe energy crisis in Europe and contributing to higher inflation, rising interest rates and slowing economic growth in Europe and the United States. Blockades of Ukrainian grain exports have increased food prices and exacerbated continuing supply chain disruptions. Consumers have been grappling with rising costs of living and significant pressure on household budgets as a result of all these factors.

You can find more information about the wider macro-economic impact of the war in Ukraine on our brands and businesses, along with our response, throughout this Annual Report, in particular in *Evolving market trends*, *Our growth drivers*, *Performance review*, and the *Financial statements*.

OUR GREAT LOCAL BRANDS

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

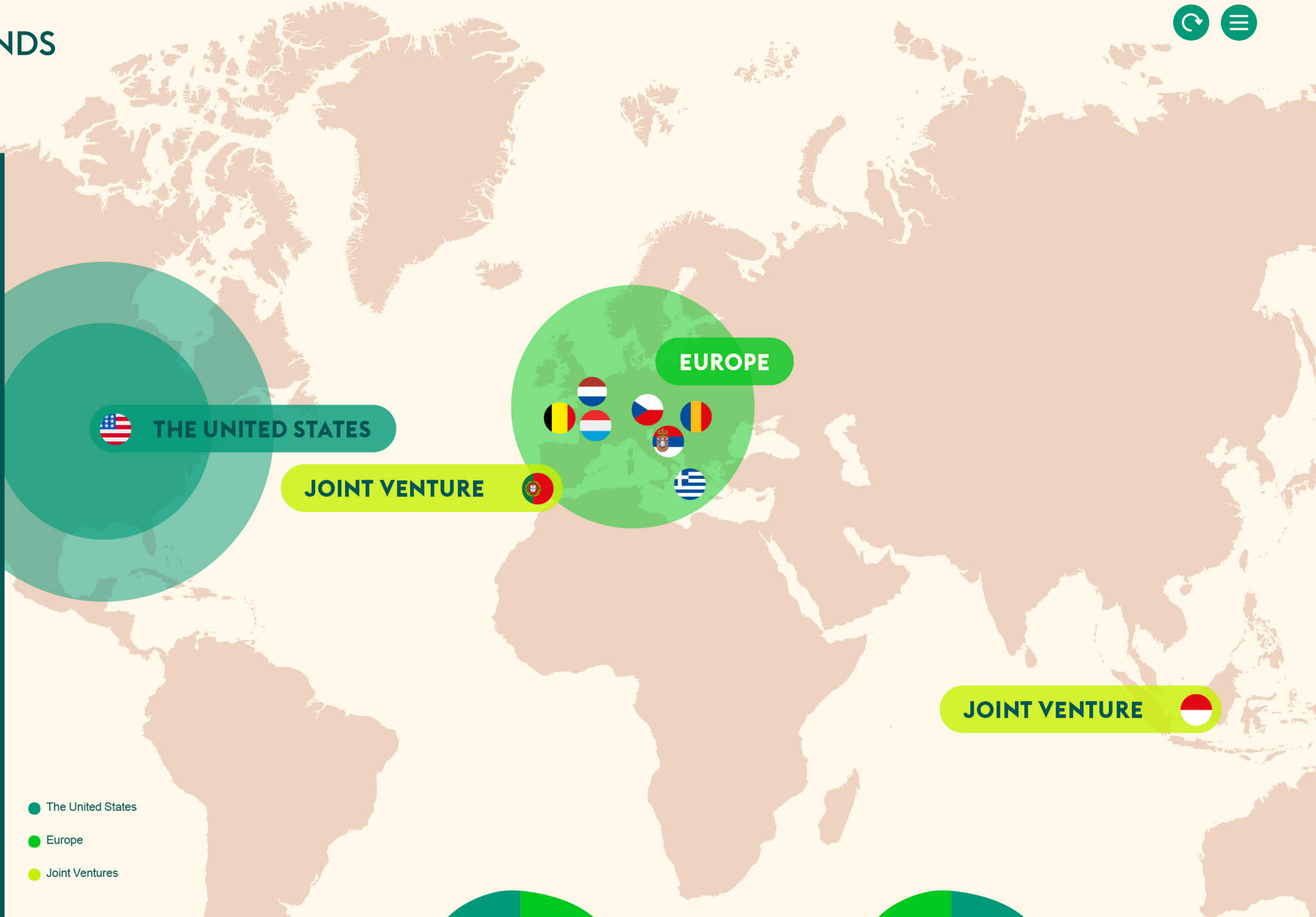
414,000
associates[1]

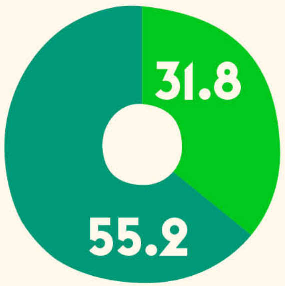
60 million
customers served every week, both in stores and online

19
great local consumer-facing brands[2]

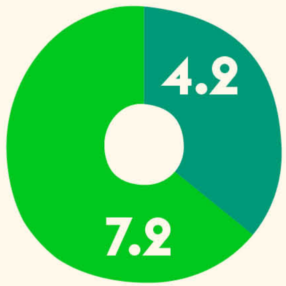
7,659
stores serving local communities in Europe and the United States[3]

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





Total net sales
€87.0bn



Total net consumer online sales
€11.3bn

OUR GREAT LOCAL BRANDS

THE UNITED STATES

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

2,051 +3

stores
2021: 2,048

1,549 +160

pick-up points
2021: 1,389

EUROPE

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

5,608 +204

stores
2021: 5,404

263 +10

pick-up points
2021: 253

JOINT VENTURES

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

OUR GREAT LOCAL BRANDS

THE UNITED STATES

Food Lion

Food Lion is an omnichannel retailer committed to nourishing its neighbors during the moments that matter most. Through its "Count on me" culture, Food Lion fosters a sense of belonging for all associates and customers. Its 82,000 associates are passionate about caring for the towns and cities they serve.

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

STORES
1,108 +4

PICK-UP POINTS
655 +100

Stop & Shop

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

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

STORES
400 -6

PICK-UP POINTS
375 +5

The GIANT Company

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

Market area: Maryland, New Jersey, Pennsylvania, Virginia and West Virginia

STORES
193 +3

PICK-UP POINTS
187 +14

Hannaford

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

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

STORES
185 +1

PICK-UP POINTS
170 +38

Giant

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

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

STORES
165 +1

PICK-UP POINTS
162 +3

FreshDirect

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

Market area: The greater New York Tri-State area

GROCERY ITEMS DELIVERED TO CUSTOMERS EVERY WEEK
3m

OUR GREAT LOCAL BRANDS

THE UNITED STATES CONTINUED

Peapod DIGITAL LABS

Peapod Digital Labs powers digital and commercial solutions and capabilities to accelerate the omnichannel experience for the local brands of Ahold Delhaize USA, helping fast-track new products, understand market trends, and develop solutions that meet the changing needs of customers.

SUPPORT ORGANIZATION

Retail Business Services
A Company of Ahold Delhaize USA

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

SUPPORT ORGANIZATION

ADUSA SUPPLY CHAIN

ADUSA Supply Chain is a family of supply chain companies that together support one of the largest supply chains on the East Coast, serving the omnichannel grocery brands of Ahold Delhaize USA through a self-distribution model for the future.

SUPPORT ORGANIZATION

OUR GREAT LOCAL BRANDS

EUROPE

Albert Heijn

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

Market area: The Netherlands and Belgium

STORES
1,228 +106

PICK-UP POINTS
59 –

bol.com

With 47 million unique products offered, bol.com customers have a wide range of choices. That's why 13 million Dutch and Belgians shop on its online retail platform each year. Bol.com also works with over 51,000 local entrepreneurs, who sell through its platform.

Market area: The Netherlands and Belgium

NUMBER OF PLAZA PARTNERS
More than
51,000
+2,500

Etos

Etos, the largest health and wellness platform in the Netherlands, has been customers' trusted drugstore for over 100 years. With stores throughout the Netherlands, there is always an Etos nearby where qualified druggists can offer expert advice. Etos helps its customers to feel good – both in-store and online.

Market area: The Netherlands

STORES
522 -5

Gall & Gall

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

Market area: The Netherlands

STORES
603 -6

Delhaize

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

Market area: Belgium and Luxembourg

STORES
830 -4

PICK-UP POINTS
120 –

albert

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

Market area: Czech Republic

STORES
335 +1

OUR GREAT LOCAL BRANDS

EUROPE CONTINUED

Alfa Beta Vassilopoulos

Αλφα Βήτα Βασιλόπουλος ...και του πουλιού το γάλα!

Alfa Beta Vassilopoulos ("Alfa Beta") makes the shopping experience unique because each customer is unique. Through five different formats, the brand is here for customers, associates and communities, offering the finest products and protecting the environment.

STORES
632 +40

PICK-UP POINTS
84 +14

Market area: Greece

Mega Image

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

STORES
956 +36

PICK-UP POINTS
0 0

Market area: Romania

Delhaize Serbia

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

STORES
502 +36

PICK-UP POINTS
0 -4

Market area: Serbia

European Business Services

SUPPORT ORGANIZATION

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

JOINT VENTURES

Super Indo

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

ESTABLISHED
1997

Market area: Indonesia

Pingo Doce

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

ESTABLISHED
1992

Market area: Portugal

OUR LEADING TOGETHER STRATEGY

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LOCAL MATTERS

Mega Image Romania

EVOLVING MARKET TRENDS

Our Leading Together strategy helps Ahold Delhaize navigate and address evolving market trends collectively and across each of our brands. In this section, we describe some of the most relevant trends developing in our brands' markets and some examples of how we are responding. For more details on our response, see *Our growth drivers*.

Drive omnichannel growth

Elevate healthy and sustainable

Cultivate best talent

Strengthen operational excellence

INCREASING ECONOMIC HEADWINDS

Rising costs across the value chain – including from increasing commodity prices – supply chain delays and labor shortages continue to create a challenging environment for the retail industry. Food retailing is especially impacted by these dynamics and the resulting inflation. All of these forces are leading to rising prices and creating a cost-of-living crisis for consumers.

In the United States and some European countries, inflation has reached its highest level in more than 40 years. This situation was building through 2021 but has surged on the back of supply-demand imbalances and soaring commodity prices, compounded by a combination of impacts related to the COVID-19 pandemic, an economic slowdown in China and the war in Ukraine. While inflation is expected to peak this year, we believe it will remain elevated until at least 2024.

Russia's invasion of Ukraine continues to destabilize the global economy and make it more likely we will continue to see significant or escalating geopolitical disruption. The war has led to a severe energy crisis in Europe that is further exacerbating already pressured supply chain networks, sharply increasing the cost of living and hampering economic activity. Blockades of Ukrainian grain exports have also increased food prices and worsened conditions for low-income families worldwide.

Our strategic response

The Ahold Delhaize brands are laser focused on ensuring that customers have access to affordable, healthy choices; see *Drive omnichannel growth* for details.

They are developing new profit pools, including monetization (e.g., retail media networks) and B2B services, to help fund our strategic initiatives, deliver on our Save for Our Customers targets and reduce pressure on our core business.

RISING DIGITAL GROWTH AND ENGAGEMENT

While the unprecedented growth in online shopping influenced by the pandemic has slowed from its highs in 2020 and 2021, digital and online sales are expected to continue to grow. By 2030, e-grocery could make up 18-30% of the food-at-home market, which includes both grocery and meal delivery.

As COVID-19 restrictions have eased, customers have returned to stores. However, they continue to flex their use of online and offline channels, often combining both on their path to purchase. Consumers have grown accustomed to personalized shopping experiences and the other perks of online shopping, including loyalty programs, at-home deliveries, coupons, shopping lists, product suggestions and special offers. They are looking to engage with brands digitally in new and innovative ways.

Our industry is putting more emphasis on omnichannel strategies and leveraging data to engage with consumers across channels. Retailers are also seeing a growing need to use the data they collect through their digital channels to improve their ability to satisfy customers while balancing customer expectations and legislation on data privacy.

Our strategic response

We are working with digital partners in both the U.S. and Europe to improve how we can provide shoppers with seamless, highly tailored and relevant customer experiences and promotions. For example, Ahold Delhaize acquired a minority stake in adtech company Adhese in Europe and partnered with CitrusAd in the U.S. to accelerate the development of innovative digital advertising opportunities for B2B partners that are more relevant to our brands' customers.

We also continue to work with Kickstart AI, which aims to build practical artificial intelligence (AI) solutions that solve real business problems, leveraging the joint talent of leading Dutch companies including Ahold Delhaize, ING, KLM, and public transport provider NS. Over the past year, we have worked on a Kickstart AI Food Waste Reduction Challenge in partnership with our Delhaize Belgium brand.

EVOLVING MARKET TRENDS

INTENSIFIED FOCUS ON VALUE BUT NOT AT THE COST OF QUALITY

Price sensitivity is expected to increase further among all consumers, but particularly lower-income consumers, who will become even more focused on saving money. More than half of low-income consumers in Europe, and 42% of consumers on average, plan to look for ways to save money while grocery shopping. This is strongly driven by the rising inflationary pressure that reduces the income consumers have available to spend on groceries.

At the same time, consumers who shop at entry-price levels today are less willing to make trade-offs on the quality of these products. They expect the quality of entry-price tier products to match that of the main national brands.

For higher-income groups, we expect to see continued growth in sales of premium products. High-income groups are fueling demand for higher-quality, fresher products and are also willing to shift to other formats, such as farmers' markets or independent bakeries and delis, to obtain the level of freshness they seek.

While serving both groups simultaneously may be challenging, one thing that is similar across all income groups is a trend towards seeking high quality in whatever categories they do purchase.

Our strategic response

Our brands are focused on lowering costs to provide customers with the quality, healthy options and value they require.

For example, in July, Alfa Beta launched its own version of Albert Heijn's successful pricing campaign, called "Price Favorite products – Low Prices Every Day" to combat rising inflation. The brand offers over 700 price-favorite, high-quality products every day. It was a great example of how we can share knowledge and expertise across our great local brands.

Giant Food added to their existing value offering by expanding their "More for You" value campaign, introducing a bulk item aisle that offers savings on larger-sized products. The brand also ran a new promotion through its Giant Flexible Rewards loyalty program that enabled customers to redeem rewards points for highly sought-after own-brand products – such as bread, milk, vegetables and bottled water – at reduced point requirements.

CONTINUED ATTENTION TO HEALTH, WELL-BEING AND SUSTAINABILITY

We expect to continue to see a growing trend of consumers focusing on healthy diets and shifting their spend to more sustainable products. This trend is primarily driven by high-income groups and younger generations. Consumers are also looking to purchase products from companies that boast sustainability and environmental consciousness; the sales growth of the 10 brands most bought by eco-friendly customers was 15 percentage points higher than market growth (Europanel).

Our strategic response

We continue to make progress on our Healthy and Sustainable strategy, with our brands carrying this out in ways most relevant to their local communities.

For example, to start a bold and inspiring journey to make its own green energy, Mega Image in Romania installed solar panel systems on 20 of its stores. The team will also install on-site monitors to allow customers to see how much green energy is produced by these solar panel systems.

Several of the U.S. brands have introduced new sustainable and health-conscious initiatives. For example, Giant Food launched circular reuse platform Loop, enabling local shoppers to purchase a selection of more than 20 products in reusable packaging.

Hannaford introduced its "Eat Well, Be Well – A Path to Better Health" initiative, providing funding for grantees to host programs increasing consumer access to healthy, fresh food tailored to specific health needs. Participants receive nutrition education designed to help them achieve and maintain their health and wellness goals.

GROWTH OF CONVENIENCE AND SPEED

Delivery options and online offerings have become more differentiated to serve the specific needs of consumers and specific shopping missions – for example, more companies are offering faster delivery in addition to more traditional scheduled delivery. Consumers are increasingly splitting their shopping basket across more than one online food player and/or delivery option to meet their varying demands. Currently, one-third of European consumers who shop online weekly get their groceries at three or more e-commerce players. In the U.S., customer preference for online and delivery orders increased by 50% during the pandemic and is expected to rise further, while home delivery is slowly overtaking the previous preference for the click-and-collect model.

As the trend of at-home eating prevails, a majority of consumers surveyed said they plan their meals ahead of time, with 30% planning a "couple of days" ahead and 46% planning earlier on the same day as the meal. Consumers are prioritizing convenience and will opt for brands that offer healthy meal plans, meal kits, grab-and-go and ready-to-cook or -steam options.

Our strategic response

We are investing in different models to meet ever-evolving customer expectations and needs on delivery methods and speed.

For example, Alfa Beta announced collaborations with on-demand delivery services Wolt and InstaShop to offer additional, fast online shopping and delivery options to customers.

Albert Heijn, similarly, is continually increasing its delivery options and capacity. For example, at the end of 2021, it opened its eighth Home Shop Center and developed more home delivery options in cooperation with Thuisbezorgd.nl.

The U.S. brands expanded their partnership with Instacart to introduce new virtual convenience storefronts, including Food Lion home delivery, GIANT Instant Delivery, Hannaford Now, Shop & Stop Express and Giant Food Convenience. Working with Instacart enables the brands to offer customers delivery in around 30 minutes from over 1,400 of the brands' locations up and down the East Coast.

You can find more on the macro-economic trends impacting our business in **Macro-economic trends** under **Targets and results.**

OUR LEADING TOGETHER STRATEGY

Our Leading Together strategy provides a solid framework as we continue to evolve our business model to serve customers' omnichannel shopping journeys and achieve strong results.

The core values we share across Ahold Delhaize guide us in our day-to-day work and help us create healthy, engaged and inclusive workplaces reflective of the communities our brands serve.

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

OUR PURPOSE

Read more on **page 29.**

Eat well. Save time. Live better.

OUR VALUES

Read more on **page 31.**

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

Integrity
We do the right thing and earn customers' trust

Teamwork
Together, we take ownership, collaborate and win

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

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

OUR VISION

Read more on **page 29.**

Create the leading local food shopping experience.

OUR GROWTH DRIVERS

Read more on **page 32.**

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

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

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

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

OUR PURPOSE AND OUR VISION

OUR PURPOSE

Eat well. Save time. Live better.

The three things everyone deserves from us.

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

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

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

OUR VISION

Create the leading local food shopping experience

OPEN

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

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

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

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

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

OUR STRATEGIC PRIORITIES

While our growth drivers remain the foundation of our long-term strategy, we have also introduced four priorities that represent the concrete steps we will take in the next three years.

Through 2025, we will focus on these priorities, which center around customers, our Healthy and Sustainable strategy our portfolio and our brands' operations. These four priorities are enabled by technology and nurturing the best talent, both of which are essential to everything we do.

Our growth drivers are how we accelerate profitable growth through our Leading Together strategy

Drive omnichannel growth

Elevate healthy and sustainable

Cultivate best talent

Strengthen operational excellence

Our strategic priorities define our direction through 2025

FOR CUSTOMERS

Serve customers with deeper (digital) relationships

FOR HEALTHY AND SUSTAINABLE

Lead the transformation to a healthy and sustainable food system

FOR OUR PORTFOLIO

Create an ecosystem of great local brands that lead together

FOR OPERATIONS

Accelerate our omnichannel transformation and continue to be the best local operators

Enabled by
BEST TALENT AND TECHNOLOGY

OUR INTEGRATED APPROACH

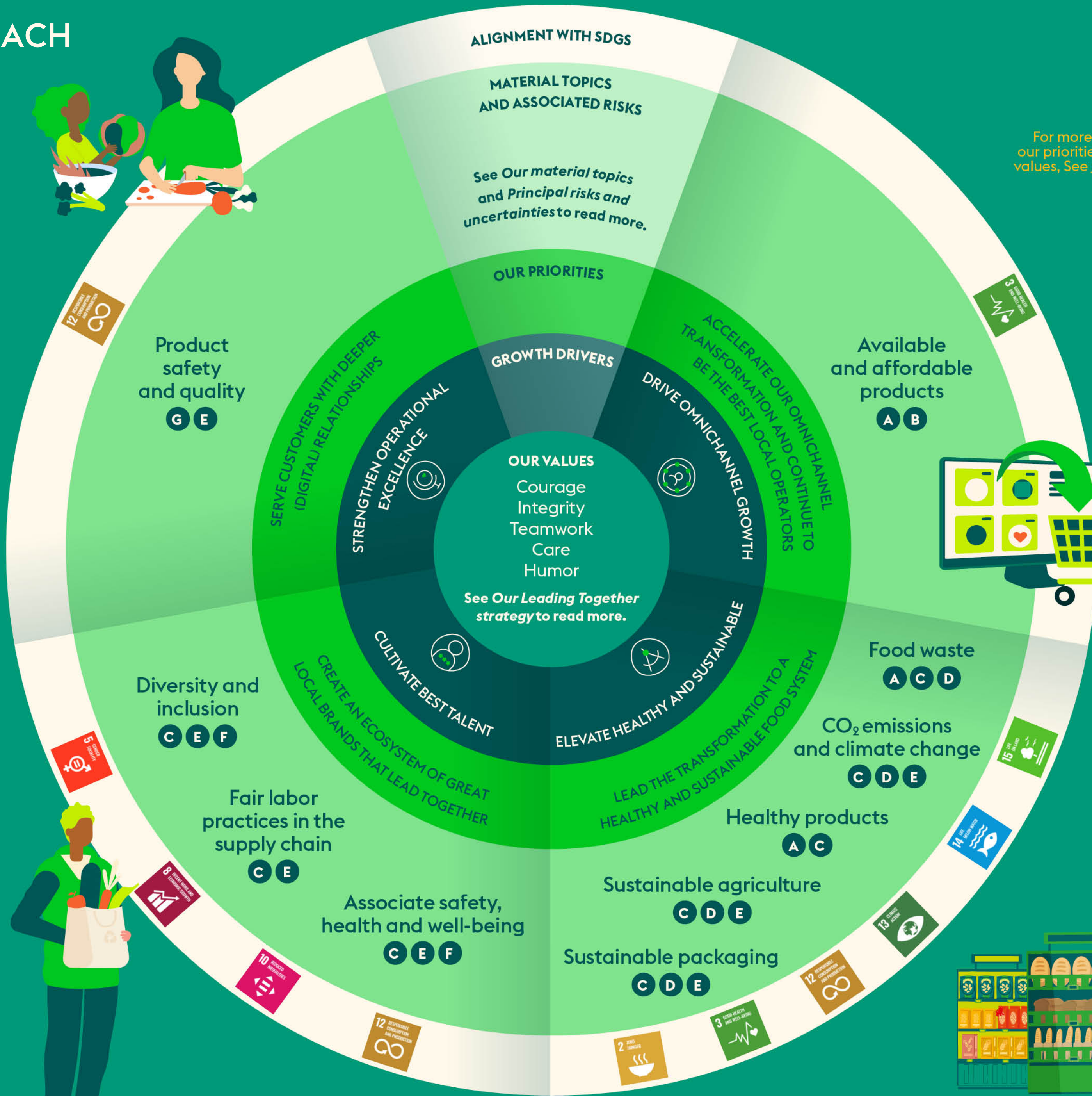
We link our strategy, values and priorities to our material ESG topics, principal risks, the underlying KPIs, our targets and our contribution to the Sustainable Development Goals (SDGs) to get an integrated overview of our business and contribution to society as a whole. Our KPIs and targets for ESG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

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

See page 104 for an overview of KPIs and targets.

PRINCIPAL RISKS

- **A** Competitive environment and macro-economic developments
- **B** Omnichannel and digital growth
- **C** Societal expectations on ESG topics
- **D** Climate-related risks
- **E** Legislative environment
- **F** People – attraction, development, retention and well-being
- **G** Product safety



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

OUR GROWTH DRIVERS

Drive omni-channel growth

96%
2022 net sales from markets where our brands have a #1 or #2 position

4.9%
2022 net online consumer sales growth (at constant rates)

1,812
pick-up points by the end of 2022

15.7 mln
monthly active mobile app users (2022)

OUR AMBITION

Customers take a journey with our brands every day, interacting at many touchpoints during their busy lives. Our brands work to make this journey as seamless and convenient as possible through our omnichannel offering of interconnected online and offline channels. We've found that this is the shopping experience customers prefer because it enables them to shop on their terms: when and how they want.

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

The seven main areas that help our brands facilitate the customer journey are what we call our omnichannel customer value proposition. Three of these areas – fresh and healthy, local and trusted and personalized – are where our brands really excel and differentiate themselves.

A typical customer journey

A customer plans a weekly shopping trip through one of our brand's apps. While adding previous purchases to the shopping basket, a personal offer for falafel comes up. The app suggests grilled veggie skewers to go with it and the customer adds the ingredients to the basket – quickly and easily planning a healthy dinner.

Since the customer is too busy that day to shop in store, ordering through click and collect via a mobile phone means everything will be ready for pickup when they get to the store.

On a less hectic weekend day, the customer returns to the store to explore local cheeses and fresh breads from the bakery, checking out quickly and seamlessly with self scan.

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

OUR GROWTH DRIVERS

DRIVE OMNICHANNEL GROWTH

STRATEGIC CHOICES AND CHALLENGES

Unlocking new revenue streams while safeguarding customer data

Data is becoming an increasingly important part of doing business for food retailers; it powers everything we do and helps our brands provide a more personalized and relevant experience to customers.

We are uniquely positioned to collect valuable data across our channels on a wide range of shopping behaviors. Our brands use data not only to serve customers better by providing digital and in-store services, but also to generate revenue through advertising and insights to help us power our omnichannel ambitions.

This year, we took important steps towards achieving our strategic initiative of generating €1 billion in complementary revenues by 2025. In Europe, we acquired a minority stake in Belgian adtech company Adhese, which will provide an important part of the tech stack and third-party integration to help scale our capabilities and increase services for advertisers and publishers. In the U.S., Peapod Digital Labs announced plans to create an end-to-end, in-house retail media business, building on the existing AD Retail Media network and creating a simplified way to engage omnichannel customers.

While exploring these revenue opportunities, we need to ensure we balance customers' expectations about how we use their data with constantly evolving legislation on data privacy – all while protecting the customer experience. Our brands are committed to processing and using customer data ethically and responsibly. They continuously work to understand customer viewpoints, stay up to date and comply with legislation, and implement data security initiatives, while constantly enhancing the shopping experience.

OUR PROGRESS AND FUTURE PLANS

Driving omnichannel growth is centered around four areas:

Drive seamless omnichannel engagement

In a post-COVID-19 world, while customers have returned to stores, they continue to flex their use of both online and offline channels, often combining them on their path to purchase. And when they do shop across channels, they expect it to be a completely easy, seamless omnichannel experience. We have a unique advantage in delivering this by combining our brands' deep local expertise with the scale benefits and strong partnership opportunities of our international footprint.

One example of how the brands create this seamless engagement is Alfa Beta's collaboration with Wolt in Greece to offer fast, easy and reliable online shopping with delivery within 40 minutes from order placement. What started with five stores in Athens has expanded to 36 stores in seven cities. Through Wolt's mobile app, 5,000 product codes are available from Alfa Beta, covering several categories and customer needs.

With a similar mission to make life easier and more convenient for customers, Food Lion in the U.S. has expanded its Food Lion To Go offering. Customers can place an order through the website or app, access the same low prices and fresh food items they expect from the brand and pick up their groceries on the same day without ever leaving their cars. The service is now available at 655 stores across Food Lion's 10-state footprint and continues to expand. Food Lion also offers home delivery through around ~85% of its network in partnership with Instacart. Initiatives like this ensure customers can spend less time shopping and more time on what matters the most to them.

Grow e-commerce, personalization and loyalty

We continue to invest in e-commerce growth and profitability to serve the millions of customers who use our brands' websites and apps to do their shopping.

Across all our markets, our online penetration has more than doubled since 2019. While this growth is expected to slow, it is likely to continue on an upward trajectory through 2025. We expect at least half of Ahold Delhaize's growth between now and 2025 to come from online sales and that net consumer online sales will double by 2025.

Our brands keep investing to improve the digital customer experience. In the U.S., the brands now operate almost 1,549 click-and-collect and pick-up points. Our bol.com and FreshDirect brands have both grown their customer and partner bases; bol.com now has over 51,000 sales partners.

In Indonesia, Super Indo launched the mobile shopping application "Super Ninja" as part of its 25th anniversary, serving 25 stores in Greater Jakarta. Delhaize Serbia also launched a personalized "My Maxi" loyalty app nationally.

Our Dutch grocery brand's paid subscription program, My Albert Heijn Premium, turned one year old in October. The program is already helping over 675,000 customers save on their daily expenses: half save €50 or more per year and more than a quarter save over €100. Participating customers also receive a 10% discount on organic products, in line with Albert Heijn's purpose to make eating better the easy choice for everyone. The program creates synergy between our brands in the Netherlands, offering discounts on Gall & Gall Premium membership and Select from bol.com.

Top image: Food Lion To Go.

Bottom image: FreshDirect home delivery.

DRIVE OMNICHANNEL GROWTH

Enhance our brick-and-mortar footprint

Across the United States and Europe, our brands continue to introduce new, vibrant, modern store formats and experiences, powered by technology and featuring tangible sustainability improvements.

Stop & Shop continues to make progress on its remodeling program, with over 40% of the store fleet completed since 2018. An important focus area for Stop & Shop is the New York City market, where we announced a multi-year $140 million investment early in 2022. With the first five store remodels completed, we are encouraged to see all stores trending ahead of plan, with sales lifts driven by increased volume and new customer transactions.

Customers are increasingly embracing self-service technology; for example, the use of self-scan and apps has grown enormously in recent years. People want shopping to be a convenient and simple part of life. To this end, Albert Heijn and bol.com joined forces alongside Budbee to further improve convenience for customers. They will install parcel lockers across 700 large Albert Heijn stores over the next two years, enabling customers to pick up and return parcels from bol.com and other online shops without having to stand in line. The partnership offers one more sustainable and flexible delivery option in the fast-growing market of online shopping, while simultaneously improving the customer experience in our brand's stores.

Drive price, value and assortment

Empowering customer choice by providing great value and easy access to affordable and healthy food options is at the center of the customer value proposition in all of our great local brands. The current economic climate is putting intense pressure on customers' household budgets. In the face of increasing price pressures, we believe it is everyone's job, across the value chain, to keep prices as low as possible for customers. To this end, our brands have introduced a number of initiatives to help customers capture value while ensuring access to healthy, quality foods.

For instance, Stop & Shop in the U.S. introduced a new Deal Lock savings program that allows customers to lock in a specific sale price for multiple weeks on both national and private brands. Delhaize Belgium launched its “Little Lions” program, which offered price reductions on 500 of its most-purchased own-brand products. The brand used eye-catching signage to make these products easy to find in the stores.

Double capacity

Bol.com plans for growth by expanding its fulfillment center

Bol.com doubled the total floor area of its Waalwijk fulfillment center, to provide more capacity to innovate and grow in a sustainable way in the future, both for customers and for sales partners. The facility now has a total floor area of 240,000 square meters.

With 13,000 solar panels on the roof, windmills next to the building, automated packing machines, kilometers of conveyor belts and enormous shuttle system, it is one of the most sustainable logistics buildings in the Netherlands and Belgium.

See **our website** for more information.

“We want to achieve climate-neutral shopping at bol.com by 2025. This fulfillment center, by running 100% on solar and wind energy, brings us closer to achieving that ambition.”

Vincent Weijers
COO bol.com

OUR GROWTH DRIVERS

Elevate healthy and sustainable

54.4%
of total own-brand food sales from healthy products in 2022

33%
food waste reduction in 2022 compared to our 2016 baseline[1]

32%
reduction in absolute scope 1 and 2 CO_2-equivalent emissions in 2022 compared to our 2018 baseline[2]

27%
of own-brand primary plastic product packaging is recyclable, reusable and / or compostable in 2022

1 The reduction is measured against the restated 2016 baseline: 5.09 t/€ million. See *ESG statements* for more information.
2 The reduction is measured against the restated 2018 baseline: 4,164 thousand tonnes CO_2-equivalent emissions. See *ESG statements* for more information.

OUR AMBITION

Our "Grounded in Goodness" strategy is centered around our belief that what is healthy and sustainable should be accessible and available to all. With a dual focus on healthier people and a healthier planet, our strategy is based on the idea that these two things are intrinsically linked. We believe that if we get it right for ourselves, we usually also get it right for the planet. And acting responsibly today is imperative to securing a better tomorrow for generations to come.

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

We collaborate closely with our partners and brands to empower customers to join this journey and make healthy and sustainable choices into easy choices for everyone. Our brands aim to ensure that what's healthy and sustainable is affordable, accessible and inclusive for all through their marketing, reward programs and store design. They innovate to make products healthier, more interesting and more varied. The brands aim to source locally, help farmers get a fair deal and work to improve the food supply chain. Along the way, we are transparent in highlighting our progress and making better choices clear.

STRATEGIC CHOICES AND CHALLENGES

Aligning to improve the food system

Our brands operate as part of a complex value chain comprised of thousands of producers that help them provide products and services to customers. We also have many stakeholders that are impacted by our global food system. To transition to a healthier and more sustainable food system will require the whole value chain to work together – and to be successful we need consensus on certain measures across our industry. A key part of encouraging our brands' customers to make healthier choices is to align on one nutritional navigation system.

For example, at present, not all companies or even all countries in Europe are aligned on using nutritional guidance system Nutri-Score, which makes it challenging to implement an overall system and increase customer engagement.

We believe we have an important role to play in collaborating with our partners across the value chain and helping move our industry towards healthier and more sustainable diets. This is a complicated undertaking, as alignment on key success factors is crucial and our supply chains are complex.

The food system sits at the intersection of health and climate and our actions should drive co-benefits, as we diversify our product portfolios toward healthier, low-carbon diets that are affordable and accessible for all.

We make healthy and sustainable choices easy for everyone

ELEVATE HEALTHY AND SUSTAINABLE

OUR PROGRESS AND FUTURE PLANS

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

Healthier people

Our commitment to healthier people begins with empowering customers and associates and working to develop healthier and more sustainable product assortments. But it also has to do with supporting resilient communities, everywhere the brands operate.

Customers and associates

In 2022, our brands continued to stay focused on making healthy and sustainable choices easier for customers and associates by providing relevant information and rewarding people for making better choices – both in stores and online. Our brands inform customers about healthier options in the stores through shelf tags, product labels and dedicated health sections. Several brands have in-store nutritionists who help customers gain insight into their diets. Through their online platforms, several of our brands enable customers to apply filters when shopping so they only see healthier, organic or vegetarian products, enabling them to make better choices.

To identify "healthier" products, our brands use well-established nutritional navigation systems, such as Guiding Stars in the U.S. and Nutri-Score in Europe. These systems are continuously updated according to the latest knowledge. For example, the U.S. brands continue to improve Guiding Stars' nutritional guidance, and added advice on beverages to the program in 2022.

Products

Our brands are making healthy and sustainable choices more accessible through their product assortments. They are reformulating products with less sugar, salt and fats, so the average shopping basket is healthier and more sustainable.

Our aim is to nudge people towards a planetary diet that includes many of the same elements, but with more balance – more vegetables, more sustainably produced meat and products that are produced in a healthy and sustainable way.

For example, our Albert Heijn brand in the Netherlands is partnering with the World Wide Fund for Nature Netherlands (WWF-NL) to support the goal to halve the environmental footprint of the Dutch customer's shopping basket by 2030. The partnership will draw on the experience WWF-UK has gained working with supermarkets in the UK, to provide a "scientific blueprint" in the Dutch context with actions necessary to achieve that goal. This Dutch version will be open source and WWF-NL and Albert Heijn will be asking other Dutch retailers to join.

In the U.S., The GIANT Company, Giant Food and Stop & Shop continued to offer products on their websites reviewed by HowGood, helping customers easily identify food items that meet rigorous environmental and social benchmarks through simple one-, two- or three-leaf ratings. HowGood ratings can also be found on shelf tags at all Giant Food stores.

Communities

Our brand's stores are more than just stores. They are social centers and places where communities come together.

Our brands already support many causes that are important to local communities, for example, fighting hunger in communities through financial donations and by diverting surplus food to food banks and charities. In 2022, Ahold Delhaize and its brands donated €218 million in financial and in-kind giving to good causes.

Healthier planet

We aim to achieve our goal of a healthier planet by focusing both on our operations and the overall food supply chain. We are committed to reaching net-zero carbon emissions across our own operations by 2040 and becoming a net-zero business across our entire supply chain, products and services by 2050. See ESG – Environmental for more on our net-zero ambition.

Own operations

We see the greatest planetary impacts in our own operations through food and plastic waste and through carbon emissions from energy consumption, refrigerant leakage and transport emissions in our brands' operations. We continued to make progress on reducing carbon emissions in our own operations in 2022.

Energy consumption

Our brands work to reduce energy use in their operations by building and remodeling stores in the most energy-efficient way. For example, they install LED lighting and retrofit refrigeration systems with doors and seals that save energy.

We can abate the electricity we still need to consume simply and effectively through power purchase agreements (PPAs).

Refrigerants

When our brands remodel stores, they also use refrigeration systems with a lower global warming potential or, where possible, use natural refrigerants. To minimize costs, our brands phase replacement with planned store remodelings, using an approach that is tailored to the refrigerant system installed and coolant used.

Transport

When possible, brands make use of low-energy transportation methods, such as electric vehicles or vehicles that use low-carbon-emissions fuels. They also use technology to improve route optimization and reduce last-mile costs.

For example, the U.S. brands are working on a new last-mile enterprise routing solution and automated route planning. And in Europe, our brands are working to improve the fill mechanism of vans to allow for more orders per trip.

Food waste

Food waste continues to be an important priority for us; it is not only an environmental problem, but has a financial impact on the business. In 2022, we continued to work toward our ambition to reduce food waste by 50% by 2030 compared to our 2016 baseline.

In the fight against food waste, we always aim first to prevent it before it happens. Our brands have many creative programs in place to do this, some engaging customers in the journey. For example, Delhaize in Belgium has created a "no waste" corner, that groups products discounted because they are nearing their expiration date but are still fresh and tasty if eaten quickly. The initiative helps customers save money while reducing food waste. For more information see Local matters: Local solutions.

Alfa Beta in Greece is collaborating with WWF to create more awareness among customers about food waste. For more information, see Local matters: Halving waste.

Both The GIANT Company and Stop & Shop offer the Flashfood app, which gives customers access to fresh products nearing their best-by date at discounts of up to 50% off. This year, Stop & Shop became the first retailer in New York City's five boroughs to offer the app.

Any food that can't be sold by our brands is diverted to help feed people in their communities. Food Lion Feeds provided more than 51 million meals through its pioneering food rescue program in 2022. Each of Food Lion's stores distributed unsold, edible food that might otherwise go to waste to a local food bank for neighbors in need. In 2022, Albert became the largest food donor in the Czech Republic, and committed to increasing food support even further, by 20%. It donated seven delivery vans with special cooling systems

ELEVATE HEALTHY AND SUSTAINABLE

to help keep food fresher for longer. For more information, see *Local matters: Nourishing communities*.

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

Our brands have many innovative initiatives in place to achieve these goals. For example, Giant Food became the first retailer on the U.S. East Coast to partner with Loop, providing a selection of over 20 products from leading consumer brands packaged in reusable containers. Customers return the packages to be sanitized and reused.

For more information on how we reduce the environmental impact from our own operations, see *Environmental, social and governance*.

Value chain
The vast majority of our greenhouse gas (GHG) emissions are scope 3, or indirect emissions that take place across our entire value chain – for example, emissions generated through the production and manufacture of the products we sell and when customers use those products. Our value chain consists of thousands of suppliers, producers and farmers who supply hundreds of thousands of products that are sold to millions of customers across the United States and Europe each day. Our brands partner with suppliers to reduce waste, increase the number of low-carbon products in their assortments, reduce emissions from outsourced transportation, and engage with suppliers to reduce their emissions.

In November 2021, we committed to becoming net-zero businesses across our entire supply chain, products and services by 2050. In 2022, we updated our interim CO_2-emissions-reduction target for the entire value chain (scope 3) of at least 37% by 2030 from our 2020 baseline. For our own operations (scope 1 and 2), we remain committed to reaching net zero by 2040, with an interim target of a 50% reduction by 2030 from our 2018 baseline.

With this updated scope 3 interim target, we aim to decarbonize our entire value chain and ensure that our climate targets are in line with the UN's goal of keeping global warming below 1.5°C. The updated interim target is also aligned with the Science Based Targets initiative's (SBTi's) Net-Zero Standard. In accordance with this initiative, we are using our latest available emission profile from 2020 as the baseline for our new target instead of our previous 2018 baseline.

In November 2021, we joined the Business Ambition for 1.5°C, a global coalition of UN agencies and business and industry leaders, in partnership with the SBTi and the UN-led "Race to Zero" campaign. Our updated target is part of the annual climate reporting cycle outlined in the Business Ambition's agreements. See also *In focus: Carbon emissions in our supply chain*.

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

For more information, see **In focus: Carbon emissions in our value chain.**

Accelerating supplier and farmer implementation of science-based targets
We are supporting our brands' suppliers in setting their own emissions reduction targets in line with the latest science. These commitments will accelerate improvements in livestock farming, raw material sourcing, deforestation reduction, processing, food waste reduction, packaging and transport. For example, through enteric fermentation (methane reduction through genetic selection or feed additives) and manure management (creating biogas from liquid manure and adding sulfuric acid to shift the pH value of manure), GHG emissions from livestock can be reduced, using new technologies and practices.

Investing in developing low-carbon products
We are driving the improvement of existing assortments and the development of new assortments with less embedded emissions.

Our brands continue to introduce more plant-based protein products in their assortments and support customers in making more sustainable choices.

Proactively engaging with customers
Our brands are helping customers understand the impact of their buying decisions and make choices that fit their needs, their tastes and their values. This includes stimulating and rewarding sustainable choices through loyalty programs and discounts, increasing product transparency through navigation systems and product labeling, improving assortments and products with more vegan and vegetarian products, and increasing knowledge about a healthy lifestyle by giving customers access to free dieticians and knowledge platforms.

Halving waste

Alfa Beta is committed to reducing food waste by 50% by 2025. This requires educating key stakeholders along the way

In collaboration with WWF in Greece, Alfa Beta has launched a customer awareness campaign that aims to educate customers and ultimately reduce food waste in households by focusing on its significant climate impact.

See **our website** for more information.

OUR GROWTH DRIVERS

Cultivate best talent

79%
(=)
Associate engagement score (2022)

74%
(+4 pp)
Associate development score (2022)[1]

80%
(+1 pp)
Inclusive workplace

1 All brands excluding U.S.

OUR AMBITION

Our brands are driven by committed people – the 414 thousand-strong team making a daily difference to customers and communities. We are united in our shared values of care, courage, integrity, teamwork and humor and are passionate about creating healthy, engaged and inclusive workplaces reflective of the communities our brands serve.

We provide a caring place to work where our people feel welcome. Here, everyone is heard, valued and finds purpose in their work. Because we know that when associates grow, our business succeeds.

Our motto "Dare to care" sums up what makes us special: always having the courage to care for associates, customers and communities as we fulfill our purpose to help people eat well, save time and live better.

STRATEGIC CHOICES AND CHALLENGES

Daring to care

In the past year, people everywhere were impacted by global events, such as the war in Ukraine, rising political and social unrest and macro-economic factors, all of which have affected mental health and well-being. This is why we again prioritized creating psychological safety for associates and teams.

Experts describe the challenging situation we live in as a mental health pandemic. In times like these, it is important that we live our value "care" to the fullest. Ahold Delhaize and our family of brands are working to prioritize people's physical, social and mental health. We want to ensure that all associates are free to be themselves and express their feelings. Psychological safety – "a belief that one will not be punished or humiliated for speaking up with ideas, questions, concerns or mistakes"[1] – is a prerequisite for bringing out the best in people. It is the foundation of inclusion – the glue that binds us together and builds strong teams.

The challenge for Ahold Delhaize is how to maintain a healthy environment for our diverse and multi-generational workforce that brings out the best in us all, while at the same time experiencing and responding to challenging events in the world around us. Our brands continually strive to raise awareness and offer programs, benefits and well-being initiatives that support a healthy balance.

One way our brands demonstrated care in their communities in 2022 was in their individual swift response to the war in Ukraine. See *War in Ukraine: Impact and our response* for details.

To support associates, we launched Mental Health Awareness Week, which included webinars, self-evaluation tools, expanded benefits, meditation and expert sessions. At the Global Support Office, these initiatives were supported by dedicated associate champions advocating and raising awareness.

Mega Image continued to support its associates in finding emotional balance during challenging times by hosting webinars and seminars on topics such as how to speak about the war in Ukraine to children, the pandemic and societal barriers affecting women's rights and gender equality.

Mental health is an important topic for our brands in the U.S., as well. Hannaford, for example, has become a best practice for us on how to address mental health and well-being in the store environment. Leaders in the brands' stores are equipped with training, tools and materials to learn to lead differently and support associates' needs in the "new normal" we face today. The brand also offers empathy support sessions to enable store managers to grow and develop in their support towards associates.

1 Amy C. Edmondson

First aid

Delhaize associates rescue man from cardiac arrest

The health and safety of customers and associates is an absolute priority. The quick response of Delhaize associates in Belgium saved lives during two serious incidents in the stores in 2022 – just one example of many at our brands that prove the importance of our first aid training.

"Thanks to basic training, annual refresher courses and practical workshops to practice rescue techniques, we knew how to react."

Mohammed Choual and Daniel Rose (associates)

See **our website** for more information.

OUR GROWTH DRIVERS

CULTIVATE BEST TALENT

Attracting and retaining talent in complex times

At Ahold Delhaize, we pride ourselves on attracting, developing and retaining the best talent – and it is critical to our success. The labor market in 2022 was impacted by increasing political and social unrest and macro-economic factors such as unprecedented inflation and critical skill shortages. Labor challenges we experienced in 2021 intensified in 2022, with increasing external job opportunities available to associates and continuing talent poaching. Overall associate turnover was 63%, primarily due to the large part-time workforce and seasonality inherent to this industry.

Our strong company culture and shared values continued to guide us and help us remain resilient in the face of these challenges. We were pleased to see that associate engagement remained high at 79%, as measured by our associate engagement survey, and feedback from colleagues on career opportunities improved by 5% this year.

OUR PROGRESS AND FUTURE PLANS

Our cultivate best talent growth driver centers around four priorities.

CREATE THE FUTURE OF WORK

All our brands are preparing for the challenges and capitalizing on the opportunities that will come with the future of work. The changing nature of work, learnings from the pandemic and shifting associate expectations have highlighted the need for flexibility – especially in the stores and distribution centers (DCs) – robust workforce planning and reskilling. Our brands have worked in innovative ways to create better, healthier and more sustainable solutions for the future. Preparing for the future of work enables us to give associates opportunities to grow, while maintaining a competitive advantage in the brands' markets.

Our Retail Business Services (RBS) team in the U.S. ranked No. 25 on Fast Company's 2022 100 Best Workplaces for Innovators list, which honors organizations committed to encouraging innovation at all levels. One initiative earning RBS the award was a frictionless checkout solution developed in its IT innovation lab.

Alfa Beta, Delhaize Serbia and Mega Image worked closely with our European IT team during the year to build a system that replenishes stock in stores. It uses algorithms that forecast store needs based on sales, sending orders directly to the DCs. So far, the team has successfully rolled out the system to 1,700 stores, covering about 70% of the assortment.

Support office associates were at the forefront of change and experimentation during the pandemic, as hybrid ways of working drove technological remote working solution. This continues to impact our business, and we are responding to the evolution of work and shifting needs of associates in various ways. For example, our Working from Abroad pilot in our Global Support Office (GSO) in the Netherlands enables people to get inspired and energized by working in different settings or to combine work with a family visit or vacation.

Another example of how our brands are increasing flexibility and improving associates' well-being and work-life balance is at Delhaize Serbia. The brand is considering introducing a four-day work week in its offices on the basis of input from a survey of its top 100 leaders. The proposal is based on a culture of trust and empowerment and would offer associates an 80% fixed and 20% flexible division of working hours.

To better anticipate change in an ever-shifting labor environment, we are working to create a stronger associate experience and leveraging data capabilities to improve predictive analytics and advance hiring and development. All of this is only possible if we have robust systems to support data, so implementing SAP SuccessFactors across our great local brands is important, and enables us to work together in a secure way. In addition to existing associates in the U.S. and the Netherlands, we recently onboarded Albert, Maxi and Albert Heijn Belgium, and now have 285,000 associates, or more than 70%, on the SuccessFactors platform. Technology and data are key enablers in creating a seamless associate experience. The integration of digital and improved data capabilities across the organization are making a positive impact.

PIVOT OUR CULTURE

Our culture is what makes us unique. We pride ourselves on building an environment of continuous growth that supports personal and business development and brings us together.

Psychological safety and inclusive leadership

Fostering psychological safety is essential to creating a workplace where our values are clearly reflected and communicated. One step we took to create a safer environment in 2022 was offering experiential workshops to associates at the GSO and the brands. In these sessions, leaders and associates were encouraged to share what makes them feel psychologically safe and how to bring this to life in the workplace.

We also included an interactive exercise on psychological safety in our Gearing up for Growth program, a development offering for high-potential Directors. It prepares associates to become better, more inclusive leaders.

At our annual leadership conference, the topic was prominently addressed and experienced through a workshop on how we can support a culture of growth and daring to care. It pushed leaders out of their comfort zones to explore what it is like to be vulnerable and how we can connect through our similarities but also our differences.

Top image: Alfa Beta associates in a DC.

Bottom image: Associates at the Retail Business Services office.

OUR GROWTH DRIVERS

CULTIVATE BEST TALENT

In 2022, we offered our Inclusive Leadership program for the fourth consecutive year in partnership with MindGym. It enables current and future leaders to learn, practice and apply the skills needed to lead more inclusively by inspiring, motivating and evoking trust. See *In focus: Diversity, equity and inclusion* for more details.

See **In focus: Diversity, equity and inclusion** for more information.

Connecting with communities

Our caring culture extends to the markets our brands serve and the communities we live in. In 2022, our family of brands once again found many opportunities to give back. Our colleagues in the Netherlands created a new Business Resource Group (BRG) called "Make it Count!" that seeks to inspire and activate Ahold Delhaize associates in the Netherlands to use skills, ideas, and talents to give back to their communities and volunteer. For example, members of the BRG visited a homeless shelter in Amsterdam where they cooked and served food and drinks to those who need it most.

In the U.S., our brands showed they care through many different initiatives. For example, The GIANT Company kicked off its annual holiday giving with Giving Tuesday, donating $57,500 to 11 community organizations combating food insecurity and supporting families in need across its footprint. This initiative helped The GIANT Company fulfill its purpose of connecting families for a better future.

The Food Lion Feeds charitable foundation continues to make a meaningful impact. Since its inception in 2001, it has given almost $17 million to good causes; in 2022 alone, donations amounted to more than $1.1 million. Food Lion's strong local network ensures that hunger relief efforts reach those most in need.

In Europe, our brands show us that caring for people has no limits. As part of its 12 Acts of Kindness internal volunteering program, Mega Image launched a "Caring for people has no borders" volunteering campaign in partnership with the Romanian Red Cross, involving over 30 volunteers. The brand also supported the "Ana and the Children" foundation, raising €2000 in donations, and organizing 50 volunteers to build a new center where 100 children will be hosted and provided with meals, shoes, personal care products and school supplies.

As a result of a €200,000 donation from Delhaize Serbia, in early 2022, UNICEF was able to purchase a vehicle designed to transport prematurely born and sick babies from maternity wards in the region to the Centre for Neonatology.

TRANSFORM OUR CAPABILITIES

Transforming our capabilities is a journey that every brand is taking to ensure the right skills are in place now and in the future.

Tailoring learning to individual needs

Customer and associate expectations are shifting, and the skills of yesterday are not always fit for the future. Refreshing capabilities is an important priority, and the skills with the steepest change curves are within the digital and technology environments.

Ahold Delhaize continues to leverage individual development plans (IDPs) alongside technology tools, such as SuccessFactors, Degreed and DataCamp, to assess capability gaps and offer training to upskill and reskill our workforce. In 2022, associates completed more than 5.4 million learning modules. Developing people is central to our HR purpose: "Cultivating today's talent, unleashing tomorrow's leaders."

Support associate development

Every associate is in the driver's seat of their own development, and all the brands provide programs that support this growth. Associates are encouraged to create IDPs, with more than 72% having a plan in place for VP+ level. For example, these development plans provide a strong basis for manager and associate dialogues that help to build capabilities that are aligned to associate aspirations and offer growth experiences.

In 2022, we welcomed 14 new international trainees within our HR and Finance functions. During their three-year program, they will have the opportunity to work at several brands and support offices across Ahold Delhaize and participate in a development program that will help them kick-start success in their career fields.

CULTIVATE TALENT

The food retail business is changing faster than ever before in these challenging times. Associates make the difference and help ensure we are well positioned to drive future growth.

We want people to have the opportunities and support they need to grow and reach their full potential. Mentoring fosters an inclusive and collaborative environment of learning and is one of the many ways we facilitate knowledge sharing. A good example is our European mentorship program, which kicked off in 2022 and is available to associates in director roles and above and their direct successors. Through the program, a mentor from one brand is paired with a mentee from another brand for a six- to 12-month mentorship.

Be courageous, live wholeheartedly and keep growing

As we transform our capabilities, everyone's contributions matter. We want to make sure that people across Ahold Delhaize are encouraged to be themselves and apply their unique talents. For example, Delhaize Serbia collaborates with the Creative and Educational Center (CEC), an organization focused on the inclusion of persons living with a mental or intellectual disability. One of the most successful initiatives between CEC and Delhaize Serbia is a work-ready program that enables participants to learn about store processes and gain experience across the stores. This is just one of many examples of how our brands recognize and celebrate neurodiversity.

Ensure all voices are heard

Each year, our associate engagement survey gives associates across the company the chance to openly share their feelings about working for Ahold Delhaize and our brands. According to the survey, in 2022, our positive associate engagement score remained the same as in 2021, at 79%, while we saw an increase in our inclusive workplace score, at 80% (up one percentage point). We saw a positive increase in our development score of 74% (up four percentage points) for our brands in Europe and Indonesia and the Global Support Office. The valued feedback of associates helps shape our company's future.

We want to make sure associates feel heard all year long by giving everyone the opportunity to express their needs, realize their ambitions and connect with others, for example through our BRGs that advocate for their communities within and across the brands.

In addition, we ensure associates know we are open for everyone, and we adopt inclusive practices, such as balanced slates and transparent talent plans, that promote equitable opportunities for people. See *In focus: Diversity, equity and inclusion* for more information.

Throughout 2022, we worked with our great local brands to evolve our people strategy in response to the changing needs of associates, customers and communities. We will share more information in next year's Annual Report.

OUR GROWTH DRIVERS

Strengthen operational excellence

€979mln

Save for Our Customers savings in 2022

2.9%

Total cash capital expenditures as a percentage of net sales in 2022

2,646

Number of stores offering self-scanning solutions in 2022

OUR AMBITION

Ahold Delhaize and its brands create value through our business wheel, which is kept spinning by a relentless focus on saving for our customers, driving same-store sales and investing to fund growth. Our operational excellence growth driver helps us make this wheel turn faster and better all the time.

Our local brands are outstanding operators that have been running retail businesses for many decades – this gives them the ability to maintain a steady performance even as market circumstances become more challenging. They are always working to improve how they operate stores, DCs and home delivery and pick-up operations.

Our strong operating model is integral to their success: our network of leading local brands supported by service companies that operate at scale and leverage their best capabilities regionally and globally. It gives us a competitive advantage and is key to how we bring our omnichannel customer value proposition to life.

Our operating model enables us to transform quickly and use our scale in a way that balances with the brands' need to consistently meet the unique demands of customers in their local markets. We believe it provides a repeatable formula for growth in the U.S., Europe and Indonesia.

OUR "SAVE FOR OUR CUSTOMERS" BUSINESS WHEEL

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

Delivering a relevant digital and in-store experience

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

Optimizing our supply chain, operations and merchandising

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

Unlocking the power of data

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

STRENGTHEN OPERATIONAL EXCELLENCE

STRATEGIC CHOICES AND CHALLENGES

E-commerce profitability and shifting customer value proposition

Our online penetration has more than doubled across our regions since 2019. The need to serve this channel is obvious – and an important contributor to Ahold Delhaize's overall success. However, achieving profitability in e-commerce continues to be a challenge. In recent years, consumers have become used to the convenience of shopping online for both delivery and pickup – and usually prefer it to be as fast as possible. However, they have yet to settle on one delivery model. U.S. consumers have a stronger preference for click and collect, while European shoppers prefer home delivery: either same day, next day or instant.

Our brands are under increasing pressure to meet consumers' ever-rising and ever-changing expectations. At the same time, they need to mitigate the dramatic impact online grocery has on order economics, as the cost of home delivery can have a significant adverse effect on margins.

To continue serving this growing online demand without significantly cutting into margins, we are focusing our investments on the following four levers:

1. Deliver sales density and, ultimately, scale – something that is just as essential in e-commerce as it is everywhere else in food retail.
2. Ensure our brands test and implement customer value proposition models to meet local customers' rapidly changing demands and maintain a competitive or leading position.
3. Optimize operations in fulfillment and last-mile operations. We are experimenting with strategies, technologies and third-party providers to reduce picking and delivery costs across our brands and regions and working together to find the optimal model in each of the regions where our brands operate.
4. Build complementary revenue streams using the data we capture across our diverse brands to help fuel investments to enhance the customer journey.

OUR PROGRESS AND FUTURE PLANS

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

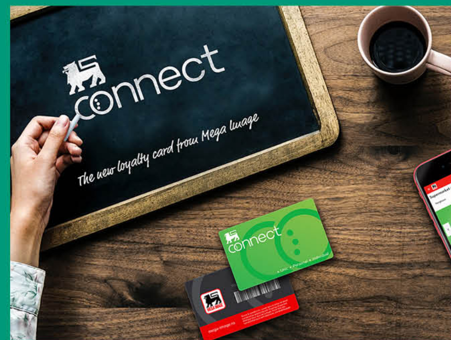
Save for Our Customers

With high inflation levels prevalent in the U.S. and Europe, our brands are focused on helping customers efficiently manage their spending. Supported by record-high savings this year of €979 million on our €850 million Save for Our Customers cost-savings program, our brands are working with suppliers to mitigate cost increases for customers, introducing more entry-priced products, expanding their high-quality own-brand assortments and delivering personalized value through digital omnichannel loyalty programs.

Improve our supply chain

We continue to invest in improving our supply chain to better support our omnichannel offering and fulfill the increasing demand for online shopping.

For example, in May, bol.com completed an expansion of its fulfillment center in Waalwijk, the Netherlands, doubling the facility's existing floor area to 240,000 m² and creating one of the most sustainable logistics buildings in the country. For more information, see *Local matters: Double capacity*.



Top image: Bol.com's recently expanded fulfillment center in Waalwijk.

Bottom image: Mega Image's loyalty program is an example of how our brands deliver personalized value to customers.

STRENGTHEN OPERATIONAL EXCELLENCE

Enhance store and e-commerce operations

Our brands are enhancing their stores to make them easier to shop and more efficient and sustainable to operate.

Albert invested in autonomous cleaning robots that can clean at night as well as during normal opening hours with customers present. This initiative aims to improve efficiency and keep cleaning quality high.

At Delhaize Belgium, the Not for Resale (NFR) department switched suppliers to rent cooler and freezer models with 50% higher energy efficiency, saving around 40% in operational costs.

In the U.S., the businesses have expanded their web-based forecasting app. The tool provides accurate item-level forecasts that help take the guesswork out of producing items such as sandwiches from the deli, muffins made in the bakery and cut fruit prepared on-site by associates. For example, if an associate is packaging cut fruit and needs to know how much watermelon and cantaloupe to include, the app tells them, using a dynamic forecast that considers store-specific sales history and holidays that could impact demand. The tool is currently deployed at Stop & Shop, Hannaford and The GIANT Company.

Strengthen internal operations across all functions

Our brands use their unique local knowledge to develop and execute strategies and commercial plans that connect with customers. Regional support businesses provide them with the scale, platforms, capabilities and services that enable the local brands to drive the omnichannel customer experience and win in their marketplaces.

Our U.S. support businesses include Peapod Digital Labs, Retail Business Services (RBS) and ADUSA Supply Chain. In Europe, European Business Services (EBS) drives synergies across the brands and provides expertise in human resources, finance and NFR sourcing.

This year, our four great local brands in Central and Southeastern Europe (CSE) – Mega Image in Romania, Albert in the Czech Republic, Alfa Beta in Greece and Delhaize Serbia – introduced a joint regional strategy to help them get stronger together, accelerate growth and set themselves up for future success. Together, they have set a number of ambitions. They agreed to focus on winning in each market by strengthening the brand proposition and accelerating sales growth. They will capture scale across the region to strengthen the operating model and drive savings to offset inflationary costs. The third shared ambition is to empower people across the regions and create collaborative, innovative and agile organizations. And finally, they will work together to create future omnichannel grocery businesses that are data driven and have winning ecosystems of customer experience. During 2022, they were already able to harmonize over 700 own-brand products through joint product development and sourcing.

Local investment

Improving the shopping experience for NYC customers

Stop & Shop is investing $140 million in its New York City-area stores. The brand will remodel most of the stores for a better shopping experience and add thousands of new items to reflect the diversity of the neighborhoods it serves.

The brand is also investing in the community, with a $1 million pledge to fight food insecurity across the NYC boroughs.

See **our website** for more information.

"We're proud to make such a significant investment in New York City, and excited to show customers we can be the one-stop shop for everything they need and that we're delivering great value, particularly in this current economic environment."

Gordon Reid,
Brand President Stop & Shop

OUR VALUE CREATION MODEL

1 2 3 Inputs

Ahold Delhaize has a long tradition of serving local customers, communities and associates with care. Our impact goes far beyond our brands' stores and DCs: we work with suppliers and partners to make the entire value chain more sustainable and to provide customers with daily meals and healthier choices to help them live better. Here is how we use inputs to create value for our stakeholders.

FINANCIAL CAPITAL

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

€87 billion

net sales

€2.2 billion

free cash flow

RAW MATERIALS

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

by 2040

reach net-zero carbon emissions across our own operations

by 2050

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

MANUFACTURING

Own brand

Our brands develop, brand and market own-brand lines in-house to help them offer great value across different price points and a relevant local assortment. They partner to have them produced and packaged for sale. All our brands are reformulating own-brand product recipes to reduce sugar, salt, colorants and additives while safeguarding product integrity and safety. Of our own-brand food production sites, 98% are Global Food Safety Initiative (GFSI)-certified or comply with an acceptable level of assurance standard. We aim to achieve >55% of own-brand sales from healthy products by 2025. Our brands are also working to reduce plastic and increase recyclable materials in own-brand packaging.

Consumer packaged goods (CPGs)

Various suppliers manufacture branded products that are delivered to our brands' DCs. These suppliers benefit from the unique customer insights our brands develop through their strong local presence and long experience in grocery retail. We also share expertise and scale with other food retailers through the Coopernic European Buying Alliance and AMS.

OUR VALUE CREATION MODEL

1 2 3 Inputs continued

WAREHOUSING AND DISTRIBUTION

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

83

hubs / DCs operated by our brands

1,812

pick-up points operated by our brands

7.1%

online grocery penetration

4.9%

net consumer online sales growth (at constant rates)

RETAIL

Our well-known local brands serve 60 million customers weekly in more than 7,659 grocery, small-format and specialty stores and online, through our own and third-party apps and websites. Our brands include the top online retailer in the Benelux, bol.com. While the majority of our revenue comes from selling products to customers, growing complementary revenue streams driven by digital and in-store media allows us to save and reinvest across the value chain.

Our brands and businesses employ, in aggregate, 414 thousand associates worldwide, with 54% under collective labor agreements. These motivated and talented associates are key to our brands' success; they are not only committed to providing the best shopping experience but also reducing its environmental impact, for example, by building and remodeling energy-efficient stores and replacing or retrofitting refrigerator systems with lower-GHG alternatives. Several of our brands already use renewable sources for a portion of their energy needs, and have plans to increase their renewable electricity use even further by 2023 or 2024.

CUSTOMERS

Our value chain ends where it begins – with the customer. Ahold Delhaize has grown from two family-run grocery stores into an international family of local omnichannel brands. For over 150 years, our brands have been helping people eat well, and have remained grounded in service to customers and communities – which extend far beyond their own neighborhoods to families all around the world. As these communities have grown, so too has our responsibility to protect people and the planet. Our brands are empowering customers to make better choices and help create a better world by providing the best possible options, access to information on healthy living and well-being, making donations and partnering with others to create a better world. We hope to achieve 100% recyclable, reusable or compostable plastic packaging from our own-brand products by 2030 and reduce food waste by 50% from 2016-2030.

71%

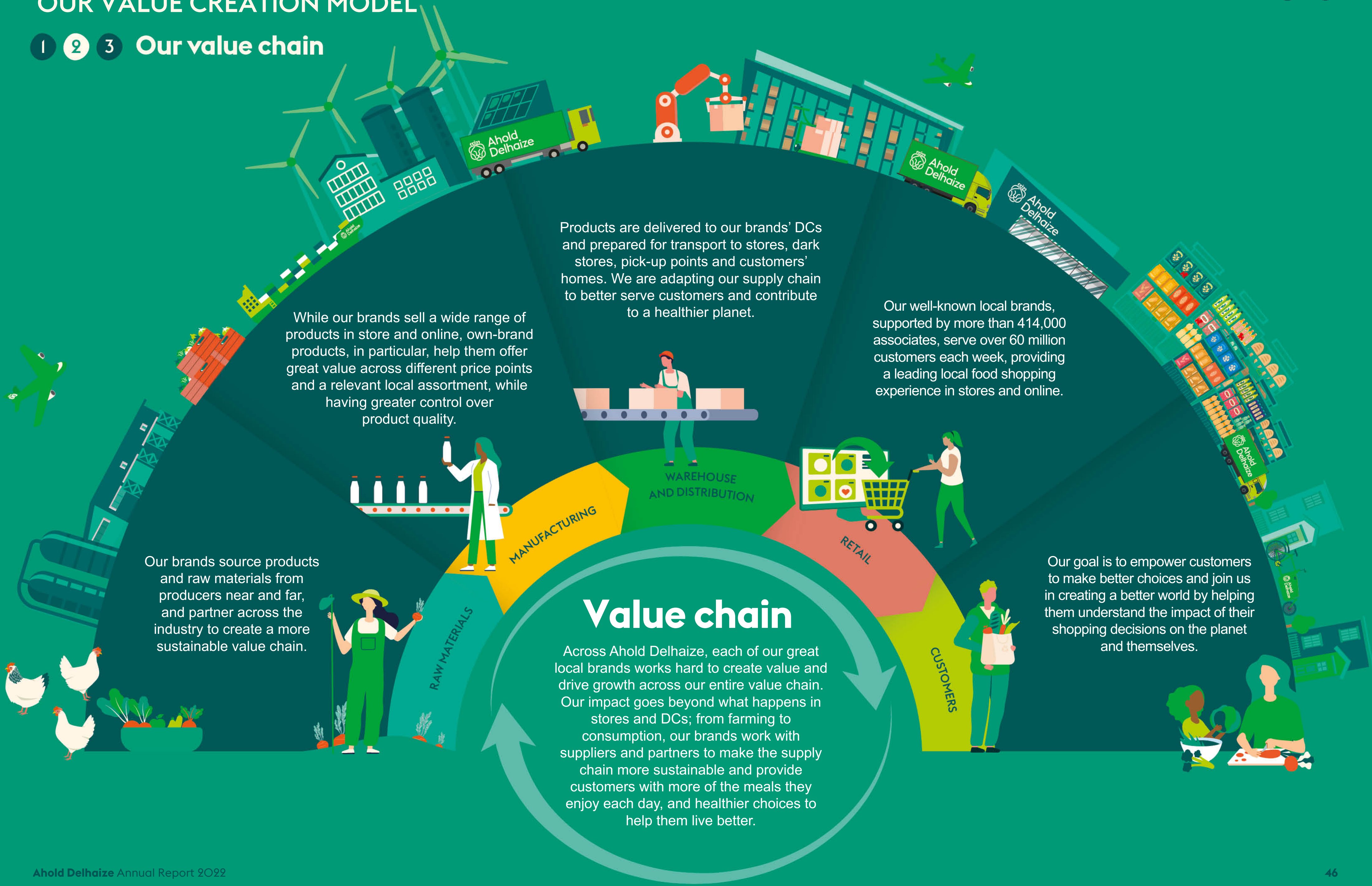
of net sales are generated by loyalty card members

~25.2 million

active loyalty card holders (11.3% increase from 2021)

OUR VALUE CREATION MODEL

1 2 3 Our value chain



Our brands source products and raw materials from producers near and far, and partner across the industry to create a more sustainable value chain.

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

Products are delivered to our brands' DCs and prepared for transport to stores, dark stores, pick-up points and customers' homes. We are adapting our supply chain to better serve customers and contribute to a healthier planet.

Our well-known local brands, supported by more than 414,000 associates, serve over 60 million customers each week, providing a leading local food shopping experience in stores and online.

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

Value chain

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

OUR VALUE CREATION MODEL

1 2 3 Value and impact created

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

OUR CUSTOMERS

96%

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

4.9%

of net consumer online sales growth in 2022

Outcomes

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

OUR ASSOCIATES

79%

2022 associate engagement score (2021: 79%)

€13 billion

wages in 2022

53%

women in the workforce

5.2%

reduction in the number of injuries that result in lost days per 100 full-time equivalents

5.4 million+

completed learning modules in 2022

Outcomes

- Diverse and skilled workforce.
- Safe place to work.

OUR COMMUNITIES

€218 million

in charitable donations in 2022

2.8 thousand

tonnes total CO_2-equivalent scope 1 and 2 emissions (reduction of 56 thousand tonnes compared to 2021)

238 thousand

tonnes of food waste (2.5% decrease compared to 2021)

75%

of production sites of own-brand products in high-risk countries audited against an acceptable standard with a valid audit report or certificate and no noncompliance on deal-breakers in 2022

Outcomes

- Food and monetary donations.
- Paying our fair share of taxes.
- Providing healthy products and helping customers make healthier choices.
- Acting to reduce environmental footprint and waste.

OUR SHAREHOLDERS

€1.05

per share dividend for 2022

€1 billion

returned to shareholders via share buyback program in 2022

Outcomes

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

ENGAGING WITH OUR STAKEHOLDERS

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

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

They make us better by challenging us, sharing insights into their concerns, offering feedback on how we are doing and collaborating with us to solve problems. We commit to transparency and high integrity with everyone who has an interest in our company.

We proactively manage relationships to foster open dialogue with, and capture feedback from, our stakeholders in both formal and informal ways throughout the year. Their feedback drives our annual materiality assessment, which identifies the areas that are important to them and where they believe we can make an impact. This helps us to ensure that our strategy and reporting are in line with their expectations and our most significant impacts.

	CUSTOMERS	ASSOCIATES	SHAREHOLDERS
EXPECTATIONS	• A seamless and easy shopping experience, enabled by technology. • High-quality products that are healthier while still tasty and affordable. • Empowered customer choice through great value and easy access to affordable and healthy food options.	• Inclusive workplace, with healthy work-life balance, where everyone is respected, feels a sense of belonging and has equitable access to opportunities. • The individual space to grow and develop personally and professionally. • A safe working environment and access to additional support in challenging times.	• Delivery of consistent, stable earnings growth, strong free cash flow, dividends and share repurchase programs. • Being a sustainable food retailer through a best-in-class approach to minimize the material impacts on the business from environmental and social issues and through solid governance.
HOW WE ENGAGE WITH THEM	• Customer service in stores, on the telephone and online. • Direct feedback to our brands' associates, websites and social media. • Customer surveys, studies and focus groups. • Communications campaigns to support customers in areas such as affordable and healthy food options. For example, Giant Food expanded its "More for You" value campaign by introducing a bulk item aisle that offers savings on larger-sized products. The brand also ran a new promotion through its Giant Flexible Rewards loyalty program that enabled customers to redeem rewards points for highly sought-after own-brand products – such as bread, milk, vegetables and bottled water – at reduced point requirements.	• Annual associate engagement survey and pulse surveys. See *Cultivate best talent* for results. • Continuous dialogue in stores, warehouses and support offices. • Frequent touchpoints, including performance review processes, recognitions, reward and benefit programs and training. • (Virtual) town halls, expert sessions and other meetings and events to facilitate connections. • Associate mental health initiatives. • Sponsorship and support of BRGs. • Community work.	• Quarterly disclosures on both financial and non-financial performance briefings and presentations. • One-to-one or group meetings with analysts and shareholders. • Regular regional roadshows or conferences. • Other shareholder meetings, such as the annual General Meeting of Shareholders or Investor Day (November 2021). See our website at *www.aholddelhaize.com* for more details.
WHAT WE DISCUSS	• Customers value products that are made with respect for people, animals and the planet, and they share our concerns about food and plastic waste. Key social and climate topics that customers talk to us about include human rights, animal welfare and deforestation. • Convenient online shopping with pick-up or delivery options became even more important to customers due to the pandemic, and remain important.	• Associates take pride in working for Ahold Delhaize and the brands and have access to support and training to maximize their growth. • Associates make their voices heard, and this helps us progress toward our aspiration to be 100% inclusive, every day.	• We are transparent about our progress on our Leading Together strategy, including performance against our targets to build a more sustainable business. • We engage on numerous topics impacting the food retail industry, including the growth of the online food channel, competitive market dynamics and the role of sustainability within our business model.

ENGAGING WITH OUR STAKEHOLDERS

COMMUNITIES

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

HOW WE ENGAGE WITH THEM	• Partnerships with local community organizations and charities. For example, a food rescue partnership to ensure fresh, nutritious products approaching their shelf life are salvaged, preventing food waste while ensuring healthy foods go to those who need them the most.
	• Since 2020, The GIANT Company has partnered with the Rodale Institute, the global leader in regenerative organic agriculture, to create a more sustainable food chain from farm to table through education, research and trainings.
	• Brand-owned foundations. For example, bol.com started the Bright Sparks ("bollebozen") initiative, through which it contributes to creating equal opportunities for children in the Netherlands and Belgium by encouraging them to enjoy reading stories, and helping them develop digital skills.
	• Sponsorships. For example, Ahold Delhaize has supported the Rotterdam Philharmonic Orchestra Academy since 2020. This program offers talented young musicians an extensive orchestral program in one of Europe's leading symphony orchestras.
		• Engagement with public policy makers through industry associations, face-to-face meetings, written contact, information on our website and participation in public hearings or conferences.
		• During 2022, Ahold Delhaize supported the development of EU deforestation regulation and participated in panels at the EU industry days and the EU Agricultural Outlook Conference on how to transition to a more sustainable food system.
		• In September, the Ahold Delhaize USA brands supported the White House Conference on Hunger, Nutrition and Health, collectively committing to donate 500 million meals, partner with over 400 local producers, support a national nutrition guidance standard, and provide up to $5 million in produce incentives through partnerships.
		• In April, Albert Heijn organized a special meeting for customers, industry associations, NGOs, scientists and government officials during the Beter eten Festival, bringing to life how Albert Heijn contributes to a healthier and more sustainable society.
			• Timely responses to NGO requests.
			• Individual meetings:
			  • For example, we had several meetings with Friends of the Earth Netherlands to discuss our climate plans to reduce scope 1, 2 and 3 carbon emissions.
			• Being a founding partner and member of various ESG-related networks and institutions, for example:
			  • Founding partner of the LEAD network, which aims to attract, retain and advance women in Europe's Consumer Goods and Retail sector.
			  • Member of Network for Executive Women.
			  • Founding partner of the World Resources Institute's 10X20X30 initiative.
			  • Member of the Ellen MacArthur Foundation to mitigate the impact of plastics.
			  • Signatory of the UN Global Compact.
			• Providing input for and discussing results of benchmarks on ESG topics.
				• Individual meetings and online communication.
				• Supplier events. For example, the European Not-for-Resale team hosted its third annual Supplier Innovation Days event, during which 19 suppliers presented the latest market innovations and concepts to stakeholders in Europe and the U.S.
				• Partnerships, including:
				  • "Better for Nature and Farmer Programme," Albert Heijn's cooperation with more than 1,100 suppliers and farmers. Through the program, we make agreements about sustainability, innovations and the earning capacity within our food chain.
				  • ADvantage, ADUSA Supply Chain's industry-leading supplier collaboration program. One year after its launch, the program now includes more than 200 consumer packaged goods suppliers partnering with Ahold Delhaize USA brands to innovate supply chain management practices and ensure customers can access the products they need, when they need them, through their channel of choice.

WHAT WE DISCUSS	• Community stakeholders provide valuable feedback, for example, on how our brands can be stronger partners in creating healthier communities.	• We engage with public policy makers to protect and strengthen the reputation of Ahold Delhaize and its brands and to create a favorable policy and regulatory framework for the company and its brands and for the entire sector in the long term.	• Opportunities to improve our performance and transparency on topics including human rights, climate change, deforestation and animal welfare. • In some cases, NGOs expect us to change policies or work with our brands' suppliers to improve their ESG performance.	• Input on how our brands can create better products for customers. • Finding new ways to reduce food waste and increase economic, social and environmental value for the communities our brands' suppliers source from throughout the supply chain. • Discussing the impact of climate change on the supply chain and ways to mitigate the risks.

ENGAGING WITH OUR STAKEHOLDERS

COMMUNITIES (CONTINUED)

	FRANCHISEES AND AFFILIATES	INDUSTRY ASSOCIATIONS	SCHOOLS AND RESEARCH INSTITUTES
EXPECTATIONS	• The opportunity to build a profitable business. • Reliable supply of high-quality products at a competitive price. • The ability to offer customers store options that rely on proximity and fast shopping. • Community support.	• Commitment by Ahold Delhaize and the brands to jointly address industry challenges, establish coalitions of action and drive implementation. • Cooperation in shaping operational standards. • Engagement with industry peers and external stakeholders.	• Funding, (customer) insights and sponsorship for joint research projects.

HOW WE ENGAGE WITH THEM	• Individual meetings. For example, in Belgium, store visits are made on a weekly basis by a Delhaize consultant and regularly by a representative of the Delhaize Affiliate Partnership department.
	• Strategic business reviews.
	• Simplification and acceleration of the store opening process.
	• Joint meetings, including training sessions and product discovery days.
	• Best-practice sharing. We put forward affiliates that are best-in-class so they can share their experience with others.
		• Local, national, regional and global industry association memberships, Chambers of Commerce and national retail federations, for example:
		  • Consumer Goods Forum (Global)
		  • Business association, VNO-NCW (Netherlands)
		  • Eurocommerce (European Union)
		  • FMI: The Food Industry Association (U.S.)
		  • National Retail Federation (U.S.)
		  • Dutch Food Retail Association, CBL (Netherlands)
		  • The Federation for Commerce and Services, Comeos (Belgium)
		  • The Association of Commerce and Tourism, SOCR CR (Czech Republic)
		  • The Association of Large Commercial Networks, AMRCR (Romania)
		  • Confédération Luxembourgeoise du Commerce – Fédération de l'Alimentation et de la Distribution, CLC-FLAD (Luxembourg)
			• Joint industry lab with academic institutions. For example, AIRLab, the joint project by Ahold Delhaize and academic institutions, is driving innovations at the intersection of retail, AI and robotics.
			• Sponsorships and scholarships. At the end of 2019, Ahold Delhaize committed to sponsoring the IMC Weekend School for three years. During this period, which concluded at the end of 2022, Ahold Delhaize supported the "Future-proof entrepreneurship" course, which was taught at several locations in the Netherlands.
			• Educational initiatives. For example, in 2022, Giant Food started the New School Nutrition Program, through which it helped address food insecurity at schools in the communities the brand serves. Also, Alpha Beta offers scholarships to the American Farm School in Thessaloniki and the Agricultural University of Athens, where the team has educated over 10,000 primary and secondary school students on the benefits of healthy eating.

WHAT WE DISCUSS	• Input on operating stores and engaging with local communities. • Strategy around healthy products and sustainability. • Competition in the brands' markets.	• Key industry challenges around climate, waste, health, human rights, supply chains and safety. • The belief that change needs to be driven globally and top-down in order to be successful. • Anticipating and understanding local, national and regional public policy developments, for example, the credit card network routing market in the U.S. and the role of supermarkets in making Dutch fresh food chains more sustainable.	• Academic research on topics such as robotics is often very specific and theoretical. Collaboration with Ahold Delhaize helps universities find real-life use cases for their technologies and co-create scalable solutions.

Top image: AIRlab stacking challenge, helping us redefine retail through technology.

Bottom image: Daniella Vega and Imke van Gasselt from our Health & Sustainability team handing over our climate plan to Neele Boelens (then chair of Young Friends of the Earth Netherlands) at our 2022 annual General Meeting of Shareholders.

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LOCAL MATTERS

Giant Food United States

TARGETS AND RESULTS

KEY FINANCIAL TARGETS[1]	TARGET 2022	RESULTS IN 2022	TARGET 2023
Group underlying operating margin	≥ 4.0%	4.3%	≥ 4.0%
Diluted underlying EPS growth[2]	Low-to mid-single-digit % decline vs. 2021	16.5%	Around 2022 levels
Net capital expenditures	~ €2.5 billion	€2.2 billion	~ €2.5 billion
Free cash flow[3]	~ €1.7 billion	€2.2 billion	~ €2.0 billion
Dividend payout ratio[4]	Absolute increase in dividend per share 40-50% payout ratio	10.5% increase in dividend per share 40% payout ratio	Absolute increase in dividend per share 40-50% payout ratio
Share buyback[5]	€1 billion	€1 billion	€1 billion

1 See *Definitions and abbreviations* for definitions.
2 At current rates.
3 Target excludes M&A.
4 The dividend payout ratio for results in 2022 is calculated as a percentage of underlying income from continuing operations on a 52-week basis.
5 Management remains committed to the share buyback and dividend program, however the program is subject to material macro-economic changes or changes in corporate activities, such as material M&A activity.

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

TARGETS AND RESULTS

DRIVE OMNICHANNEL GROWTH	TARGET 2022	RESULTS IN 2022	TARGET 2023
Net consumer online sales growth	≥ 15%	+4.9%	High single-digit growth
Loyalty sales growth [1]		+19%	Double-digit growth
Complementary revenue streams growth	≥ 20%	+26%	≥ 20%

ELEVATE HEALTHY AND SUSTAINABLE	TARGET 2022	RESULTS IN 2022	TARGET 2023
Healthy own-brand sales	54.2%	54.4%	55.0%
Food waste reduction [2]	18%	33%	34%
CO_2-emissions reduction [3]	Further reduction	32%	Further reduction

CULTIVATE BEST TALENT	TARGET 2022	RESULTS IN 2022	TARGET 2023
Associate engagement score	≥ 80%	79%	≥ 79%
Inclusive workplace score	≥ 79%	80%	≥ 80%

STRENGTHEN OPERATIONAL EXCELLENCE	TARGET 2022	RESULTS IN 2022	TARGET 2023
Save for Our Customers	≥ €850 million	€979 million	≥ €1 billion
Supply chain initiatives	85% U.S. in-house self-distribution and two fully automated frozen facilities live by the end of 2022	80% U.S. in-house self-distribution	Two fully automated frozen facilities in the U.S. during 2023
Improving online productivity	Continued semi-automated capacity expansion at bol.com and facility expansion in Europe. Ramping up of micro-fulfillment center in Philadelphia, Pennsylvania, U.S.	Successful launch of bol.com semi-automated facility in the Netherlands and ramping up of micro-fulfillment center in Philadelphia, Pennsylvania, U.S.	Opening of the first mechanized home shopping center in Barendrecht in the Netherlands

1 Loyalty sales measures the sales generated by active addressable loyalty card holders. See *Definitions and abbreviations* for more information.
2 The reduction is measured against the restated 2016 baseline: 5.09 t/€ million. See *ESG statements* for more information.
3 The reduction is measured against the restated 2018 baseline: 4,164 thousand tonnes CO_2-equivalent emissions. See *ESG statements* for more information.

TARGETS AND RESULTS

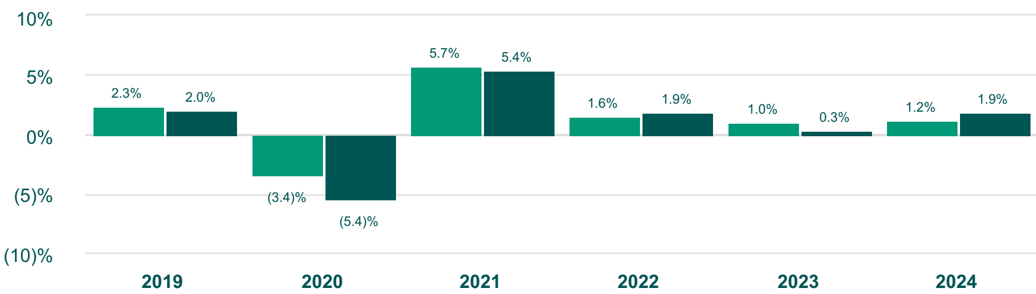
MACRO-ECONOMIC TRENDS

In 2022, Ahold Delhaize faced economic pressures on multiple fronts.

SLOWDOWN IN GDP GROWTH

The year 2022 was marked by high economic volatility, partly caused by post-pandemic effects, such as supply chain challenges, labor market instability and the rise of inflation, partly resulting from Russia's war in Ukraine. The war provoked one of the highest energy price shocks since 1970, which led to a global economic slowdown (source: "Economic Outlook," Organization for Economic Co-operation and Development (OECD)). While gross domestic product (GDP) reached 3.1% globally in 2022, the U.S. showed a growth of 1.6% and the Euro area a growth of 1.9% (source: "Data mapper," International Monetary Fund (IMF)).

Real gross domestic product (GDP) growth[1] (%)

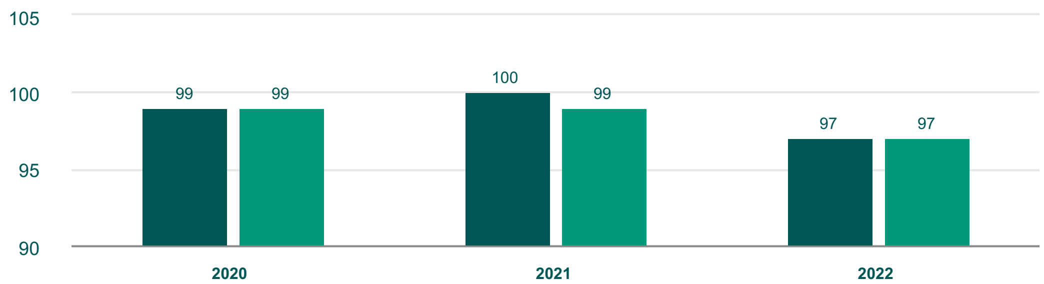


1 GDP represents the total value at constant prices of final goods and services produced within a country within a specific time period.
Source: IMF (GDP reports: Annual percentage change, 2022)

DECREASED LEVELS OF CONSUMER CONFIDENCE

The gap between income and the cost of living widened throughout 2022. Reduced consumer spending power pushed the consumer confidence index to a record low of 97% in Europe and the U.S. in 2022 (source: "Main Economic Indicators," OECD).

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



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

SURGING LEVELS OF INFLATION

Our segments experienced unprecedented growth of inflation in 2022, driven by increased costs of commodities (food, labor and energy) in all of our brands' markets. The timing and level of inflation varied significantly per segment.

In Europe, the Consumer Price Index (CPI) grew steadily throughout 2022 and reached an all-time high of 16.2% in Q4. The U.S. recorded an annual inflation rate of 7.1% in Q4 (source: OECD), however the increase throughout the year was less sharp than in Europe. As a result of the exceptional market dynamics in all the countries where our European brands operate, we experienced an increased level of governmental intervention in support of consumers and businesses. This varied from subsidies for consumers and support to help energy companies limit energy price increases, to guidance on product pricing to limit inflation.

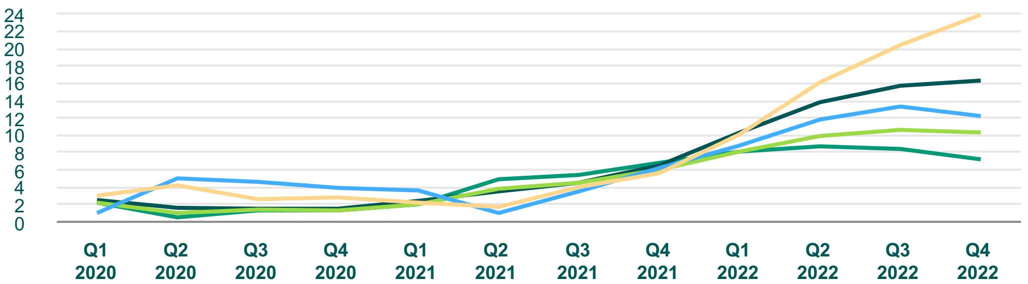
Food inflation rates were under even higher pressure, with the CPI for food and beverages reaching 23.8% in Europe and 12.1% in the U.S. by the fourth quarter of 2022. Consumers adapted to price increases by changing their shopping habits – buying in bulk, taking fewer trips to stores, entertaining at home, buying more own brands and reducing utilities consumption (source: "Consumers changing eating, shopping habits as inflation pushes up price," CNBC).

TARGETS AND RESULTS

MACRO-ECONOMIC TRENDS

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

OECD Europe U.S. U.S. food EU food



Source: OECD (Consumer Price Indices – Complete Database, 2022)

STEEP INCREASE IN CONSUMER GROCERY SPENDING

Consumer spending growth was considerable in 2022, reaching $50.4 trillion globally, compared to $46.5 trillion in 2021. Spending in the non-grocery sector outpaced grocery spending at 8.7% versus 7.8% respectively.

Despite lower overall GDP growth during the year, personal consumption increased. Consumer spending grew by 8.5% globally in 2022, and for grocery, it grew by 7.8%. In Europe, grocery share as a percentage of consumer spending was 18.3% in 2022, while, in the U.S., it reached 10.3% (source: Edge Retail Insights by Ascential).

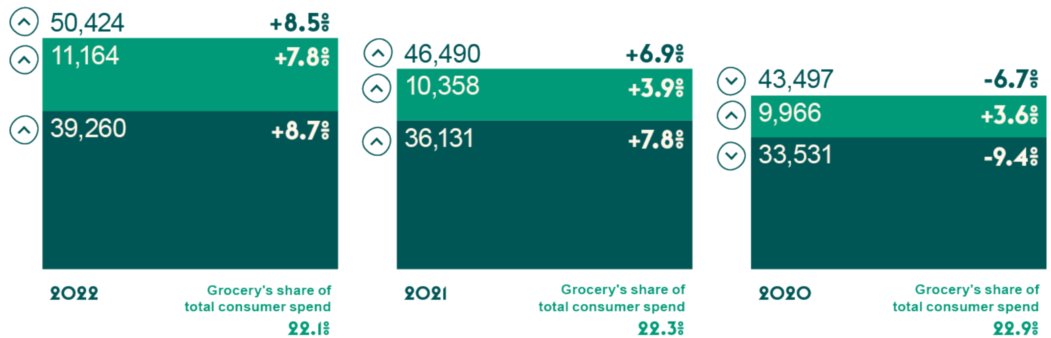
CONSUMER SPENDING SPLIT 2022-2020	2022	2021	2020
World			
Growth grocery spending	**7.8%**	3.9%	3.6%
Grocery as % of total consumer spending	**22.1%**	22.3%	22.9%
United States			
Growth grocery spending	**7.8%**	0.4%	7.8%
Grocery as % of total consumer spending	**10.3%**	10.4%	10.8%
Europe			
Growth grocery spending	**7.1%**	4.0%	3.7%
Grocery as % of total consumer spending	**18.3%**	18.5%	19.2%

Source: Edge Retail Insight by Ascential (various reports in 2022; the data for 2021 and 2020 has been re-stated by Ascential)

Consumer spending increased despite a decrease in purchasing power and manifested in a growing trend towards savings and changes in spending behaviors. Consumers started to make more conscious decisions about spending money as energy bills and grocery prices went up. For example, consumers cut back on hospitality and non-essential expenses, spending less on clothing, electronics and furnishings (source: "December 2022 Consumer Survey – Retail and Consumer goods," PwC).

Global consumer spending development (grocery and non-grocery)

Non-grocery Grocery



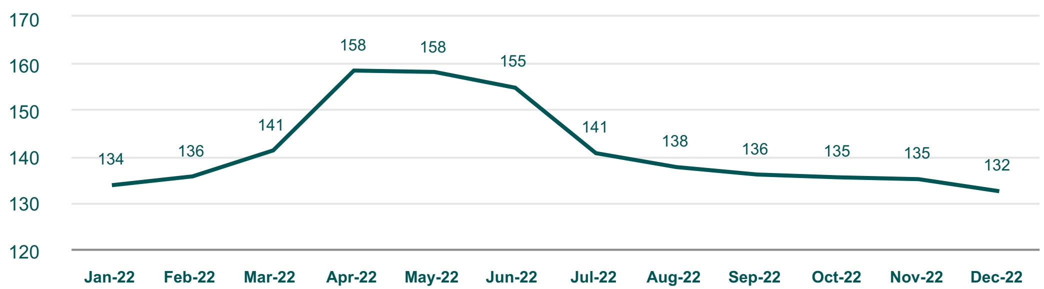
Source: Edge Retail Insight by Ascential (Market – Global Consumer Trends in USD at 2022 exchange rate)

RISING COSTS OF PRODUCTS

Prices for food commodities spiked considerably in 2022 – especially meat, dairy and vegetable oils – driving up food product costs globally. The Food and Agriculture Organization of the United Nations (FAO) food price index shows that the prices for five main commodities (sugar, meat, dairy, vegetable oils and cereals) increased by 14% on average in 2022 versus the prior year. This had a considerable effect on food retailers and consumers.

FAO food price index (2014-2016 = 100)

FAO



Source: Food and Agriculture Organization of the United Nations (2020-2022); FAO food price index consists of the average of five commodity group price indices: meat, dairy, cereals, vegetable oils and sugar.

MACRO-ECONOMIC TRENDS

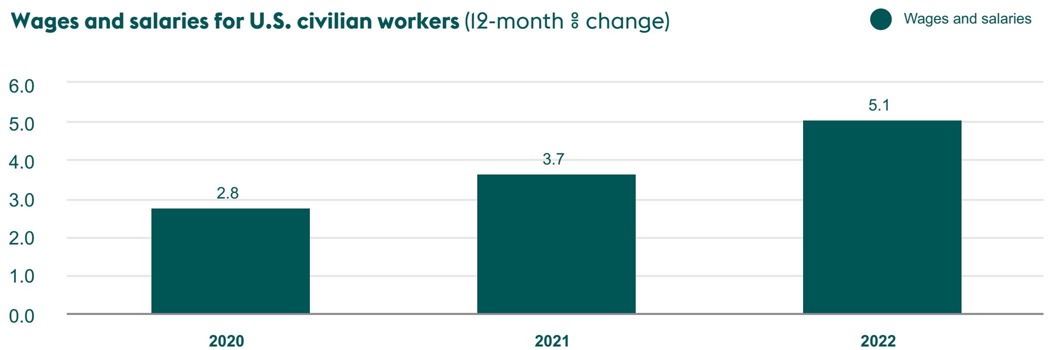
INCREASE IN NOMINAL WAGES AND SALARIES

As a result of rising inflation, wages and salaries in both Europe and the U.S. rose in 2022 compared to the previous year. Despite this, the economic slowdown, rising inflation and the start of recessionary behaviors (including reduced and more cautious spending) all increased challenges on household budgets. Expressions such as “heat or eat” were commonplace, as dramatic rises in gas and electricity burdened consumer spending. In the U.S., wages and salary increases were higher than the previous year, at roughly 5.0% in 2022 (source: U.S. Bureau of Labor Statistics, news release on Employment Cost Index, December 2022). In Europe, wages and salaries rose significantly; in each of the first three quarters of 2022 there was a year-over-year increase of around 3%-4% (source: “Euro indicators 2022,” Eurostat). Many central banks have reacted to this spike by starting to aggressively tighten monetary policy. These efforts are aimed at preventing further inflation growth (source: IMF, various reports in August 2022).

Despite significant nominal wage increases in 2022, real wages declined in many countries during the year, increasing poverty levels, inequality and social unrest as well as cost pressure for businesses. Inflation rose proportionally faster in North America, where average real wages dropped by -3.2% in the first half of 2022, while in the European Union, real wage growth reached -2.4% in the same period (source: “Rising inflation brings striking fall in real wages, ILO report finds,” International Labour Organization).

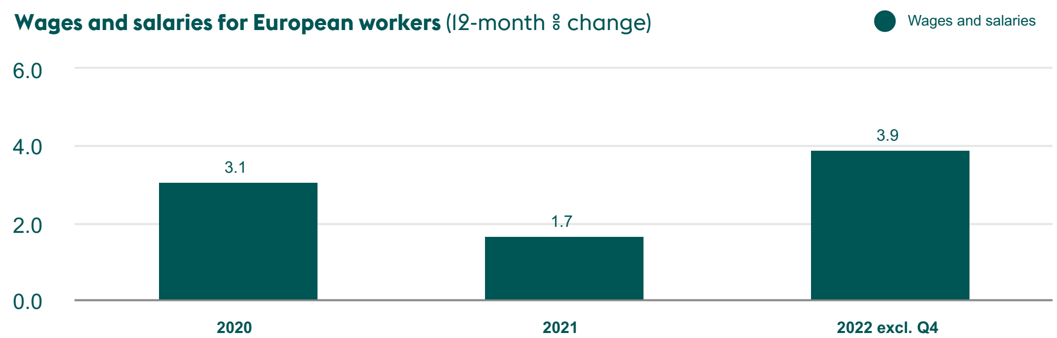
The overall employment situation was stable throughout 2022, with the explosion of unemployment at the beginning of the COVID-19 pandemic having settled. In the U.S., the unemployment rate decreased to a historically low range of 3.5%-3.7% since March 2022. The number of unemployed people remained unchanged, at around six million throughout the year (source: “The Employment Situation - December 2022,” U.S. Bureau of Labor Statistics). In Europe, the unemployment rate continued to decrease throughout 2022 from on average 6.5% in Q4 2021, toward 6.0% in November 2022 (source: “Euroindicators November 2022,” Eurostat).

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



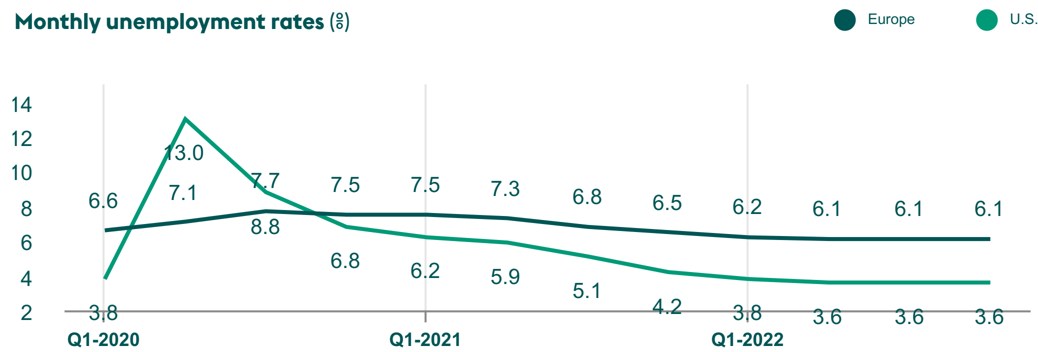
Source: U.S. Bureau of Labor Statistics (Charts related to the latest “Employment Cost Index” news release)

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



Source: Eurostat (Labor cost index)

Monthly unemployment rates (%)



Source: OECD (Labor market statistics 2022)

MACRO-ECONOMIC TRENDS

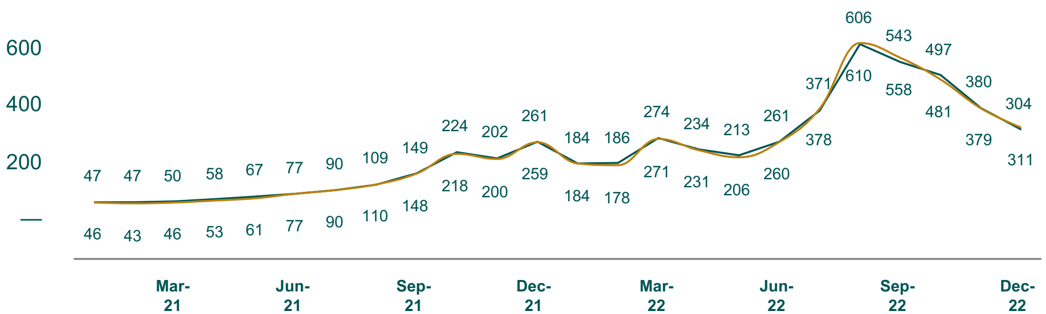
SPIKING ELECTRICITY COSTS

European energy markets have been tightening ever since the pandemic, but this escalated after the Russian invasion of Ukraine. Higher gas and, as a result, electricity prices, contributed to higher inflation, due to the heavy reliance on gas from Russia (around 25% of total EU gas consumption) (source: “Infographic – Where does the EU’s gas come from?” European Council). Electricity prices in Europe increased from 47-77 €/Mwh in the first half of 2021 to 378-606 €/Mwh in the second half of 2022 (see the graph: “Futures prices for the Netherlands and Belgium (€/Mwh)”). The increase in electricity prices in the U.S. was marginal, compared to Europe (source: “Short-term Energy Outlook,” U.S. Energy Information Administration).

Many governments have tried to mitigate the impact of soaring electricity prices for businesses and consumers by covering part of the costs (source: Various news in 2022, Bloomberg). Ahold Delhaize secures its electricity supply and prices by purchasing the electricity in advance where possible; this allows the company to manage the risks arising from the volatile energy market.

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

Netherlands Belgium



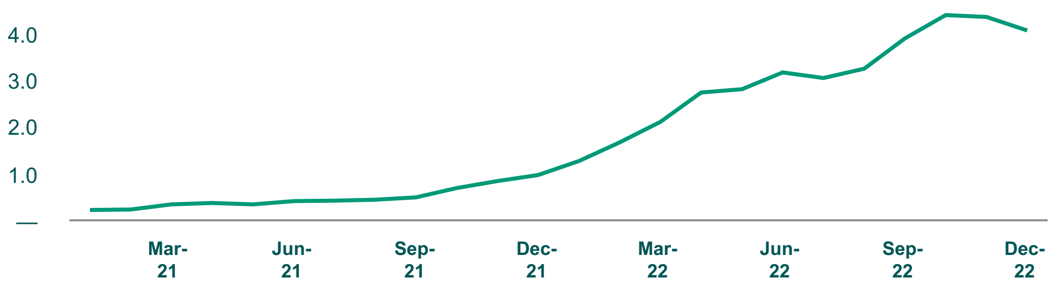
Source: ICE ENDEX

RISING INTEREST RATES

Our operational results were also affected by the movement of interest rates in 2022. The three-year constant maturity market yield on U.S. Treasury securities increased throughout the year, which favorably impacted the present value of our insurance liabilities. In addition to that, our pension and other post-employment benefits were positively affected by the increase of the discount rates. More details on pensions can be found in *Note 24.*

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

DGS3



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

FOREIGN EXCHANGE RATE FLUCTUATIONS

In 2022, the value of the U.S. dollar reached its highest level in two decades, boosted by interest rate increases, high inflation and relatively stable economic growth (source: “What does a strong U.S. dollar mean for developing countries?” UN Department of Economic and Social Affairs). U.S. interest rates increased significantly in 2022. As a result, the U.S. dollar appreciated by 12.5% against the euro (source: Bloomberg). A strengthening dollar positively influenced our consolidated financial results. The majority of the Ahold Delhaize brands’ operations are located in the United States and denominated in U.S. dollars, which is translated into euros for consolidated results. For more information, see *Note 2* to the consolidated financial statements.

CURRENCY		2022	2021	CHANGE IN THE AVERAGE ANNUAL VALUE OF THE CURRENCY
U.S. dollar	USD/EUR	**0.9515**	0.8461	12.5%
Czech crown	CZK/EUR	**0.0407**	0.0390	4.4%
Romanian leu	RON/EUR	**0.2028**	0.2032	(0.2)%
Serbian dinar	RSD/EUR	**0.0085**	0.0085	0.1%

Source: Average exchange rates 2021-2022, Bloomberg

TARGETS AND RESULTS

GROUP PERFORMANCE

NET SALES

€87.0bn 6.9%*

15.1% vs. 2021

COMPARABLE SALES GROWTH (EXCLUDING GASOLINE SALES)

5.4%

OPERATING INCOME

€3.8bn 4.9%*

13.5% vs. 2021

UNDERLYING OPERATING INCOME

€3.7bn 3.5%*

11.9% vs. 2021

UNDERLYING OPERATING MARGIN

4.3% (0.1) pp*

(0.1) pp vs. 2021

FREE CASH FLOW

€2.2bn 22.5%*

35.2% vs. 2021

*At constant rates.

GROUP PERFORMANCE

€ MILLION	2022	2021	CHANGE	% CHANGE
Net sales	**86,984**	75,601	11,383	15.1%
Of which: online sales	**8,618**	7,704	914	11.9%
Cost of sales	**(63,689)**	(54,916)	(8,773)	16.0%
Gross profit	**23,295**	20,685	2,610	12.6%
Other income	**663**	531	132	24.8%
Operating expenses	**(20,190)**	(17,896)	(2,294)	12.8%
Operating income	**3,768**	3,320	448	13.5%
Net financial expense	**(552)**	(517)	(36)	6.9%
Income before income taxes	**3,216**	2,803	413	14.7%
Income taxes	**(714)**	(591)	(123)	20.8%
Share in income of joint ventures	**44**	33	11	33.5%
Income from continuing operations	**2,546**	2,246	301	13.4%
Income (loss) from discontinued operations	**—**	—	—	(164.8)%
Net income	**2,546**	2,246	300	13.4%
Operating income	**3,768**	3,320	448	13.5%
Adjusted for:				
Impairment losses and reversals – net	**235**	61	174	
(Gains) losses on leases and the sale of assets – net	**(198)**	(76)	(122)	
Restructuring and related charges and other items	**(78)**	26	(103)	
Underlying operating income	**3,728**	3,331	397	11.9%
Underlying operating income margin	**4.3%**	4.4%	(0.1) pp	
Underlying EBITDA[1]	**7,161**	6,335	826	13.0%
Underlying EBITDA margin[1]	**8.2%**	8.4%	(0.1) pp	

1 Underlying operating income was adjusted for depreciation and amortization in the amount of €3,432 million for 2022 and €3,004 million for 2021. The difference between the total amount of depreciation and amortization for 2022 of €3,433 million (2021: €3,007 million) in Note 8 and the €3,432 million (2021: €3,004 million) mentioned in this footnote relates to items that were excluded from underlying operating income.

GROUP PERFORMANCE

SHAREHOLDERS

€ UNLESS OTHERWISE INDICATED	2022	2021	% CHANGE
Net income per share attributable to common shareholders (basic)	**2.56**	2.18	17.2%
Underlying income per share from continuing operations	**2.56**	2.20	16.5%
Dividend payout ratio	**40%**	42%	(1.7)pp
Dividend per common share	**1.05**	0.95	10.5%

OTHER INFORMATION

€ MILLION	2022	2021	% CHANGE
Net debt[1]	**14,416**	13,946	3.4%
Free cash flow[2]	**2,188**	1,618	35.2%
Capital expenditures included in cash flow statement (excluding acquisitions)	**2,490**	2,371	5.0%
Number of employees (in thousands)	414	413	0.2%
Credit rating/outlook Standard & Poor's	**BBB / positive**	BBB / stable	—
Credit rating/outlook Moody's	**Baa1 / stable**	Baa1 / stable	—

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

INFLATION HAS A POSITIVE IMPACT ON SALES, BUT A NEGATIVE IMPACT ON PROFITABILITY

In 2022, Ahold Delhaize delivered robust results, with strong sales growth, while maintaining a strong underlying operating margin. Group net sales were driven by positive contributions from comparable sales growth (excluding gasoline), foreign currency translation benefits, higher gasoline sales and, to a lesser extent, by the DEEN acquisition. The acquisition of 38 DEEN stores by Albert Heijn in the Netherlands was completed in September 2021. There was no significant COVID-19-related impact on sales throughout 2022, apart from the first two months of the year, when brick-and-mortar sales in the Benelux were positively impacted by lockdowns.

Continued supply chain disruptions, resulting from the COVID-19 pandemic and labor shortages when markets reopened, resulted in significant overall price inflation, especially within food and labor markets and the broader supply chain. In Europe, inflation was even further accelerated by the war in Ukraine, resulting in significantly increased energy prices. The overall cost of living increased and households were put under high pressure, which has led to a change in consumer behavior in both of our segments.

In addition to the impact felt by the consumer, our local brands also experienced the consequences of inflation, the war in Ukraine and the resulting higher energy prices. Our cost of sales increased significantly, as well as other expenses, causing pressure on the underlying operating margin. Despite these challenging circumstances, Ahold Delhaize's local brands were able to meet these new consumer demands and price through cost inflation realistically, using their deep understanding of commodity prices in their local markets. However, some of our local brands were faced with restrictions on pricing in their local markets.

Foreign exchange translation did have a significant effect on the financial results, as the majority of our brands' operations are located in the United States and denominated in U.S. dollars. In addition, interest rate increases had a positive effect on our Group operating income margin as consequently higher discount rates on insurance and pension liabilities triggered a release in reserves versus last year.

Overall net sales increased by 15.1% to €86,984 million due to higher prices, while volumes decreased following the lower demand resulting from the pressure on consumer spending. Pressure on units-per-basket growth was clearly visible in both regions throughout the course of 2022.

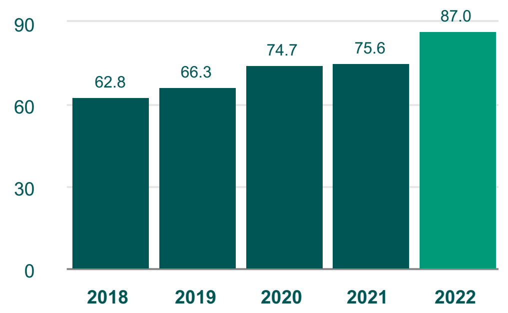
Net online sales grew at double-digit rates in the U.S., while, in Europe, net online sales declined at very low single-digit rates. The non-food e-commerce markets of our European brands softened and caused a difficult year-over-year comparison in the first half of the year as brick-and-mortar non-food retail sales recovered from prior-year lockdown measures.

Despite the high inflationary cost pressure on gross profit and underlying expenses, our brands were able to safeguard margins, thanks to our Save for Our Customers cost savings program. Our brands optimized internal processes in stores and supply chain and intensively worked with suppliers to mitigate cost increases for customers while alleviating pressure on the operating income. Thanks to these great efforts, our underlying operating margin only slightly decreased by 0.1 pp to 4.3%.

Free cash flow increased year over year by 22.5% at constant rates to €2,188 million, driven by strong operating cash flow growth in the United States, lower paid income taxes and increased divestments in the U.S. versus the prior year.

TARGETS AND RESULTS
GROUP PERFORMANCE

Net sales over time (€ billion)



Net sales contribution by segment

The United States	63.5%
Europe	36.5%

STRONG INCREASE IN NET SALES

Net sales for the financial year ending on January 1, 2023, were €86,984 million, an increase of €11,383 million, or 15.1%, compared to net sales of €75,601 million for the financial year ending on January 2, 2022. At constant exchange rates, net sales were up by €5,594 million or 6.9%.

Gasoline sales increased by 48.1% in 2022 to €1,334 million. At constant exchange rates, gasoline sales increased by 31.4%, driven by the ongoing war in Ukraine leading to a considerable increase in gasoline prices worldwide in 2022.

Net sales excluding gasoline increased in 2022 by €10,950 million, or 14.7%, compared to 2021. At constant exchanges rates, net sales excluding gasoline increased in 2022 by €5,276 million, or 6.6%, compared to 2021. Sales growth was mainly driven by inflation, which accelerated shelf prices in our brands' stores, foreign currency translation benefits and a slight benefit from the 2021 acquisition of 38 DEEN stores in the Netherlands.

In addition, comparable sales growth excluding gasoline sales increased by 5.4% in 2022 compared to 2021.

Net sales split by category

€ MILLION	2022	2021	CHANGE VERSUS PRIOR YEAR	% CHANGE	CHANGE VERSUS PRIOR YEAR AT CONSTANT EXCHANGE RATES	% CHANGE AT CONSTANT EXCHANGE RATES
Net sales	**86,984**	75,601	11,383	15.1%	5,594	6.9%
Of which gasoline sales	**1,334**	901	433	48.1%	319	31.4%
Net sales excluding gasoline	**85,650**	74,700	10,950	14.7%	5,276	6.6%
Of which online sales	**8,618**	7,704	914	11.9%	519	6.4%
Net consumer online sales	**11,323**	10,401	922	8.9%	528	4.9%

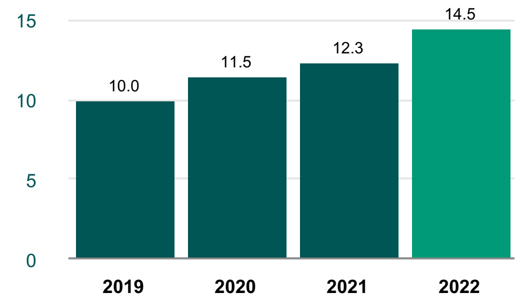
Healthy sales

	2022	2021 restated	2025 TARGET
% of healthy own-brand food sales as a proportion of total own-brand food sales	**54.4%**	53.4%	55.6%

During 2022, we further increased sales of healthy own-brand products as a proportion of total own-brand food sales to 54.4%. This increase resulted from the continuous efforts by our European brands to reformulate and expand their own-brand product ranges. For example, Delhaize Serbia introduced more products that qualify as A and B under Nutri-Score in order to expand its healthy assortment. In the U.S., the result was driven by higher volume and a positive mix, supported by improved customer propositions. For example, in the U.S., Food Lion integrated the Guiding Stars nutrition guidance program through in-store communications and marketing campaigns.

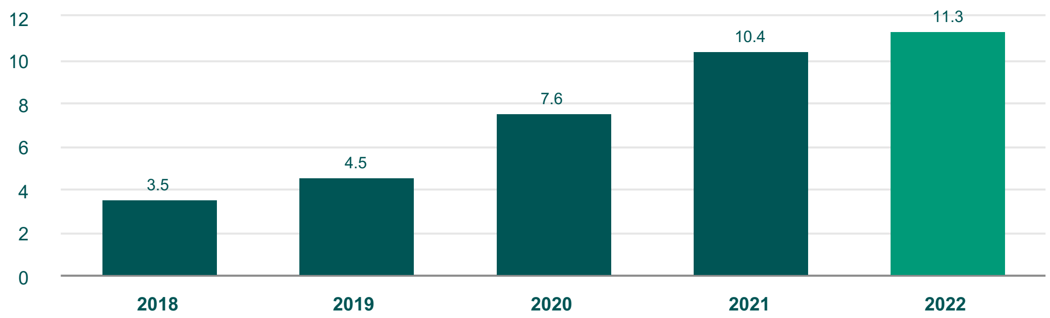
See *ESG statements* for more information on how we measure the percentage of healthy own-brand sales.

Own-brand healthy food sales (€ billion)

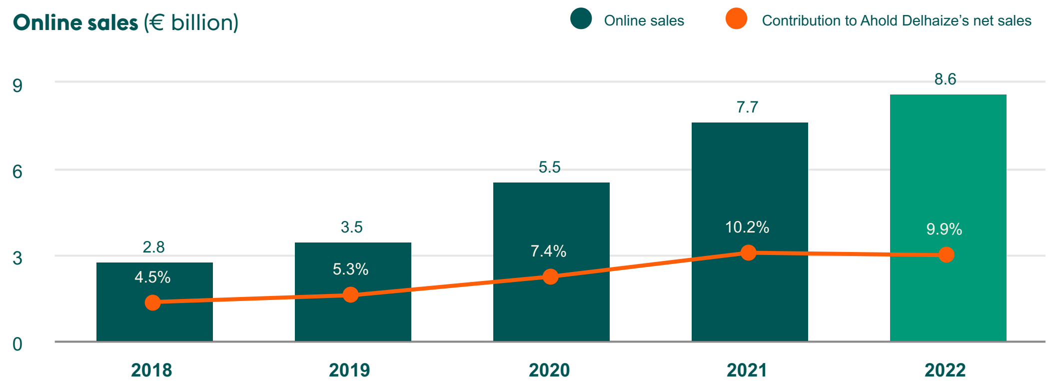


GROUP PERFORMANCE

Net consumer online sales (€ billion)



Online sales (€ billion)



	2022	2021	CHANGE VS PREVIOUS YEAR
% of online grocery penetration[1]	**7.1%**	6.8%	0.3 pp

1 See the *Definitions and abbreviations* for more information on how this is calculated.

Online sales continued to grow

In 2022, we continued to deliver strong net consumer online sales, which amounted to €11,323 million and increased by 4.9% at constant exchange rates. Online sales growth contributed €8,618 million to net sales (2021: €7,704 million).

Most of the online sales growth originated from the U.S., where there was a continued positive trend of consumers shifting to online shopping. Net online sales at the U.S. brands increased by 14.5% in constant currency, also supported by an increased number of click-and-collect points (1,549 vs. 1,389 in 2021). This growth builds on the strong 68.9% constant currency growth in the previous year.

Our local brands facilitated many initiatives that enabled this growth. Some of our U.S. brands reduced the minimum-order value and service and delivery fees, and others added new Instacart geographies. Furthermore, the brands added 160 pick-up locations at stores while reducing lead times. In addition, geofencing was rolled out to more than 650 stores, reducing wait times by an average of 24%. Geofencing is a service that triggers an action when a device enters a set location. For example, it enables click-and-collect teams to receive a message when a customer's phone is near the store, enabling them to collect orders in advance and reduce wait times.

The U.S. brands re-assessed the PRISM platform (proprietary software), which enables the automation of complex processes and the management of documents and data, in December 2022. In 2023, the U.S. segment will work towards full implementation by migrating Food Lion and Hannaford to this platform.

These and many other initiatives not only led to growth in net online sales for the U.S. brands, but also enabled the brands to offer a more personalized digital experience through improved functionality and an improved technology stack for stability and scalability, supporting peak traffic and site availability.

In Europe, net consumer online sales decreased by (0.1%). The decline was due to weak non-food e-commerce market conditions in the Benelux, which contracted at a high-single-digit rate as brick-and-mortar non-food retail sales recovered from prior-year lockdown measures, particularly in the first quarter of the year. Despite this challenging trend, bol.com expanded in several categories, increased the number of Plaza partners and again increased its market share.

While non-food e-commerce softened, grocery sales at our European brands continued to increase, with ah.nl being the main driver. The optimization of digital advertising opportunities as well as the exploration of complementary revenue streams not only led to increased profitability but also to increased sales.

GROUP PERFORMANCE

GROSS PROFIT

Gross profit was up by €2,610 million, or 12.6%, compared to 2021. At constant exchange rates, gross profit increased by €951 million, or 4.3%. Gross profit margin (gross profit as a percentage of net sales) for 2022 was 26.8%, a decrease of approximately 60 basis points compared to 27.4% in 2021, affected mainly by an increase in our brand's own logistics and distribution expenses, as well as the dilutive impact of inflation on vendor allowances. Margin pressure driven by food inflation has been milder compared to the market, due to continued savings initiatives across the business, driven by our successful Save for Our Customers program, in particular, increasing "Buy Better" initiatives and sourcing alliances.

Food waste

	2022	2021 restated	2030 TARGET
Tonnes of food waste per food sales (t/€ million)	**3.38**	4.07	
% reduction in food waste per food sales (t/€ million)[1]	**33%**	20%	50%

1 The reduction is measured against the 2016 baseline of 5.09 t/€ million. See *ESG statements* for more information.

Reducing food waste is not only one of our most important sustainability KPIs but also an important lever to improve our margins.

We decreased tonnes of food waste per food sales by 0.7 in 2022 compared to 2021.

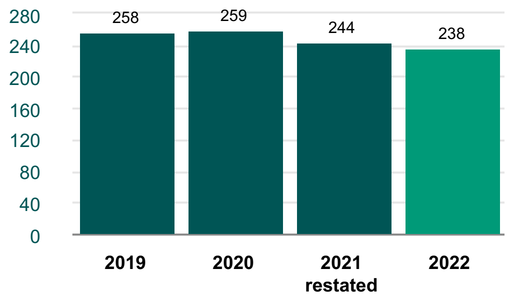
In 2022, absolute food waste totaled 238 thousand tonnes, 2.5% less than the total of 244 thousand tonnes in 2021. One way our brands reduce food waste is through food donations. In 2022, our brands donated 21% of unsold food to feed people, compared to 19% in 2021.

Food sales increased by 17.2%, mainly driven by inflation and exchange rates.

In addition, our brands continued to find innovative ways to reduce food waste by giving customers access to fresh produce, meat, dairy, bakery and other items nearing their best-by date at discounts of up to 50% off. For example, in the U.S., the brands partnered with Flashfood, an app customers can use to check the availability of fresh food nearing its expiration date. The mobile app helps regular shoppers save over $500 a year on their grocery bills and stops these products from going to waste. Another example is Albert Heijn's recently launched "Leftovers" campaign, providing price savings on products being phased out or left over at the end of the day.

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

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



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

GROUP PERFORMANCE

OPERATING EXPENSES

In 2022, operating expenses increased by €2,294 million, or 12.8%, to €20,190 million, compared to €17,896 million in 2021. At constant exchange rates, operating expenses increased by €861 million, or 4.5%. As a percentage of net sales, operating expenses decreased by 0.5 percentage points to 23.2%, compared to 23.7% in 2021. Excluding gasoline sales and at constant exchange rates, operating expenses as a percentage of net sales decreased by 0.5 percentage points. Operating expenses as a percentage of sales were slightly lower in 2022 compared to 2021, despite the current challenging economic environment and significant increase in energy costs, driven by strong operational excellence and tight cost control.

Operating expenses include impairments, gains (losses) on leases and the sale of assets, restructuring and related charges, and other items that management believes can distort an understanding of the trend related to the development of our underlying business. Impairment losses and reversals, gains (losses) on leases and the sale of assets – net, and restructuring and related charges are summarized below. Operating expenses in 2022 were considerably affected by increasing energy costs in the U.S. and Europe. However, in deregulated markets, we were, to a certain extent, successful during the year in hedging our energy contracts and optimizing expenses. In some of our regulated markets where local governments have intervened, we were more affected, as options to mitigate energy cost pressure were limited.

Carbon emissions

	2022	2021 restated	2030 TARGET
Absolute CO_2-equivalent emissions from own operations (scope 1 and 2) (thousand tonnes)[1]	**2,837**	2,892	
% reduction in absolute CO_2-equivalent emissions from own operations (scope 1 and 2)[1]	**32%**	31%	50%

1 Reduction is from a restated 2018 baseline of 4,164 thousand tonnes CO_2-equivalent emissions. See *ESG statements* for more information.

Our scope 1 and 2 CO_2-equivalent emissions are mainly driven by energy consumption, refrigerant leakage and transport, which are all directly linked to our operating expenses.

At the end of 2022, our brands operated 7,659 stores, compared to 7,452 stores at the end of 2021. Despite the increase in the number of stores, CO_2-equivalent emissions decreased by 32% compared to our 2018 baseline compared to 31% in 2021. The main drivers for this reduction were the increased amount of renewable energy consumed and more efficient refrigeration systems. CO_2-equivalent emissions from transport increased.

Carbon emissions from energy consumption were 1,323 thousand tonnes in 2022, compared to 1,394 thousand tonnes in 2021. Carbon emissions per square meter of sales area from energy consumption in 2022 were 152 kg compared to 162 kg in 2021.

Our brands continued to install energy-efficiency measures, such as LED lighting and more energy-efficient refrigeration systems. In 2022, more than 300 of the Ahold Delhaize USA brands' stores completed LED conversions and more than 25 stores (partly) retrofitted open refrigerated cases with doors, to improve operating efficiency.

By the end of 2024, Delhaize Serbia's entire store network is expected to use LED lighting, and by the end of November of 2022, the existing fluorescent lighting in brand's DC was replaced by LED lighting. This is expected to cut power consumption by about 700 MWh per year on the brand level.

We continued to source more green energy through power purchase agreements (PPAs) in 2022. A total of 24% of the energy consumed came from renewable sources compared to 22% in 2021.

Carbon emissions from refrigerant leakage in 2022 was 1,185 thousand tonnes compared to 1,182 thousand tonnes in 2021. Carbon emissions per square meter were 137 kg, equal to 2021. This was driven by our brands using refrigerants with a lower Global Warming Potential (GWP) and an increase in leakage. Our brands continue to install refrigeration systems with a lower GWP, or even natural refrigerants, when they remodel stores. This helped to reduce the GWP in 2022 to 2.679 from 2.691 in 2021.

Albert in the Czech Republic also installed temperature sensors that detect cooling failures and monitor the quality of food in refrigerators and freezers.

Carbon emissions from fuel consumption of owned trucks increased to 327 thousand tonnes compared to 315 thousand tonnes in 2021.

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

GROUP PERFORMANCE

IMPAIRMENT LOSSES AND REVERSALS – NET

Ahold Delhaize recorded the following impairments and reversals of impairments of assets – net in 2022 and 2021:

€ MILLION	2022	2021
The United States	**(212)**	(48)
Europe	**(24)**	(13)
Total	**(235)**	(61)

Impairment charges in 2022 were €235 million, up by €174 million compared to 2021. The main contributor to this increase relates to the impairment charge of FreshDirect taken in the third quarter. This impairment was largely related to the broad-based re-rating of the sector valuations and reduced scope of that business, which is now predominantly focused on the New York Tri-State area.

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

Ahold Delhaize recorded the following gains (losses) on leases and the sale of assets – net in 2022 and 2021:

€ MILLION	2022	2021
The United States	**181**	49
Europe	**17**	21
Global Support Office	**—**	6
Total	**198**	76

The gains (losses) on leases and the sales of assets in 2022 were €198 million, which was €122 million higher than in 2021, largely due to the sale of four U.S. warehouses to US Foods.

RESTRUCTURING AND RELATED CHARGES AND OTHER ITEMS

Restructuring and related charges and other items in 2022 and 2021 were as follows:

€ MILLION	2022	2021
The United States	**33**	80
Europe	**49**	(106)
Global Support Office	**(4)**	—
Total	**78**	(26)

Restructuring and related charges and other items in 2022 resulted in a €78 million net gain. This net gain is €103 million higher compared to 2021. In 2022, the restructuring and related charges in the U.S. were mainly driven by a net gain related to a further reduction of the defined benefit obligation of the FELRA and MAP, related to the American Rescue Plan Act (see *Note 24*). In Europe, the net gain was mainly driven by a release of a wage tax provision in Belgium, partially offset by one-off items in the Netherlands. In 2021, the income also mainly related to a partial release of the defined benefit obligation of the FELRA and MAP benefit related to the American Rescue Plan Act in the U.S. In Europe, the charges mainly related to claims and disputes, and the restructuring costs related to the DEEN acquisition.

OPERATING INCOME

Operating income in 2022 went up by €448 million, or 13.5%, to €3,768 million compared to €3,320 million in 2021. The increase of €448 million is mainly explained by the changes in gross profit and operating expenses, as explained above. At constant exchange rates, operating income was up €174 million, or 4.9%.

NET FINANCIAL EXPENSES

Net financial expenses in 2022 were up by €36 million, or 6.9%, to €552 million, compared to €517 million in 2021. The increase was primarily due to the strengthening U.S. dollar against the euro, resulting in a €47 million higher interest expense on U.S. dollar-denominated debt. This was partially compensated by higher interest income from cash and short-term deposits.

INCOME TAXES

In 2022, income tax expense was €714 million, up by €123 million, compared to €591 million in 2021. The main reason for the increase in income tax expense is the higher income before income tax.

The effective tax rate, calculated as a percentage of income before income tax, was 22.2% in 2022 (2021: 21.1%). The details behind the effective tax rate increase can be found in *Note 10*.

SHARE IN INCOME OF JOINT VENTURES

Ahold Delhaize's share in income of joint ventures was €44 million in 2022, or €11 million higher than last year.

Our share of JMR's results decreased by €5 million, compared to last year, due to an additional €11 million tax charge. Our share of Super Indo's results remained constant this year compared to last year. Our share of individually immaterial joint ventures increased by €16 million, compared to last year, related to our share in the sale of property at one of our joint ventures in the U.S. For further information about joint ventures, see *Note 15* to the consolidated financial statements.

GROUP PERFORMANCE

UNDERLYING OPERATING INCOME AND UNDERLYING OPERATING INCOME MARGIN

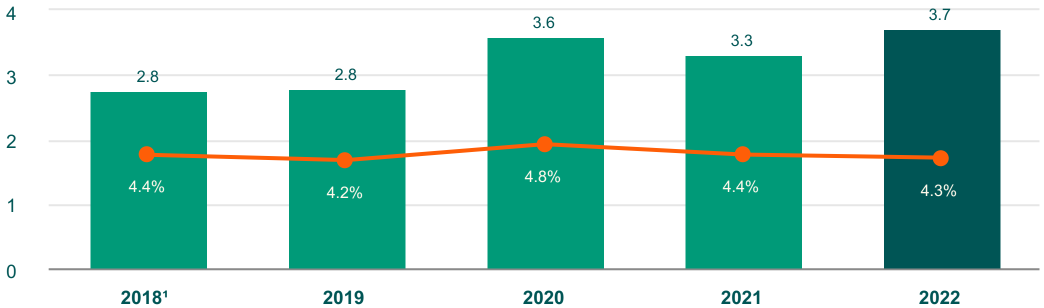
Underlying operating income was €3,728 million in 2022, up €397 million, or 11.9%, versus €3,331 million in 2021. The contribution by segment was 70% by the U.S. and 30% by Europe respectively, an eight-point movement up in the U.S. and down in Europe compared with 2021. This difference in contribution was driven by relatively stronger U.S. growth, favorable foreign currency translation benefits from U.S. dollars to euros and relatively weaker European margins. Underlying operating income margin in 2022 was 4.3%, compared to 4.4% in 2021. At constant exchange rates, underlying operating income increased by €127 million, or 3.5%, compared to 2021.

Our 2022 results were mainly driven by intensified efforts by our brands to deliver customers great value through our Save for Our Customers cost savings program, as tight cost management continues to remain a core objective of our business model.

Our Save for Our Customers program delivered €979 million in 2022, positively impacting our gross profit and operating expenses, yielding 15% more savings than originally expected in 2022, despite the challenging market environment. These savings have offset higher labor, distribution and energy costs.

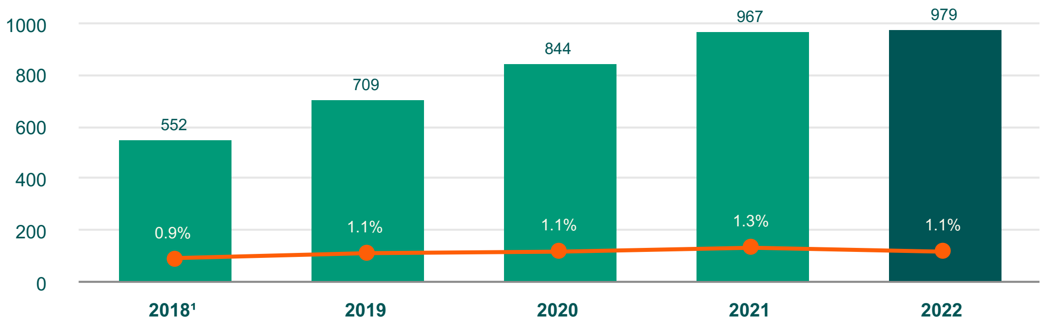
Through this program, our great local brands absorb cost increases to invest in better customer propositions and to keep shelf prices as low as possible, enabling customers to manage their shopping baskets efficiently and ensuring access to affordable and healthy food options in this inflationary environment.

Underlying operating income (€ billion)



1 2018 figures have been restated to reflect the impact of the implementation of IFRS 16 Leases. Financial information prior to 2018 has not been restated to reflect the impact of the implementation of IFRS 16 Leases.

Save for Our Customers (€ million)



1 2018 figures have been restated to reflect the impact of the implementation of IFRS 16 Leases. Financial information prior to 2018 has not been restated to reflect the impact of the implementation of IFRS 16 Leases.

Underlying operating income contribution by segment[1]

The United States	69.7%
Europe	30.3%

1 Before Global Support Office costs.

FINANCIAL POSITION

FINANCIAL POSITION

€ MILLION	January 1, 2023	% OF TOTAL	January 2, 2022	% OF TOTAL
Property, plant and equipment	**12,482**	**25.7%**	11,838	25.9%
Right-of-use asset	**9,607**	**19.8%**	9,010	19.7%
Intangible assets	**13,174**	**27.1%**	12,770	27.9%
Pension assets	**54**	**0.1%**	71	0.2%
Other non-current assets	**2,419**	**5.0%**	2,439	5.3%
Cash, cash equivalents and short-term deposits and similar instruments, and current portion investment in debt instruments[1]	**3,223**	**6.6%**	3,143	6.9%
Inventories	**4,611**	**9.5%**	3,728	8.2%
Other current assets	**2,984**	**6.1%**	2,713	5.9%
Total assets	**48,555**	**100.0%**	45,712	100.0%
Group equity	**15,405**	**31.7%**	13,721	30.0%
Non-current portion of long-term debt	**15,164**	**31.2%**	14,739	32.2%
Pensions and other post-employment benefits	**696**	**1.4%**	1,107	2.4%
Other non-current liabilities	**2,209**	**4.5%**	1,966	4.3%
Short-term borrowings and current portion of long-term debt and lease liabilities[1]	**2,476**	**5.1%**	2,350	5.1%
Payables	**8,191**	**16.9%**	7,563	16.5%
Other current liabilities	**4,415**	**9.1%**	4,266	9.3%
Total equity and liabilities	**48,555**	**100.0%**	45,712	100.0%

1 Short-term borrowings and current portion of long-term debt comprise €1,327 million lease liabilities, €204 million short-term borrowings, €712 million bank overdrafts and €233 million current portion loans (for more information see *Note 26* to the consolidated financial statements).

Ahold Delhaize's consolidated balance sheets as of January 1, 2023, and January 2, 2022, are summarized as follows:

Total assets increased by €2,843 million. Property, plant and equipment increased by €644 million, primarily driven by the appreciation of the U.S. dollar relative to the euro and by regular capital expenditures surpassing depreciation charges. For more information, see *Note 11* to the consolidated financial statements.

Right-of-use assets increased by €598 million. The main drivers of this increase were investments, reassessments, modifications to leases and the appreciation of the U.S. dollar relative to the euro, being higher than depreciation. For more information, see *Note 12* to the consolidated financial statements.

Intangible assets increased by €404 million. The higher balances in 2022 were almost entirely due to higher goodwill, driven by the appreciation of the U.S. dollar relative to the euro and, to a much lesser extent, by the acquisition of Cycloon. The goodwill recognized from this acquisition is attributable to the synergies expected from the combination of the operations with bol.com. An impairment loss related to FreshDirect was recognized for goodwill and other intangible assets. For more information, see *Note 14* to the consolidated financial statements.

Cash, cash equivalents and short-term deposits and similar instruments, and current portion investment in debt instruments increased by €80 million, mostly related to an amount held under a notional cash pooling arrangement, which is fully offset by an identical amount included under Short-term borrowings and current portion of long-term debt and lease liabilities.

Inventories increased by €884 million to €4,611 million. This increase was significantly driven by increased levels across all brands, due to higher cost inflation and the appreciation of the U.S. dollar relative to the euro. In the U.S., store inventories increased as they normalized and returned to pre-pandemic levels. In addition, the warehouse inventories increased due to the self-distribution transformation logistics program.

Payables increased by €627 million, mostly driven by an increase in inventories.

Our pension and other post-employment benefits decreased by €411 million to €696 million. For more information, see *Note 24*.

TARGETS AND RESULTS
FINANCIAL POSITION

In 2022, gross debt increased by €551 million to €17,640 million, primarily due to exchange rate movements on the U.S. dollar. primarily because of the impact of the stronger U.S. dollar on Ahold Delhaize's outstanding U.S. dollar-denominated liabilities. Other movements included an increase in lease liabilities (€227 million) partly offset by a decrease in the amount held under the notional cash pooling arrangement.

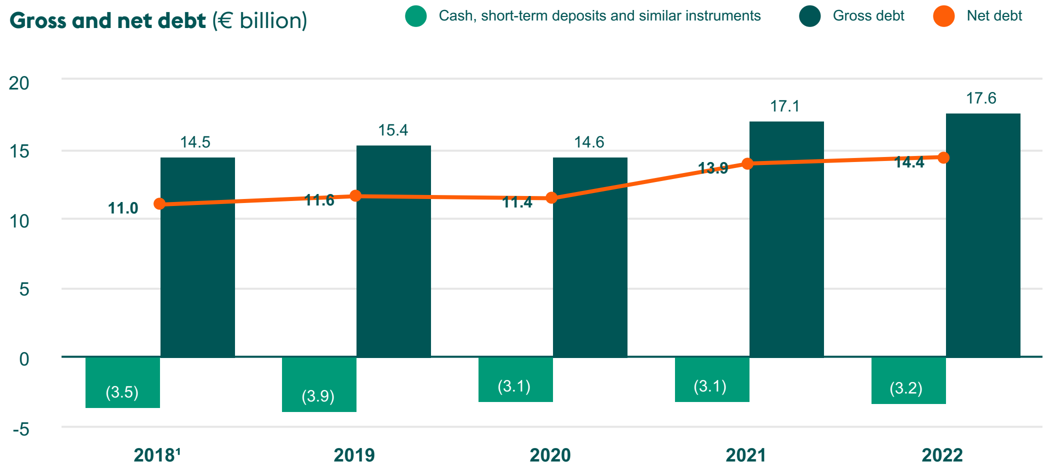
Ahold Delhaize's net debt was €14,416 million as of January 1, 2023 – an increase of €471 million from January 2, 2022. The increase in net debt was mainly the result of exchange rate movements on the U.S. dollar, an increase in leases, the payment of the common stock dividend (€979 million) and the completion of the €1 billion share buyback program, partly offset by strong free cash flow generation (€2,188 million).

DEBT

€ MILLION	January 1, 2023	January 2, 2022
Loans	**4,527**	4,678
Lease liabilities	**10,637**	10,061
Non-current portion of long-term debt	**15,164**	14,739
Short-term borrowings and current portion of long-term debt[1]	**2,476**	2,350
Gross debt	**17,640**	17,089
Less: cash, cash equivalents, short-term deposits and similar instruments, and short-term portion of investments in debt instruments[2, 3, 4, 5]	**3,223**	3,143
Net debt	**14,416**	13,946

1 Short-term borrowings and current portion of long-term debt comprise €1,327 million lease liabilities, €204 million short-term borrowings, €712 million bank overdrafts and €233 million current portion loans (for more information see *Note 26* to the consolidated financial statements).
2 Short-term deposits and similar instruments include investments with a maturity of between three and 12 months. The balance of these instruments at January 1, 2023, was €16 million (January 2, 2022: €15 million) and is presented within Other current financial assets in the consolidated balance sheet.
3 Included in the short-term portion of investments in debt instruments is a U.S. Treasury investment fund in the amount of €125 million (January 2, 2022: €135 million).
4 Book overdrafts, representing the excess of total issued checks over available cash balances within the Group cash concentration structure, are classified in accounts payable and do not form part of net debt. This balance at January 1, 2023, was €414 million (January 2, 2022: €397 million).
5 Cash and cash equivalents include an amount held under a notional cash pooling arrangement of €712 million (January 2, 2022: €807 million). This cash amount is fully offset by an identical amount included under short-term borrowings and current portion of long-term debt.

Gross and net debt (€ billion)



1 2018 figures have been restated to reflect the impact of the implementation of IFRS 16 Leases. Financial information prior to 2018 has not been restated to reflect the impact of the implementation of IFRS 16 Leases.

LIQUIDITY

LIQUIDITY POSITION

€ MILLION	January 1, 2023	January 2, 2022
Total cash and cash equivalents (*Note 20*)	**3,082**	2,993
Short-term deposits and similar instruments (*Note 19*)	**16**	15
Investments in debt instruments (FVPL) – current portion (*Note 19*)	**125**	135
Cash, cash equivalents, short-term deposits and similar instruments, and short-term portion of investments in debt instruments	**3,223**	3,143
Less: Notional cash pooling arrangement (short-term borrowings)	**712**	807
Liquidity position	**2,511**	2,336

Ahold Delhaize views available cash balances and funds from operating activities as its primary sources of liquidity, complemented by external sources of funds when deemed to be required. Ahold Delhaize manages short-term liquidity based on projected cash flows. As of January 1, 2023, the Company's liquidity position primarily consisted of €2,511 million of cash (including short-term deposits and similar instruments and current portion of investments in debt instruments, adjusted for cash held under a notional cash pooling arrangement), and the undrawn portion of the €1.5 billion revolving credit facility.

Based on the current operating performance and liquidity position, the Company believes that cash provided by operating activities, the available cash balances and the undrawn portion of the revolving credit facility will be sufficient to fund working capital needs, capital expenditures, interest payments, dividends, the announced €1 billion share buyback program, and scheduled debt repayments for the next 12 months. In addition, the Company has access to the debt capital markets based on its current credit ratings.

GROUP CREDIT FACILITY

Ahold Delhaize has access to a €1.5 billion committed, unsecured, multi-currency and syndicated revolving credit facility. On December 9, 2022, the Company closed a five-year €1.5 billion sustainability-linked revolving credit facility including two one-year extension options, refinancing and upsizing the 2020-dated €1 billion facility with a maturity in December 2024. This facility links the cost of borrowing to the Company's annual performance on sustainability KPIs that are aligned with its Grounded in Goodness strategy.

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

During 2022 and 2021, the Company was in compliance with these covenants. Due to its credit rating, it was not required to test the financial covenant. As of January 1, 2023, there were no outstanding borrowings under the facility.

CREDIT RATINGS

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

- Standard & Poor's: corporate credit rating BBB, with a positive outlook since September 2022 (2021: BBB with stable outlook).
- Moody's: issuer credit rating Baa1, with a stable outlook since February 2018 (2021: Baa1 with stable outlook).

CASH FLOWS

CONSOLIDATED CASH FLOWS

Ahold Delhaize's consolidated cash flows for 2022 and 2021 are as follows:

€ MILLION	2022	2021
Operating cash flows from continuing operations	**6,110**	5,468
Purchase of non-current assets (cash capital expenditure)	**(2,490)**	(2,371)
Divestment of assets/disposal groups held for sale	**288**	82
Dividends received from joint ventures	**38**	28
Interest received	**56**	16
Lease payments received on lease receivables	**115**	103
Interest paid	**(174)**	(138)
Repayments of lease liabilities	**(1,755)**	(1,569)
Free cash flow	**2,188**	1,618
Proceeds from long-term debt	**—**	848
Repayments of loans	**(162)**	(427)
Changes in short-term loans	**(93)**	90
Changes in short-term deposits and similar instruments	**—**	44
Dividends paid on common shares	**(979)**	(856)
Share buyback	**(997)**	(994)
Acquisition/(divestments) of businesses, net of cash	**(7)**	(534)
Other cash flows from derivatives	**—**	—
Other	**(41)**	(7)
Net cash from operating, investing and financing activities	**(92)**	(218)

Operating cash flows from continuing operations were higher by €642 million. At constant exchange rates, operating cash flows from continuing operations were higher by €186 million, or 3.1%. The purchase of non-current assets was higher by €119 million, or €43 million lower at constant exchange rates.

FREE CASH FLOW

Free cash flow, at €2,188 million, increased by €570 million compared to 2021, mainly driven by an increase in operating cash flow of €642 million and a favorable impact from net investments of €87 million compared to last year, partially offset by higher repayment of lease liabilities of €185 million.

The positive changes in operating cash flow result from higher sales-driven operating results in the U.S. and lower income taxes paid of €534 million versus 2021. This mainly relates to the payment of an additional assessment notice of approximately €380 million that our subsidiary Delhaize Le Lion/De Leeuw SCA received and that was paid in 2021 (see *Note 34* to the consolidated financial statements for more information on this additional assessment notice). Operating cash flow was offset by a decrease of €713 million in working capital, caused by increased inventories driven by normalizing post-pandemic store inventories as well as higher warehouse inventories following the transformation to self distribution in the U.S. Unfair Trading Practice (UTP) legislation also had a negative working capital impact from payables in several of our European markets.

In 2022, the main uses of free cash flow included:

- Share buyback program, for a total amount of €997 million.
- Common stock final dividend of €0.52 per share for 2021, paid in 2022, and common stock interim dividend of €0.46 per share for 2022, resulting in a total cash outflow of €979 million.

CAPITAL INVESTMENTS AND PROPERTY OVERVIEW

Capital expenditure (CapEx), including acquisitions and additions to right-of-use assets, amounted to €4,107 million in 2022 versus €5,776 million in 2021, reflecting the absence of major acquisitions in 2022. Total cash CapEx for the year amounted to €2,490 million in 2022, an increase of €119 million compared to the previous year. Total regular CapEx was largely unchanged compared to last year; the small reduction presented in this Annual Report is the result of a lower need for investments in logistics in 2022.

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

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

At the end of 2022, Ahold Delhaize brands operated 7,659 stores, compared to 7,452 in 2021. The Company's total sales area amounted to 9.8 million square meters in 2022, an increase of 0.6% over the prior year.

CAPITAL EXPENDITURES

€ MILLION	2022	2021	CHANGE VERSUS PRIOR YEAR	% OF SALES
The United States	**2,283**	2,235	49	4.1%
Europe	**1,743**	1,925	(181)	5.5%
Global Support Office	**26**	28	(2)	
Total regular capital expenditures	**4,053**	4,187	(134)	4.7%
Acquisition capital expenditures	**54**	1,589	(1,534)	0.1%
Total capital expenditures	**4,107**	5,776	(1,669)	4.7%
Total regular capital expenditures	**4,053**	4,187	(134)	4.7%
Right-of-use assets[1]	**(1,591)**	(1,748)	157	(1.8)%
Change in property, plant and equipment payables (and other non-cash adjustments)	**28**	(68)	96	—%
Total cash CapEx (cash capital expenditure)	**2,490**	2,371	119	2.9%
Divestment of assets/disposal groups held for sale	**(288)**	(82)	(206)	(0.3)%
Net capital expenditure	**2,202**	2,289	(87)	2.5%

1 Right-of-use assets comprises additions (€559 million), reassessments and modifications to leases (€1,035 million) (for more information see *Note 12* to the consolidated financial statements) as well as additions (€2 million) and reassessments and modifications to leases (€(5) million) relating to right-of-use assets included within investment properties (for more information see *Note 13* to the consolidated financial statements).

NUMBER OF STORES

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

	OPENING BALANCE	OPEN/ ACQUIRED	CLOSED/ SOLD	CLOSING BALANCE
The United States	2,048	9	(6)	**2,051**
Europe	5,404	286	(82)	**5,608**
Total number of stores	7,452	295	(88)	**7,659**

	2022	2021	CHANGE VERSUS PRIOR YEAR
Number of stores operated by Ahold Delhaize	**5,619**	5,553	66
Number of stores operated by franchisees	**2,040**	1,899	141
Number of stores operated	**7,659**	7,452	207

Franchisees operated 2,040 stores in the Netherlands, Belgium, Luxembourg and Greece.

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

	2022	2021	CHANGE VERSUS PRIOR YEAR
The United States	**1,549**	1,389	160
Europe	**263**	253	10
Total	**1,812**	1,642	170

At the end of 2022, Ahold Delhaize operated 1,812 pick-up points, which was 170 more than in 2021. These are either standalone, in-store or office-based and include 1,549 pick-up points in the U.S., of which 1,547 are click-and-collect points.

CAPITAL INVESTMENTS AND PROPERTY OVERVIEW

Ahold Delhaize also operated the following other properties as of January 1, 2023:

Warehouse/distribution centers/ production facilities/offices	**180**
Properties under construction/ development	**89**
Investment properties	**741**
Total	**1,010**

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

The total number of retail locations owned or leased by Ahold Delhaize was 6,293 in 2022. This total includes 662 stores subleased to franchisees and 12 pick-up points in stand-alone locations. Ahold Delhaize also operates 223 gas stations in the premises of some of the group's stores. The total number of retail locations owned or leased increased by 113 compared to 2021.

The following table breaks down the ownership structure of our 6,293 retail locations (inclusive of stores subleased to franchisees) and 1,010 other properties as of January 1, 2023.

	RETAIL LOCATIONS	OTHER PROPERTIES
Company owned % of total	20%	49%
Leased % of total	80%	51%

EARNINGS AND DIVIDEND PER SHARE

Income from continuing operations per common share (basic) was €2.56, an increase of €0.38, or 17.2% compared to 2021. The main driver of this increase came from favorable foreign currency translation impacts related to a strengthening U.S. dollar in 2022 versus 2021, and higher constant currency sales. The decrease in the number of outstanding shares as a result of a €1 billion share buyback program carried out in 2022 provided a further contribution (see *Note 21* to the consolidated financial statements for more information on the share movements). Underlying income from continuing operations per common share (diluted) was €2.55, an increase of €0.36, or 16.5%, compared to 2021, also driven by favorable foreign currency translation.

Ahold Delhaize's policy is to target a dividend payout ratio range of 40-50% of its underlying income from continuing operations. Underlying income from continuing operations for 52 weeks amounted to an estimated €2,551 million in 2022 and €2,262 million in 2021. As part of our dividend policy, we adjusted income from continuing operations as follows:

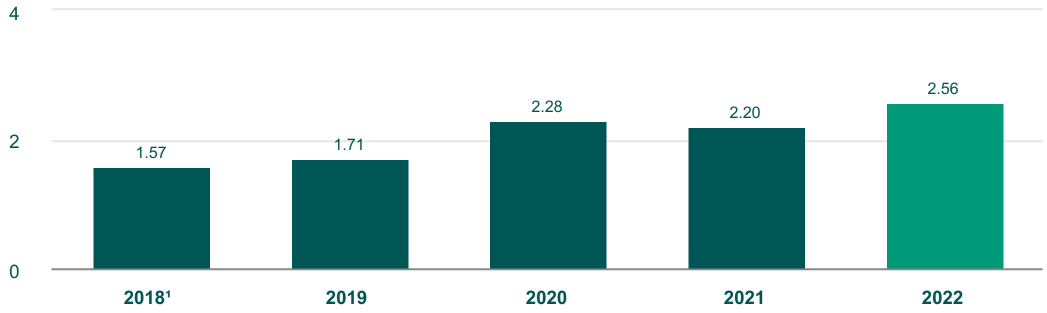
€ MILLION	2022 (BASED ON 52-WEEKS)	2021 (BASED ON 52-WEEKS)
Income from continuing operations	**2,546**	2,246
Adjusted for:		
Impairment losses and reversals – net	**235**	61
(Gains) losses on leases and the sale of assets – net	**(198)**	(76)
Restructuring and related charges and other items	**(78)**	26
Unusual items in net financial expense	**—**	—
Tax effect on adjusted and unusual items	**44**	6
Underlying income from continuing operations	**2,551**	2,262
Income from continuing operations per share attributable to common shareholders	**2.56**	2.18
Underlying income from continuing operations per share attributable to common shareholders	**2.56**	2.20
Diluted underlying income per share from continuing operations	**2.55**	2.19

We propose a cash dividend of €1.05 per share for the financial year 2022, an increase of 10.5% compared to 2021, reflecting our ambition to sustainably grow dividend per share. This represents a payout ratio of 40% of underlying net income from continuing operations for 52 weeks.

If approved by the General Meeting of Shareholders, a final dividend of €0.59 per share will be paid in April 2023. This is in addition to the interim dividend of €0.46 per share, which was paid in September 2022. In 2022, dividend payments totaled €979 million (vs. €961 million in 2021).

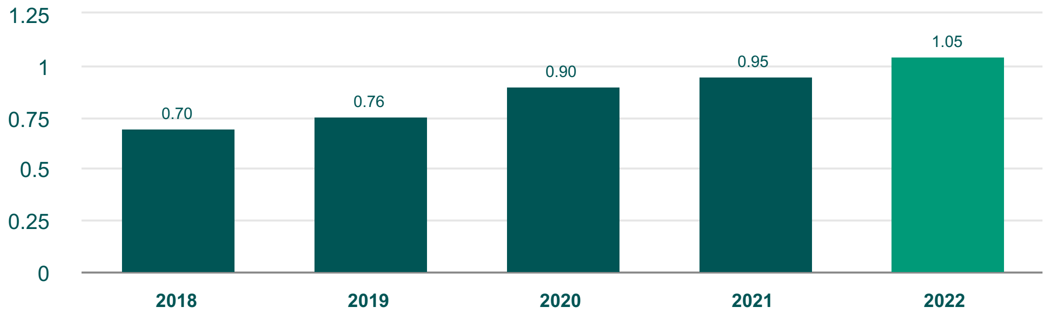
See **Information about Ahold Delhaize shares** for further details.

Underlying income from continuing operations per common share (basic)



1 Our 2018 figures have been restated to reflect the impact of the implementation of IFRS 16 Leases.

Dividend per common share



FINANCIAL REVIEW BY SEGMENT

KEY FINANCIAL AND NON-FINANCIAL INFORMATION

The segmental key financial and non-financial information per region for 2022, 2021, 2020 and 2019 is presented below:

	THE UNITED STATES				EUROPE			
	2022	2021	2020	2019	2022	2021	2020	2019
Net sales (€ millions)	**55,218**	45,455	45,470	40,066	**31,767**	30,147	29,266	26,194
Net sales ($ millions)	**57,959**	53,699	51,838	44,841				
Of which: online sales (€ millions)	**4,157**	3,228	1,968	985	**4,461**	4,477	3,579	2,508
Of which: online sales ($ millions)	**4,367**	3,814	2,259	1,101				
Net sales growth in local currency	**7.9%**	3.6%	15.6%	1.5%	**5.0%**	2.8%	12.1%	3.5%
Comparable sales growth[1]	**7.4%**	2.6%	13.3%	1.1%	**2.9%**	2.8%	9.5%	2.7%
Comparable sales growth (excluding gasoline sales)[1]	**6.8%**	1.9%	14.4%	1.4%	**2.9%**	2.8%	9.6%	2.7%
Net consumer online sales (€ millions)	**4,157**	3,228	1,968	985	**7,166**	7,173	5,608	3,562
Net consumer online sales ($ millions)	**4,367**	3,814	2,259	1,101				
Operating income (€ millions)	**2,605**	2,231	1,006	1,668	**1,173**	1,209	1,380	1,140
Operating income ($ millions)	**2,733**	2,631	1,064	1,867				
Underlying operating income (€ millions)	**2,603**	2,150	2,466	1,712	**1,131**	1,306	1,325	1,205
Underlying operating income ($ millions)	**2,727**	2,543	2,789	1,916				
Underlying operating margin	**4.7%**	4.7%	5.4%	4.3%	**3.6%**	4.3%	4.5%	4.6%
Number of employees/headcount (at year-end in thousands)	**239**	239	239	215	**175**	174	175	165
Number of employees/FTEs (at year-end in thousands)[2]	**155**	160	158	143	**94**	99	91	88
Contribution to Ahold Delhaize net sales	**63.5%**	60.1%	60.8%	60.5%	**36.5%**	39.9%	39.2%	39.5%
Contribution to Ahold Delhaize underlying operating income[3]	**69.7%**	62.2%	65.0%	58.7%	**30.3%**	37.8%	35.0%	41.3%

1 For the year 2022, 2021 and 2019, comparable sales growth is presented on a comparable 52-week basis. In the year 2020, comparable sales growth is presented on a 53-week basis.
2 Included in the 94,000 FTEs in Europe in 2022 (2021: 99,000; 2020: 91,000; 2019: 88,000) are 40,000 FTEs in the Netherlands (2021: 40,000; 2020: 32,000; 2019: 31,000).
3 Before Global Support Office costs.

FINANCIAL REVIEW BY SEGMENT

THE UNITED STATES

NET SALES

€55.2bn 7.9%*

2021: €45.5bn 21.5% vs. 2021

COMPARABLE SALES GROWTH (EXCLUDING GASOLINE SALES)

6.8%

OPERATING INCOME

€2.6bn 3.9%*

2021: €2.2bn 16.8% vs. 2021

UNDERLYING OPERATING INCOME

€2.6bn 7.2%*

2021: €2.2bn 21.1% vs. 2021

UNDERLYING OPERATING MARGIN

4.7% —pp*

2021: 4.7% — pp vs. 2021

NET CONSUMER ONLINE SALES

€4.2bn 14.5%*

2021: €3.2bn 28.8% vs 2021

*At constant rates.

GROUP PERFORMANCE

€ MILLION	2022	2021	CHANGE VERSUS PRIOR YEAR	% CHANGE	% CHANGE AT CONSTANT RATES
Net sales	**55,218**	45,455	9,763	21.5%	**7.9%**
Of which online sales	**4,157**	3,228	**929**	28.8%	**14.5%**
Comparable sales growth	**7.4%**	2.6%			
Comparable sales growth excluding gasoline	**6.8%**	1.9%			
Operating income	**2,605**	2,231	375	16.8%	**3.9%**
Adjusted for:					
Impairment losses and reversals – net	**212**	48	164		
(Gains) losses on leases and the sale of assets – net	**(181)**	(49)	(132)		
Restructuring and related charges and other items	**(33)**	(80)	47		
Underlying operating income	**2,603**	2,150	453	21.1%	**7.2%**
Underlying operating income margin	**4.7%**	4.7%			

In 2022, net sales were €55,218 million, an increase of €9,763 million or 21.5% compared to 2021. At constant exchange rates, net sales showed an increase of 7.9%. Sales growth was positively impacted by inflation, the store remodel program (mainly at Stop & Shop and Food Lion), the acquisition of 71 stores from Southeastern Grocers in 2021 and online channel acceleration.

Online sales were €4,157 million, up by 14.5% compared to the prior year at constant exchange rates. The increase versus last year was primarily driven by the addition of 160 pick-up locations, annualized sales for 272 pick-from-store locations opened in 2021, and the expansion of e-commerce offerings across the U.S. brands.

In addition, sales growth was further supported by the strong performance and development of partnerships with third-party delivery services; reduced customer lead and wait times; improving customer value through reduced fees and reducing minimum order values, service and delivery fees; and continued work on product launches and new releases. This year, we also invested in improving the digital experience and modernizing our technology to support peak traffic.

FINANCIAL REVIEW BY SEGMENT

THE UNITED STATES

Own-brand food sales (%)

Branded food sales	67.9%
Own-brand food sales	32.1%

Net sales by category (%)

Fresh	45.6%
Non-perishables	37.9%
Non-food	9.3%
Pharmacy	4.8%
Gas	2.4%

The Ahold Delhaize USA brands continue to strengthen the value proposition by expanding their leading own-brand offerings. In 2022, own-brand food sales as a percentage of total food sales accounted for 32.1%.

As a percentage of total sales, the relative share of fresh, pharmacy and gas in total sales remained constant, while the share of non-perishables increased and the share of non-food decreased this year compared to last year.

Comparable sales excluding gasoline for the segment increased by 6.8%, with most of the growth attributable to food inflation and strong performance across our brand offerings, notably at Food Lion. In addition, sales in the U.S. benefited this year from nine new store openings and 104 remodels.

Operating income increased by €375 million, or 16.8%, compared to 2021. Underlying operating income was €2,603 million and is adjusted for the following items:

- Impairment losses and reversals – net: in 2022, impairment charges amounted to €212 million, versus €48 million in 2021. In 2022, the impairments related primarily to the goodwill and other intangible assets of FreshDirect. The impairments in 2021 related primarily to investment properties and underperforming stores at Stop & Shop.
- (Gains) losses on leases and the sale of assets – net: in 2022, this total net gain was €181 million, mainly related to the sale of four investment properties to US Foods. In 2021, a €49 gain was recorded mainly from the sale of land, the sale of pharmacy scripts, lease terminations and new subleases.
- Restructuring and related charges and other items: in 2022, the net gain in the amount of €33 million was mainly attributed to a further reduction of the defined benefit obligation of the FELRA and MAP, related to the American Rescue Plan Act (see *Note 24*). In 2021, this income also resulted from a partial release of defined benefit obligation of the FELRA and MAP (see *Note 24*).

In 2022, underlying operating income was €2,603 million, up by €453 million or 21.1% compared to last year. At constant exchange rates, underlying operating income increased by 7.2%.

The United States' underlying operating margin in 2022 was 4.7%, the same as in 2021. The 2022 sales were positively affected by inflation. Inflationary pressures in both product cost and operating expenses, related to supply chain, such as fuel, labor challenges and the labor market, as well as energy costs, created pressure on our margins and operating income in the U.S. This negative impact was offset by positive insurance results, which reflects the favorable discounting effect on the Company's insurance provisions driven by the increase in interest rates and a provision reduction for holiday pay.

GROWTH DRIVERS IN ACTION

Drive omni-channel growth

The Ahold Delhaize USA brands have continued to invest in the digital channel and remodeling of stores. Peapod Digital Labs announced an end-to-end, in-house retail media business, building on the existing AD Retail Media network to create a simplified, measurable way to engage omnichannel customers.

The brands also continue to invest in infrastructure to support the growth of e-commerce. Peapod Digital Labs and the local retail brands invested in fulfillment operations, both in-store and in central fulfillment warehouses, to automate picking, optimize delivery routes and get orders to customers faster, with less manual effort. This year, our U.S. brands reached 1,547 click-and-collect points.

The U.S. brands are enhancing their offerings, increasing the quality of services and maximizing value for customers. They invest in remodeling programs to keep stores fresh and modern and incorporate omnichannel elements, such as pick-up and order storage areas. Stop & Shop has continued to focus on the New York City market, with 45 store remodels completed, while Food Lion has continued to integrate the acquired Southeastern Grocer stores, remodeling 29 stores this year. Stop & Shop has also done extensive work to review assortments for customers in multicultural areas, such as the Bronx, New York.

Elevate healthy and sustainable

During the year, the U.S. brands have further expanded their innovation and partnership opportunities. Starting with Food Lion, all the U.S. brands, collaborated with ExxonMobil, Cyclyx International and Sealed Air, to become the first retailers in the U.S. to successfully launch a circular food packaging demonstration. Giant Food partnered with Loop to sell an assortment of products with reusable packaging at stores in the Washington D.C. area.

In addition, Stop & Shop and The GIANT Company reduced food waste in their stores by rolling out the Flashfood concept. In another great example of their dedication to sustainability, all the brands now offer sustainably sourced seafood across their entire assortments of seafood products.

In order to reach its net-zero ambitions, Hannaford announced its commitment to 100% renewable energy by 2024.

Lastly, the brands are partnering with leading non-profits like World Wildlife Fund and The Nature Conservancy to prioritize sustainability issues and opportunities, such as regenerative agriculture and deforestation in line with our healthy and sustainable ambitions.

Cultivate best talent

During the year, our great local brands maintained a strong focus on our DE&I aspiration of creating an environment that is 100% gender balanced, 100% reflective of the brands' markets and 100% inclusive.

At the forefront of DE&I are courageous conversations that foster greater awareness. For example, FreshDirect hosted its first panel of LGBTQ+ associates for an open conversation about the importance of Pride Month and the challenges and opportunities the LGBTQ+ community faces in today's society.

In addition, the growth of Business Resource Groups (BRGs) is driving change among our people, communities and culture. RBS, The GIANT Company and Giant Food all hosted BRG summits that spanned many topics, such as allyship, breaking the gender and racial gap and much more.

Mental health and well-being remains a key focus to help our people lead balanced lives. For example, Stop & Shop hosted a well-attended virtual session for store managers on using the My Rewards Every Day Employee Assistance Program to help their teams and themselves.

Strengthen operational excellence

Ahold Delhaize USA continues its journey of supply chain transformation, digitalization and optimization of operations, to enhance its productivity.

In 2022, ADUSA Supply Chain successfully transitioned the York, Pennsylvania, automated DC into its self-managed network. This brings our total number of network facilities to 19. ADUSA Supply Chain also implemented a new solution for all direct-to-store delivery vendors, providing better visibility into cost, margins and profits on items received at stores.

In addition, Ahold Delhaize USA companies are advancing their technological capabilities to provide improved insights and create business efficiencies. One of the projects completed in 2022 was the successful implementation of SAP S/4HANA to transform the brands' legacy finance systems.

In the midst of high inflation, the U.S. brands are helping customers efficiently manage their spending. Supported by our Save for Our Customers cost savings program, our brands are working with suppliers to mitigate cost increases for customers, introducing more value-oriented products, expanding high-quality own-brand assortments and delivering personalized value through digital omnichannel loyalty programs.

FINANCIAL REVIEW BY SEGMENT

EUROPE

NET SALES

€31.8bn 5.0%*

2021: €30.1bn 5.4% vs. 2021

COMPARABLE SALES GROWTH (EXCLUDING GASOLINE SALES)

2.9%

OPERATING INCOME

€1.2bn (3.3)%*

2021: €1.2bn (2.9)% vs. 2021

UNDERLYING OPERATING INCOME

€1.1bn (13.7)%*

2021: €1.3bn (13.4)% vs. 2021

UNDERLYING OPERATING MARGIN

3.6% (0.8) pp*

2021: 4.3% (0.8) pp vs. 2021

NET CONSUMER ONLINE SALES

€7.2bn (0.1)%*

2021: €7.2bn (0.1)% vs. 2021

*At constant rates.

EUROPE SEGMENT

€ MILLION	2022	2021	CHANGE VERSUS PRIOR YEAR	% CHANGE	% CHANGE AT CONSTANT RATES
Net sales	**31,767**	30,147	1,620	5.4%	**5.0%**
Of which online sales	**4,461**	4,477	(15)	(0.3)%	**(0.3)%**
Net consumer online sales	**7,166**	7,173	(7)	(0.1)%	**(0.1)%**
Comparable sales growth	**2.9%**	2.8%			
Comparable sales growth excluding gasoline	**2.9%**	2.8%			
Operating income	**1,173**	1,209	(36)	(2.9)%	**(3.3)%**
Adjusted for:					
Impairment losses and reversals – net	**24**	13	11		
(Gains) losses on leases and the sale of assets – net	**(17)**	(21)	4		
Restructuring and related charges and other items	**(49)**	106	(155)		
Underlying operating income	**1,131**	1,306	(175)	(13.4)%	**(13.7)%**
Underlying operating income margin	**3.6%**	4.3%			

Net sales in 2022 were €31,767 million, up by €1,620 million or 5.4% compared to 2021. At constant exchange rates, net sales were up by 5.0%. Sales growth was driven by high price inflation, in particular in the second half of the year and by the acquisition of 38 DEEN stores in the Netherlands with incremental sales contribution up to Q4 2022. With high levels of inflation, our brands were focused on helping customers efficiently manage their spending. Our cost reduction programs also helped the local brands to absorb cost increases relating to energy, transport and labor, enabling us to keep prices as low as possible.

Net consumer online sales were €7,166 million, down by 0.1% compared to last year, mainly driven by non-food e-commerce. With COVID-19 restrictions being lifted, the overall e-commerce market in Europe declined. Within these market conditions, the first half of 2022 was characterized by lower year-over-year results. However, bol.com was able to limit sales decline by (1.8)% in 2022 after growing 26.6% last year. In addition, the brand was able to increase its market share in a declining market. Bol.com's market share growth was largely driven by its successful customer proposition, including its loyalty program, category expansion and strong campaigns and a new logistical service proposition that enabled the brand to build stronger relationships with suppliers and Plaza network partners. Its third-party platform, which currently offers a marketplace to more than 50,000 Plaza partners, remains an important growth driver for bol.com. The European brands' robust online grocery offering continued to serve consumers well, with sales largely compensating for the loss in non-food.

FINANCIAL REVIEW BY SEGMENT

EUROPE

Own-brand food sales (%)

Branded food sales	50.8%
Own-brand food sales	49.2%

Net sales by category (%)

Fresh	44.1%
Non-perishables	31.4%
Non-food	24.5%

The Ahold Delhaize brands in Europe continued to grow their already relatively high own-brand share in 2022 by expanding their own-brand assortments. This enabled our brands to offer value and help consumers manage their spending in a time of cost increases and uncertain outlooks. In 2022, own-brand food sales comprised 49.2% of total food sales.

As a percentage of total sales, the relative share of non-food and non-perishables decreased, while the share of fresh increased.

Comparable sales excluding gasoline increased by 2.9%, mainly driven by higher prices and partly offset by lower volumes. Simultaneously, most of our local brands were able to increase market share. Albert Heijn and our brands in Romania and Czech Republic were the largest contributors to this comparable sales increase.

Operating income decreased by €36 million, or 2.9%, to €1,173 million, affected by the following items that Ahold Delhaize adjusts to arrive at underlying operating income:

- Impairment losses and reversals – net: In 2022, impairment charges amounted to €24 million. Belgium, the Netherlands and Serbia account for the majority of impairment charges. In the Netherlands and Belgium, this was mainly related to underperforming stores. In Serbia, it related to a fire in a hypermarket. In 2021, impairment charges amounted to €13 million, mainly related to underperforming stores in Greece, the Czech Republic, and the Netherlands.
- (Gains) losses on leases and the sale of assets – net: In 2022, the total net gain was €17 million, mainly related to the Netherlands (€10 million), driven by the sale of store operations and by the Czech Republic (€6 million). In 2021, this total net gain was €21 million, also mainly related to the Netherlands (€8 million) and the Czech Republic (€8 million)
- Restructuring and related charges and other items: In 2022, the charges amounted to a net gain of €(49) million, mainly driven by a release of a wage tax provision in Belgium, partially offset by one-off items in the Netherlands. In 2021, the charges amounted to €106 million, and included one-off items mainly related to restructuring and settlements in the Netherlands (€36 million) and in Belgium (€66 million).

In 2022, underlying operating income in Europe was €1,131 million, down by €175 million, or 13.4%, compared to 2021. Underlying operating margin was 3.6% in 2022, down 0.8 percentage points compared to 2021. Margins in Europe were severely affected by rising energy and utility costs and a challenging economic environment. Other cost escalations and volume deleveraging added pressure, and an increased cost of product combined with higher operating expenses diluted margins further. Savings from our brands' Save for Our Customers programs helped to mitigate this impact.

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

GROWTH DRIVERS IN ACTION

Drive omni-channel growth

Our brands in Europe expanded their ecosystem and increased personalized omnichannel offerings by leveraging technology and innovative customer solutions. The brands have 11.4 million loyal customers with around 51% loyalty sales penetration. They are making great progress in expanding market share, with the vast majority gaining share across different markets. They have implemented various initiatives to improve long-term e-commerce profitability, by driving new complementary revenue streams and cost improvements, such as reducing structural fulfillment and home delivery costs.

Our brands are strengthening their premium loyalty programs; for example, Delhaize enhanced its SuperPlus loyalty program with a 10% discount on fresh products. They are also building deeper digital relationships with customers while accelerating their digital media businesses. For example, we acquired a stake in advertising technology company, Adhese, to drive the development of digital advertising opportunities. At the same time, Albert Hejin and bol.com continued to grow their digital media businesses by optimizing digital advertising opportunities. Bol.com acquired a majority stake in Cycloon, the largest sustainable social bicycle network in the world. It began delivering for bol.com in September.

Elevate healthy and sustainable

Our European brands have made great progress elevating health and sustainability in 2022.

To reduce energy costs, electricity consumption and carbon emissions, Alfa Beta installed LED lighting in its warehouses, Mega Image installed solar systems in 20 stores and Delhaize Serbia turned off all illuminated advertising in stores and beverage refrigerators.

Albert Heijn adapted the scope 3 CO_2 reduction target for its full value chain from 15% in 2018 to 45% by 2030. In addition, Albert Heijn was named the most sustainable supermarket chain in the Netherlands for the sixth consecutive year. For the second year in a row, bol.com was named the most sustainable e-commerce brand, according to the Sustainable Brand Index™. The brand was also the first e-commerce company in the Netherlands and Belgium to receive the Climate Neutral Certification label.

Albert was awarded the TOP Responsible Company 2022, by the largest platform for responsible business in the Czech Republic and placed among the 10 best ESG-rated companies in their country.

Lastly, Delhaize Belgium improved its discount system with “No waste corners” initiatives in its stores to reduce food waste.

Cultivate best talent

Our European brands have strong working cultures, in line with our DE&I ambition, “We are open for everyone,” and our belief that diversity leads to fresh ideas and positive change. Their workforces tend to be highly multi-generational. For example, Gen Z makes up 41% of the total Ahold Delhaize workforce; in the Netherlands this figure is above 80%. Our Young Ahold Delhaize BRG is helping accelerate the development of young team members in the Netherlands and several of our other European brands. Our Czech brand, Albert, launched the Experienced Albert BRG, geared at more experienced associates.

Our European brands continue to expand their unified HR and payroll SAP SuccessFactors platform, bringing more associates into this environment. The successful launch in the Netherlands in 2020 will be mirrored in early 2023 in (Albert Heijn) Belgium, Greece, Romania and the Czech Republic. Preparations throughout 2022 have provided a robust foundation for the transition that will help improve digital and data fluency.

Strengthen operational excellence

In 2022, our European brands delivered record-high savings through our Save for Our Customers program.

They continued to improve productivity by means of automation and standardization through initiatives that include the rollout of electronic shelf labels, dynamic pricing, automated self checkouts and the expansion of robot process automation (RPA).

In addition, the European brands continued to drive sourcing efficiencies on own-brand procurement, A-brand negotiations and Fresh partnerships. In order to accelerate the own-brand procurement savings all our European brands focused on rolling out a harmonized and scalable value offering, to better serve customers in times of declining purchasing power, as well as to unlock additional costs savings.

For example, Delhaize opened the biggest winery facility in the Benelux (9,500 m2). This facility serves as the key wine bottling site and logistics hub for our Benelux brands and will facilitate increased speed of innovation, while improving the cost structure.

GLOBAL SUPPORT OFFICE

GLOBAL SUPPORT OFFICE

€ MILLION	2022	2021	CHANGE VERSUS PRIOR YEAR	% CHANGE
Global Support Office costs	**(10)**	(119)	109	(91.6)%
(Gains) losses on leases and the sale of assets net	**0**	(6)	6	NM
Restructuring and related charges and other items	**4**	0	4	NM
Underlying Global Support Office costs	**(6)**	(125)	119	(95.3)%
of which related to self-insurance activities	**152**	35	117	NM
Underlying Global Support Office costs excluding self-insurance	**(158)**	(160)	2	(1.1)%

Global Support Office costs in 2022 were €10 million, down €109 million compared to the prior year, driven by a better insurance result of €117 million. In 2022, discount rates increased compared to 2021; the increase of 325 basis points led to an insurance result of €117 million.

Underlying Global Support Office costs were €6 million, €119 million lower than 2021. The €117 million increase in self-insurance activities was the result of a significant increase in discount rates. Underlying Global Support Office costs, excluding self-insurance, were €158 million, down €2 million versus last year. This decrease was mainly driven by favorable exchange rate differences.

GLOBAL SUPPORT OFFICE

GROWTH DRIVERS IN ACTION

Drive omni-channel growth

As our tech landscape matures, executing on our Leading Together strategy through our group focus areas (GFAs) is helping enhance our capabilities and drive regional and global opportunities to save both time and costs. These four GFAs are: mechanization, monetization, payments and last mile and multi-fulfillment orchestration.

We believe our GFAs are helping us evolve our business model and drive our ambition to accelerate investments in building scalable and repeatable operational capabilities, with a sharper focus on digital, online, data and automation/mechanization. They are also critically important for omnichannel profitability. We look to collaborate across the brands and support organizations to continue to move forward in these areas.

So far, the GFA teams have already identified opportunities in mechanization by collaborating better; bundling expertise, knowledge and scale; and drafting converging paths on various topics. With the benefits of our GFAs already coming to life, we expect our work in these areas to be mainly self-funded in 2023.

Elevate healthy and sustainable

During 2022, we continued to increase our focus on environmental, social and governance topics. We aligned our scope 3 carbon emissions plan with a 1.5-degree scenario and increased our target to 37% reduction by 2030 compared to our 2020 baseline. In addition, we added a target on reducing absolute virgin primary own-brand plastic product packaging to our existing target on sustainable packaging.

We also set up a dedicated ESG reporting team as part of our Accounting and Reporting department. This team will improve ESG reporting going forward and implement the EU taxonomy and the EU Corporate Sustainability Reporting Directive requirements.

We held our first global meeting since the COVID-19 pandemic where we discussed future expectations around our healthy and sustainable growth driver and worked with all the brands to identify improvements and share best practices to help us achieve our ambitions on healthier people and a healthier planet.

Cultivate best talent

People's mental health and well-being is a priority at our Global Support Office and all the brands. External factors over the past year, ranging from the global pandemic to the war in Ukraine, have taken their toll on communities around the world and associates. Maintaining a healthy balance and ensuring associates can be their authentic selves in a safe environment is important to us. We can proudly say that these values are reflected in this years' associate engagement score of 79%.

Leaders from across Ahold Delhaize were immersed in the dynamics of psychological safety, which fosters trust and allows one to speak up without fear of punishment or humiliation, during a leadership event in the fall. Since then, psychological safety trainings have continued within the Global Support Office and several brands. The four elements of psychological safety – open conversation, willingness to help, attitude to risk and failure and DE&I – are essential to maintaining our culture.

Our recent mental health and awareness week gave associates the opportunity to attend webinars, trainings and even a concert where the stories of refugees were shared.

Strengthen operational excellence

In 2022, we continued to support business growth and realize cost reductions. We want to create organizations and a culture of alignment and collaboration and find new ways to unlock value for critical investments, while accelerating our Save For Our Customers ambition.

In relation to IT, for example, we allocated focus to securing IT product deliveries and mitigating inflation. Our IT service operations team worked to minimize the (potential) business impact of developments such as the war in Ukraine and supply chain disturbances by pro-actively engaging with our supplier base to identify our risk profile and to agree on mitigation measures. In addition, our Global Technology Sourcing & Vendor Management team continued to leverage Ahold Delhaize's scale to achieve further synergies across our regions and brands.

OUTLOOK

SUMMARY

Below is a summary of the full-year outlook for 2023:

PERFORMANCE MEASURE	OUTLOOK 2023
Underlying operating margin	≥ 4%
Diluted underlying EPS growth	Around 2022 levels
Save for Our Customers	≥ €1 billion
Capital expenditures[1]	~ €2.5 billion
Free cash flow	~ €2.0 billion
Dividend payout ratio[2, 3]	40-50% (and year-over-year increase in dividend per share)
Share buyback[3]	€1 billion

1 Excludes M&A.
2 Calculated as a percentage of underlying income from continuing operations.
3 Management remains committed to the share buyback and dividend program, but given the uncertainty caused by the wider macro-economic consequences of the war in Ukraine, they will continue to monitor macro-economic developments. The program is also subject to changes in corporate activities, such as material M&A activity.

CONTINUED SALES GROWTH EXPECTED IN 2023

The macro environment has become increasingly difficult for consumers, who contended with mounting inflation throughout 2022. Inflation levels are expected to remain elevated throughout 2023. In this context, our brands are working hard to reduce costs and create additional efficiencies in order to keep prices as low as possible for customers.

We believe this should ensure continued constant-currency sales growth for our business in 2023, as consumers continue to find significant value at our brands. This is supported by our strong own-brand portfolio, which made up 49% of sales in Europe in 2022, and 32% of sales in The United States. In 2023, we expect to further expand own-brand sales as a percentage of our overall Group sales, with our own-brand portfolio continuing to play a pivotal role in keeping consumers in our stores and supporting our leading local market shares.

Consistent demand from the food-at-home market, in conjunction with the strength of our leading local brands, should drive continued comparable sales growth for our business in 2023, which is likely to be supported once again by above average rates of shelf price inflation.

Expected 2023 comparable sales gains will be supported by new store expansions, particularly across our Central and Southeastern Europe markets, which continue to benefit from a shift in consumer spending away from traditional food markets and towards modern classes of trade for food-at-home purchases. These favorable factors should drive positive 2023 constant currency sales growth and offset modest headwinds from lower gasoline sales owing to reduced fuel prices.

Furthermore, our position as a leading omnichannel supermarket should also serve us well as more consumers are searching for omnichannel solutions and, in turn, spending more of their food-at-home budgets online. We believe our continued investments into our digital platform should foster continued over-proportionate sales growth in this channel during 2023.

WEAK MACRO-ECONOMIC INDICATORS FORECASTED IN 2023, BUT FOOD-AT-HOME DEMAND HAS HISTORICALLY PROVEN RESILIENT

On a macro level, the IMF's January 2023 outlook forecasts weak real GDP growth in both the U.S. and Europe during 2023 of +1.4% and +0.7%, and 2024 of 1.0% and 1.6%, respectively. This comes as elevated inflation rates are expected to place continued pressure on consumers in 2023, with the IMF forecasting overall consumer CPI growth of +3.5% in the U.S. (2022: +8.1%) and +10.9% in Europe (2022: +15.3%).

While tepid economic growth and continued pressure from inflation are likely to dampen consumer spending in 2023, food-at-home demand has historically been very consistent, growing under a variety of economic climates. This notion is supported by data from the U.S. Department of Agriculture (USDA) that indicates U.S. food-at-home sales have only declined once on an annual basis in the last 50 years.

Importantly, our brands continue to serve communities by providing a strong range of offerings for consumers seeking value, as demonstrated by their high own-brand penetration rates. And with consumers' wallets being stretched by inflation, food-at-home demand is likely to remain resilient in 2023, given its proposition as a cheaper alternative to eating outside of the home.

FURTHER EXPANDING OUR OMNICHANNEL STRATEGY IN 2023

Our approach to being a leading local omnichannel food retailer continues to serve us well, and we expect further disproportionate growth in our e-commerce business during 2023, with growing online penetration rates across our business.

At the same time, we will continue to reinvest in our brands' brick-and-mortar store locations, which we believe will continue to drive sequential improvement in volume and market share trends at the brand.

ACCELERATING COST SAVINGS PROFILE TO SUPPORT MARGINS IN 2023

Our 2023 margins will encounter mounting pressure from higher expenses related to energy, labor and product costs, among others. These issues are compounded by economically challenged consumers, who are contending with high rates of CPI inflation and declining purchasing power.

Nonetheless, we expect to sustain our industry-leading Group underlying operating margin of at least 4%. This outlook reflects a balanced approach with strong cost savings and expected sales leverage largely offsetting cost pressures.

Given the challenging cost environment for our brands' operations, we have made additional plans in 2023 over and above our typical Save for Our Customers program to reduce costs and gain operational efficiencies. We are introducing a new initiative called "Accelerate." This initiative builds on our existing Leading Together efforts to create more agile organizations, capture more scale and empower associates to take action to drive efficiency. By evaluating additional savings and efficiency levers to streamline our organizations and processes, optimize go-to-market propositions, further increase joint sourcing and consolidate IT, our clear priority is to unlock resources to accelerate and further support our Save for Our Customers program and focus investments on high-return, high-impact projects to enhance the customer experience at our brands.

After achieving cost savings of €979 million in 2022, our Save for Our Customers program is expected to yield at least €1 billion in 2023, as we continue along the path towards our target of a cumulative €4.0 billion in cost savings over the four-year period ending in 2025.

Our 2023 Save for Our Customers program will be aided by our U.S. supply chain transformation, through which over 90% of our center-store volumes will be self distributed by year end. Other drivers are expected to come from our initiatives in joint sourcing, automation and data and media monetization, among others.

In Europe, we continue to identify opportunities to drive synergies and scale across our businesses through product sourcing and operating model alignment, such as in our Central and Southeastern Europe markets.

We plan on improving online profit margins in 2023 as part of our ambition to make e-commerce profitable on a fully allocated channel basis by 2025. For example, we plan to open our first automated e-commerce fulfillment center in the Netherlands in late 2023 as part of our brands' initiatives to drive growth and efficiencies in their online operations.

STRONG FREE CASH FLOW GENERATION EXPECTED AGAIN IN 2023

Our operational outlook for 2023 translates into strong cash flow generation, which is reflected in our 2023 free cash flow forecast of approximately €2.0 billion[1]. This starts with our expectation of strong 2023 operating cash flows, predicated on solid sales growth and good margins.

Meanwhile, pressure on working capital, driven largely by the activation of UTP law in several of our European markets and the continuation of U.S. self distribution with new facilities, is expected to be partially offset by supply chain-driven stock optimization programs focusing on improved forecasting and replenishment. Overall, we expect our free cash flow generation to remain strong over the upcoming years as well, in line with our medium-term cumulative free cash flow forecast of €7.5 billion over the four-year period from 2022 to 2025.

NET CAPITAL EXPENDITURE OF APPROXIMATELY €2.5 BILLION[1]

We anticipate 2023 net capital expenditures of €2.5 billion, up from €2.2 billion in 2022, with increased investments into our digital and online capabilities, as well as our healthy and sustainable initiatives. Over the next four years, we will maintain strong levels of reinvestment back into our businesses, with net capital expenditures expected to average 3.0% of sales.

RETURNING CAPITAL TO SHAREHOLDERS CONTINUES

The strong level of free cash flow embedded in our 2023 outlook supports our €1 billion share repurchase authorization announced in November 2022, as well as our dividend policy, which calls for sustainable growth in our annual cash dividend and a 40%-50% payout ratio from underlying net income.

We propose a cash dividend of €1.05 for the financial year 2022, an increase of 10.5% compared to 2021. If approved by the General Meeting of Shareholders, a final dividend of €0.59 per share will be paid on April 27, 2023. This is in addition to the interim dividend of €0.46 per share, which was paid on September 2, 2022.

CULTIVATE BEST TALENT TARGETS

The growth and development of associates is at the core of our commitment to cultivate best talent. High engagement helps drive business, professional and personal growth. In 2023, we will continue to target the following metrics: an associate engagement score of 79% or greater and an inclusive workplace score of 80% or greater. We will also ensure that the development indices are aligned across all brands, to allow Ahold Delhaize to uniformly assess associates' voices in this focus area.

ESG AMBITIONS EXTENDED TO INCLUDE SCOPE 3

In addition to our formal financial outlook, during 2023, we expect to continue to make progress on the ESG initiatives embedded in our "Grounded in Goodness" strategy, which focuses on healthier people and a healthier planet. This comes on the heels of an active 2022, in which we updated our scope 3 CO_2-emissions reduction target, issued our second Human Rights Report, and closed on a new €1.5 billion Sustainability-linked Revolving Credit Facility.

Specifically, our new CO_2-emissions reduction target for our entire value chain (scope 3) was updated to at least 37% by 2030 compared to 2020, and to become net zero by 2050. This goes along with our prior net-zero target on our scope 1 and 2 emissions by 2040, bringing us in line with the UN's goal of keeping global warming below 1.5°C.

1 Excludes M&A

OUTLOOK

Meanwhile, our 2022 Human Rights Report provided an update on our efforts to ensure human rights are respected, both within Ahold Delhaize and the brands and across the supply chains they rely on. Additionally, the report gave an update on key programs in our own operations, including the DE&I aspiration to achieve 100% gender balance at all levels, to be 100% reflective of the markets the brands serve, and to strive for 100% inclusion.

Lastly, we ended the year by closing on a new €1.5 billion Sustainability-linked Revolving Credit Facility in December. The facility links the cost of borrowing to Ahold Delhaize's annual performance on sustainability KPIs, including our scope 1 and 2 emissions-reduction targets, food waste reduction, and our initiatives to help customers make healthier choices.

In 2023, we remain focused on executing our "Grounded in Goodness" strategy, aimed at making healthy and sustainable choices easy for everyone.

Our brands will continue to promote healthy and sustainable diets by reformulating own-brand products and using their loyalty programs to reward customers for making healthier choices.

We also plan to provide further color on our new scope 3 CO_2-emissions reduction targets during 2023. And we aim to make progress on our approach to biodiversity, to help reduce deforestation and land conversion.

Our ability to engage associates and give them opportunities to develop are critical drivers of our business performance. We will continue to create a culture where all associates are respected, driven by our strategic DE&I framework.

This section provides an overview of the most important ESG targets that will drive our Healthy and Sustainable strategy and that represent the areas where we want to make a difference in years to come.

ESG performance indicators

PERFORMANCE INDICATOR DESCRIPTION	2023 TARGET	2025 TARGET[1]	2030 TARGET	2040 TARGET	2050 TARGET
% of healthy own-brand food sales as a proportion of total own-brand food sales	55.0%	55.6%			
Reduction in tonnes of food waste per food sales (t/€ million) against 2016 baseline	34%	>38%	50%		
Absolute CO_2-equivalent emissions from own operations (scope 1 and 2) (thousand tonnes) against 2018 baseline		34%	50%	Net zero	
% reduction in absolute CO2-equivalent emissions from our value chain (scope 3) against 2020 baseline			37%		Net zero

1 2025 targets for healthy sales, food waste and scope 1 and 2 carbon emissions increased due to strong 2022 performance.

INFORMATION ABOUT AHOLD DELHAIZE SHARES

SHARES AND LISTINGS

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

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

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

Structure: Sponsored Level I ADR

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

SHARE PERFORMANCE IN 2022

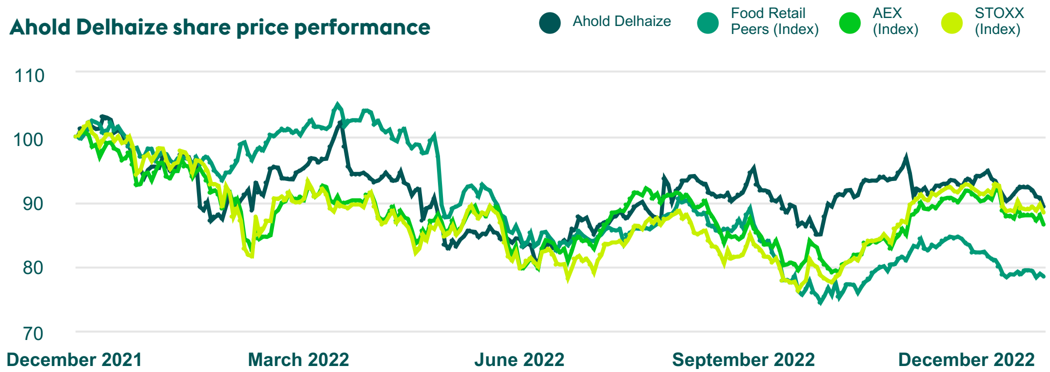
On December 30, 2022, the closing price of an Ahold Delhaize ordinary share on Euronext Amsterdam was €26.84, a 10.9% decrease compared to €30.14 on December 31, 2021. During the same period, the Euro STOXX 50 index decreased by 11.7% and the AEX index decreased by 13.7%.

During 2022, Ahold Delhaize shares traded on Euronext Amsterdam at an average closing price of €27.53 and an average daily trading volume of 2.9 million shares. Ahold Delhaize's market capitalization was €26.2 billion at year-end 2022. The highest closing price for Ahold Delhaize's shares on Euronext Amsterdam was €31.09 on January 11, 2022, and the lowest was €24.21 on June 23, 2022.

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

On December 30, 2022, the closing price of Ahold Delhaize's ADR was 16.4% lower than the closing price on December 31, 2021 ($34.27). In the same period, the Dow Jones Index decreased by 8.8% and the S&P 500 decreased by 19.4%. In 2022, the average daily trading volume of Ahold Delhaize American Depositary Receipts (ADRs) was 110,558.

Ahold Delhaize share price performance



Ahold Delhaize share price (£)

PERFORMANCE REVIEW

INFORMATION ABOUT AHOLD DELHAIZE SHARES

Performance of Ahold Delhaize's common shares on Euronext Amsterdam

	2022	2021
Closing common share price at calendar year-end (in €)	**26.84**	30.14
Average closing common share price (in €)	**27.53**	25.98
Highest closing common share price (in €)	**31.09**	30.86
Lowest closing common share price (in €)	**24.21**	21.72
Average daily trading volume	**2,902,713**	3,103,721
Market capitalization (€ million)	**26,232**	30,482

Source: FactSet

EARNINGS PER SHARE

During 2022, Ahold Delhaize realized a basic income from continuing operations per share of €2.56 and diluted income from continuing operations per share of €2.54. Basic underlying income from continuing operations was €2.56 per share, and diluted underlying income from continuing operations was €2.55 per share. This difference between our reported and underlying income from continuing operations is related to a net €4 million of one-time charges.

SHARE CAPITAL

During 2022, Ahold Delhaize's issued and outstanding share capital decreased by approximately 34 million common shares to 977 million common shares. This decrease resulted mainly from the share buyback of €1 billion as announced on November 15, 2021, marginally offset by the issuance of shares for the Company's share-based compensation program.

The common shares issued decreased by 52 million to 994 million at the end of 2022. The difference between the common shares outstanding and common shares issued are the treasury shares.

As of January 1, 2023, there were 16,372 thousand shares held in treasury, the majority held by Ahold Delhaize to cover the equity-based long-term incentive plan.

Ahold Delhaize's authorized share capital as of January 1, 2023, comprised the following:

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

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

Distribution of shares

Shareholders by region[1]:

%	JANUARY 2023	JANUARY 2022
U.K./Ireland	**19.1**	15.8
North America	**30.3**	28.0
Rest of Europe	**10.9**	9.8
France	**8.6**	7.3
The Netherlands[2]	**5.3**	5.3
Rest of the world	**2.5**	3.4
Germany	**5.5**	5.5
Undisclosed[2]	**17.8**	24.8

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

INFORMATION ABOUT AHOLD DELHAIZE SHARES

Significant ownership of voting shares

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

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

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

The following table lists the shareholders on record in the AFM register on February 21, 2023, that hold an interest of 3% or more in the share capital of the Company[1].

- Norges Bank. – 3.00% shareholding (3.00% voting rights) disclosed on January 16, 2023
- Goldman Sachs Group Inc. – 4.76% shareholding (4.76% voting rights) disclosed on December 16, 2022
- State Street Corporation – 3.12% shareholding (2.40% voting rights) disclosed on December 1, 2022
- Amundi Asset Management – 3.22% shareholding (3.22% voting rights) disclosed on August 22, 2022
- BlackRock, Inc. – 5.61% shareholding (6.94% voting rights) disclosed on August 19, 2022

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

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

Shareholder returns

On April 13, 2022, the General Meeting of Shareholders approved the dividend over 2021 of €0.95 per common share. The interim dividend of €0.43 per common share was paid on September 2, 2021. The final dividend of €0.52 per common share was paid on April 28, 2022.

We propose a cash dividend of €1.05 for the financial year 2022, an increase of 10.5% compared to 2021, reflecting our ambition of sustainable growth of the dividend per share. This represents a payout ratio of 40%, based on the expected dividend payment on 52 weeks of underlying income from continuing operations.

If approved by the General Meeting of Shareholders, a final dividend of €0.59 per share will be paid on April 27, 2023. This is in addition to the interim dividend of €0.46 per share, which was paid on September 1, 2022.

Shareholders key performance indicators 2018-2022

	2022	2021	2020	2019	2018
Dividend per common share[1]	**1.05**	0.95	0.90	0.76	0.70
Final dividend	**0.59**	0.52	0.40	0.46	0.70
Interim dividend	**0.46**	0.43	0.50	0.30	N/A
Dividend yield	**3.9%**	3.2%	3.9%	3.3%	3.2%
Payout ratio	**40%**	42%	40%	44%	42%

1 2022 dividend subject to the approval of the annual General Meeting of Shareholders.

Share buyback

On November 15, 2021, Ahold Delhaize announced it would return €1 billion to shareholders by means of a share buyback program, which was completed on December 15, 2022. An additional €1 billion share buyback program was announced on November 9, 2022, which is expected to be completed before the end of 2023. Maintaining a balanced approach between funding growth in key channels and returning excess liquidity to shareholders is part of Ahold Delhaize's financial framework to support our Leading Together strategy. The purpose of the program is to reduce Ahold Delhaize's capital, by canceling all or part of the common shares acquired through the program.

MULTIPLE-YEAR OVERVIEW

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

RESULTS, CASH FLOW AND OTHER INFORMATION

€ MILLION EXCEPT PER SHARE DATA, EXCHANGE RATES AND PERCENTAGES	2022	2021	2020	2019	2018 restated[1]	2017[1]	2016[1,2]	2015[1]	2014[1]	2013[1]
Net sales	**86,984**	75,601	74,736	66,260	62,791	62,890	49,695	38,203	32,774	32,615
Of which online sales	**8,618**	7,704	5,547	3,493	2,817	2,393	1,991	1,646	1,267	1,086
Net sales growth at constant exchange rates[3]	**6.9%**	5.0%	12.3%	2.3%	2.5%	28.9%	32.3%	2.3%	0.8%	2.0%
Operating income	**3,768**	3,320	2,191	2,662	2,623	2,225	1,584	1,318	1,250	1,239
Underlying operating income margin	**4.3%**	4.4%	4.8%	4.2%	4.4%	3.9%	3.8%	3.8%	3.9%	4.2%
Net financial expense	**(552)**	(517)	(485)	(528)	(487)	(297)	(541)	(265)	(235)	(291)
Income from continuing operations	**2,546**	2,246	1,397	1,767	1,797	1,817	830	849	791	805
Income (loss) from discontinued operations	**—**	—	—	(1)	(17)	—	—	2	(197)	1,732
Net income	**2,546**	2,246	1,397	1,766	1,780	1,817	830	851	594	2,537
Earnings and dividend per share										
Net income per common share (basic)	**2.56**	2.18	1.31	1.60	1.51	1.45	0.81	1.04	0.68	2.48
Net income per common share (diluted)	**2.54**	2.17	1.30	1.59	1.49	1.43	0.81	1.02	0.67	2.39
Income from continuing operations per common share (basic)	**2.56**	2.18	1.31	1.60	1.53	1.45	0.81	1.04	0.90	0.79
Income from continuing operations per common share (diluted)	**2.54**	2.17	1.30	1.59	1.51	1.43	0.81	1.02	0.88	0.77
Dividend per common share	**1.05**	0.95	0.90	0.76	0.70	0.63	0.57	0.52	0.48	0.47
Cash flows										
Free cash flow	**2,188**	1,618	2,199	1,843	2,165	1,926	1,441	1,184	1,055	1,109
Net cash from operating, investing and financing activities	**(92)**	(218)	(383)	535	(1,587)	827	2,114	73	(1,005)	681
Capital expenditures (including acquisitions)[4]	**4,107**	5,776	4,456	3,604	2,838	1,822	16,775	1,172	1,006	843
Capital expenditures as % of net sales	**4.7%**	7.6%	6.0%	5.4%	4.5%	2.9%	33.8%	3.1%	3.1%	2.6%
Regular capital expenditures[5]	**4,053**	4,187	4,448	3,512	2,772	1,723	1,377	811	740	830
Regular capital expenditures as % of net sales	**4.7%**	5.5%	6.0%	5.3%	4.4%	2.7%	2.8%	2.1%	2.3%	2.5%
Average exchange rate (€ per $)	**0.9515**	0.8461	0.8770	0.8934	0.8476	0.8868	0.9038	0.9001	0.7529	0.7533

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

MULTIPLE-YEAR OVERVIEW

BALANCE SHEET AND OTHER INFORMATION

€ MILLION, EXCEPT FOR NUMBER OF STORES AND OTHERWISE INDICATED	January 1, 2023	January 2, 2022	January 3, 2021	December 29, 2019	December 30, 2018, restated[1]	December 31, 2017[1]	January 1, 2017[1]	January 3, 2016[1]	December 28, 2014[1]	December 29, 2013[1]
Group equity	**15,405**	13,721	12,432	14,083	14,205	15,170	16,276	5,621	4,844	6,520
Share buyback[2]	**(998)**	(995)	(1,001)	(1,002)	(1,997)	(998)	—	(161)	(1,232)	(768)
Gross debt	**17,640**	17,089	14,554	15,445	14,485	7,250	7,561	3,502	3,197	3,021
Cash, cash equivalents, and short-term deposits and similar instruments and investments in debt instruments – current portion	**3,223**	3,143	3,119	3,863	3,507	4,747	4,317	2,354	1,886	3,963
Net debt	**14,416**	13,946	11,434	11,581	10,978	2,503	3,244	1,148	1,311	(942)
Total assets	**48,555**	45,712	40,692	41,490	39,830	33,871	36,275	15,880	14,138	15,142
Number of stores[3]	**7,659**	7,452	7,137	6,967	6,769	6,637	6,556	3,253	3,206	3,131
Number of employees (in thousand FTEs)[3]	**250**	259	249	232	225	224	225	129	126	123
Number of employees (in thousands headcount)[3]	**414**	413	414	380	372	369	370	236	227	222
Common shares outstanding (in millions)[2]	**977**	1,011	1,047	1,088	1,130	1,228	1,272	818	823	982
Share price at Euronext (€)	**26.84**	30.14	23.11	22.75	22.07	18.34	20.03	19.48	14.66	13.22
Market capitalization[2]	**26,232**	30,482	24,197	24,751	24,938	22,508	25,484	15,944	12,059	12,989
Year-end exchange rate (€ per $)	**0.9341**	0.8795	0.8187	0.8947	0.8738	0.8330	0.9506	0.9208	0.8213	0.7277

1 2018 figures have been restated to reflect the impact of the implementation of IFRS 16 Leases. Financial information prior to 2018 has not been restated for the impact of the implementation of IFRS 16 Leases.
2 In 2016 and 2014, an additional €1,001 million and €1,007 million, respectively, were returned to shareholders through a capital repayment.
3 At December 29, 2013, the number of stores and employees include discontinued operations (Slovakia).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE INFORMATION

	2022	2021 restated	2020	2019	2018
Healthy own-brand food sales (€ million)[1]	**14,491**	12,321	11,516	9,982	9,533
% of healthy own-brand food sales of total own-brand food sales[1]	**54.4%**	53.4%	49.8%	47.9%	47.0%
% reduction in tonnes of food waste per food sales (t/€ million)[2]	**33%**	20%	17%	9%	5%
% reduction in absolute CO2-equivalent emissions from own operations (scope 1 and 2)[3]	**32%**	31%	23%	8%	Baseline

1 2021 figures are restated, see *ESG statements* for more information. Note that the 2020, 2019 and 2018 figures were not restated to the same ESG reporting scope.
2 The reduction is measured against the restated 2016 baseline: 5.09 t/€ million. See *ESG statements* for more information. Note that the 2020, 2019 and 2018 figures were not restated to the same ESG reporting scope and are still reported against the baseline used in 2021, which was 5.48t/€ million.
3 The reduction is measured against the restated 2018 baseline: 4,164 thousand tonnes CO_2-equivalent emissions. See *ESG statements* for more information. Note that the 2020 and 2019 figures were not restated to the same ESG reporting scope and are still reported against the baseline used in 2021, which was 4,073 thousand tonnes.

RISKS AND OPPORTUNITIES

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Principal risks and uncertainties	93

LOCAL MATTERS

ENA Greece

ERM PRINCIPAL RISK PROFILE

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

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

Except for the addition of climate-related and insurance risks, the principal risks reported are largely similar compared to what was disclosed in our Annual Report 2021; however, there has been a general heightening of the severity of a significant number of these risks. This is largely associated with the impact of the challenging macro-economic environment and inflationary pressures, which have broad implications on the risks and our abilities to mitigate them. Inherent risk related to cyber security continues to rise, particularly when also taking into consideration the implications of security breach incidents at any of our third-party vendors. The impact of the COVID-19 pandemic on our business operations and risk profile has significantly lessened during the year, however we face different challenges in the post-pandemic adjustment period and continue to monitor developments.

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

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

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

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

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

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

Risk trend increasing

Risk trend flat

Risk trend decreasing

ERM PRINCIPAL RISK PROFILE

Following a hardening of the insurance market relating to certain areas of coverage, we have recognized a new principal risk for *Insurance*. In addition, given its increasing significance, we have split the ESG performance risk reported in the previous year into two separate risks, recognizing a principal risk for *Societal expectations on ESG topics*, as well as a new principal risk to separately cover *Climate-related risks*. See Environmental for a more detailed discussion on climate change and the actions we are taking in relation to the carbon emissions in our value chain. Following investment in the area during the year and a reduction in our related liabilities, the previously recognized *Pension plans* risk has been downgraded and is no longer considered a principal risk. It is now categorized for monitoring within *Additional risks and uncertainties*.

We have linked the most significant ESG topics identified, per the *Materiality assessment*, with the related principal risks under *Our integrated approach*. The materiality assessment process enables us to identify and prioritize our most relevant ESG topics based on their impact and importance to Ahold Delhaize as well as their importance to stakeholders.

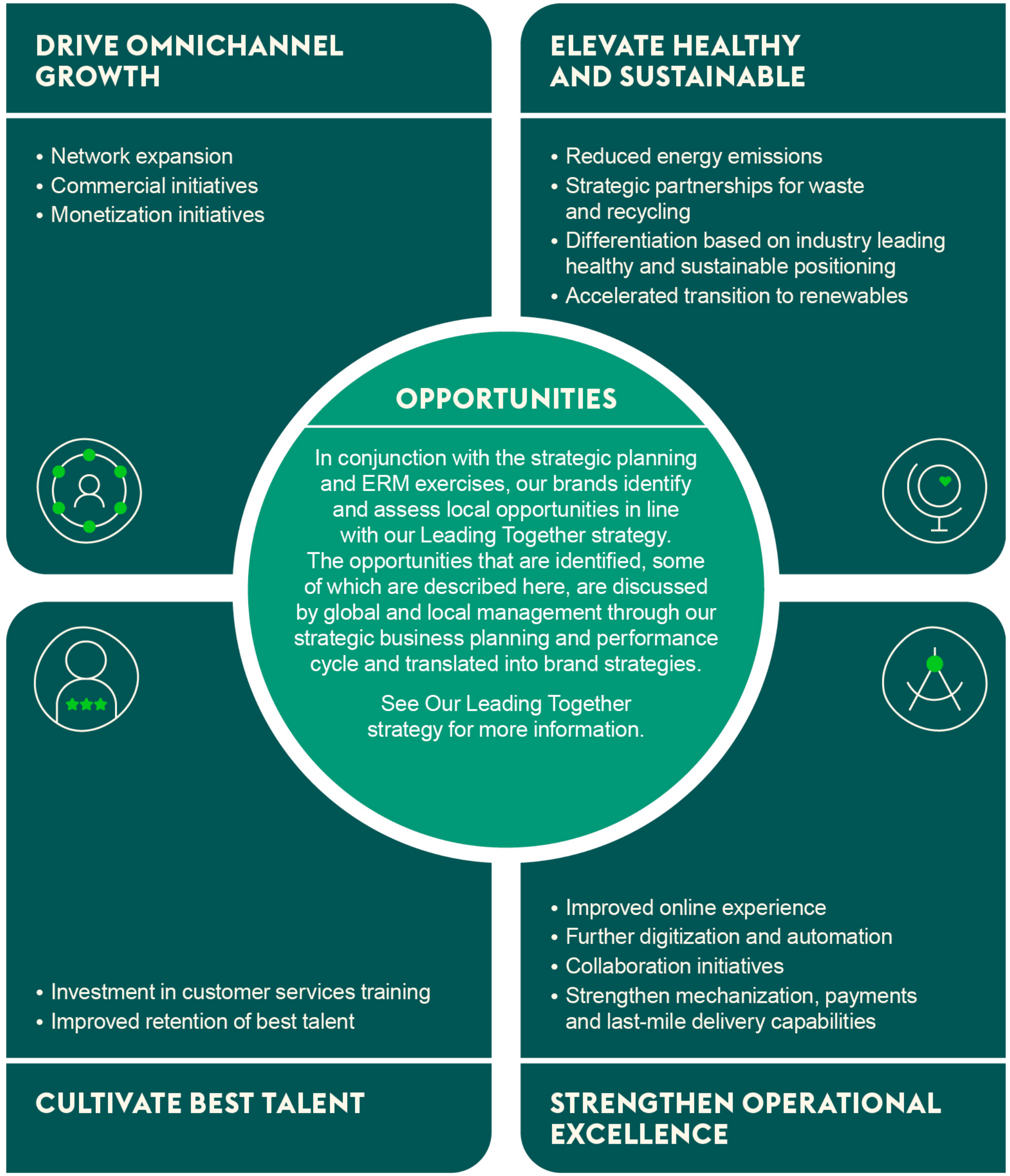
The following section, *Principal risks and uncertainties*, provides an overview of the principal risks identified, including a description of the risk, developments noted during 2022, and a brief description of the primary mitigating actions in place to manage each risk.

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

The outcomes of our ERM assessment and ESG materiality assessment, described in the sections *Principal risks and uncertainties* and *Introduction to ESG*, serve as key inputs to our annual strategy and to identifying tangible actions and risk mitigation processes that drive the formation of policies, procedures and controls; the scope of internal audit activities; and our business planning and performance process. The implementation of the identified actions is monitored through performance targets.

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

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



PRINCIPAL RISKS AND UNCERTAINTIES

STRATEGIC RISKS

COMPETITIVE ENVIRONMENT AND MACRO-ECONOMIC DEVELOPMENTS

Changes to the competitive landscape relating to non-traditional competition and an increased focus in the brands' markets on healthy products and sustainability topics (e.g., food waste, sustainable agriculture, climate change, packaging and data integrity), coupled with a deterioration in macro-economic conditions that, without a distinct response by Ahold Delhaize, could result in a loss of competitive advantage, decrease in sales, erosion of margins and an inability to deliver on our strategic objectives.

SEVERITY

TREND

TIME HORIZON

<1 year and 1-3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2022

Deterioration in macro-economic conditions, high inflation, increasing energy prices and rising borrowing costs are eroding households' purchasing power and pose significant challenges to our business. Inflationary pressures are broadening beyond food and energy almost everywhere, with businesses throughout the economy passing on higher energy, transportation and labor costs. See *Macro-economic trends* for further details. Additionally, accelerated changes in the retail landscape, particularly relating to consumer shopping preferences, a focus on value, healthy eating, and the overall channel shift from in-store to online purchasing in recent years continue to pose both challenges and opportunities. Traditional and non-traditional retailers have responded by adjusting product assortments, pricing and promotional offerings; focusing on the health and safety of consumers; and ramping up investment in home delivery or click-and-collect capabilities. We expect consolidation within the retail sector, in the U.S., in particular, and the resulting impact on the competitive environment will require attention.

HOW WE MANAGE THIS RISK

We have continued to implement our Leading Together strategy, which served us well during 2022. Our four key growth drivers are designed to ensure that our brands continue to meet the changing needs and expectations of consumers while offering a competitive value proposition in the markets they serve. For more details on our Leading Together strategy and growth drivers, see *Our Leading Together strategy* and *Our growth drivers*. See *Introduction to ESG* for details on our management approach to these sustainability topics.

We have also introduced four short-term priorities that center around customers, our brands' operations, our Healthy and Sustainable strategy and our portfolio. These priorities, which are enabled by technology and nurturing the best talent, represent the concrete steps we will take through 2025.

OMNICHANNEL AND DIGITAL GROWTH

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

SEVERITY

TREND

TIME HORIZON

1-3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2022

The impact of COVID-19 has continued to decrease during 2022 and there has been a subsequent increase in out-of-home eating. However, this shift has been limited by the deteriorating macro-economic conditions, which are impacting consumers' disposable income. This, coupled with the changes in consumers' shopping habits established during the pandemic, has meant that the demand for home delivery and click-and-collect offerings has remained strong. In the medium term post-pandemic, some consumer habits, such as working from home and home-cooking, are likely to continue, preventing a sudden swing in demand back to pre-pandemic levels. Our brands will continue to monitor and respond to these evolving consumer habits and adjust their omnichannel offerings accordingly. The decision was made during 2022 to put the bol.com IPO on hold until market conditions are more favorable.

HOW WE MANAGE THIS RISK

While omnichannel and digital growth was already at the core of our Leading Together strategy, the impact of the COVID-19 pandemic led us to prioritize investments in our omnichannel offering, capacity and internal capabilities. This has included additional investments into our platforms, supply chain capabilities and the acquisition and integration of New York City-based FreshDirect. For more information on the progress we have made, see *Drive omnichannel growth*.

PRINCIPAL RISKS AND UNCERTAINTIES

OPERATIONAL RISKS

BUSINESS CONTINUITY

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

SEVERITY

TREND

TIME HORIZON

1-3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2022

While disruption related to COVID-19 has eased during 2022, there is still a risk of further waves, and uncertainty still exists around potential new variants. The diverse IT landscape throughout our brands' operations, with dependency on aging legacy systems and third-party service providers, continues to pose challenges and risks to business continuity. Sharply rising energy costs and the risk of future availability restrictions resulting from the war in Ukraine pose threats to operations, particularly in Europe. Supply chain pressures and product availability issues, which were exacerbated due to the war, eased towards the end of the year, but uncertainty remains around particular product categories in some regions. Climate change continues to be top of mind, and climate events during recent years show the need for consistent consideration of investments around climate change adaption and mitigation.

HOW WE MANAGE THIS RISK

We have established a global business continuity strategy, policy and governance structure and framework for ensuring the continuity of operations. This program is supported by dedicated business continuity managers globally and within each of our brands, who activate crisis response protocols and reporting, and provide regular training (including simulations) to senior leadership on crisis management and response to high-impact events. Our business continuity program includes insurance coverage in key areas and monitoring of vendors and third-party service providers. In response to the war in Ukraine, we activated various crisis response protocols in order to balance demand across distribution networks and support the brands' operations.

CYBERSECURITY

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

SEVERITY

TREND

TIME HORIZON

<1 year

GROWTH DRIVERS

DEVELOPMENTS IN 2022

The omnichannel shift and digital transformation have continued during 2022, increasing our "attack surface." We have seen an increased level of malicious attempts on our networks and internet-facing sites and applications. And, although there has been no direct impact on our organization to date, there has also been a continued increase in the frequency and size of payouts by companies whose systems and data have been exploited by malicious hackers.

HOW WE MANAGE THIS RISK

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

PRINCIPAL RISKS AND UNCERTAINTIES

OPERATIONAL RISKS

ORGANIZED LABOR

Our unionized brands may not be able to negotiate acceptable terms for extensions and replacements of contracts as a result of increased demands and/or expectations with regard to compensation and benefits from unions, which may lead to organized work stoppages or other operational, legal, financial or reputational impacts. In addition, availability of labor within each of our brands' respective markets may be insufficient to meet in-store and online demand.

SEVERITY

TREND

TIME HORIZON

<1 year

GROWTH DRIVERS

DEVELOPMENTS IN 2022

The COVID-19 pandemic and the resulting change in working practices has continued to bring the topics of well-being, physical and mental health and safety, and diversity and inclusion more into focus. Inflationary pressures during 2022 are also leading to increased demands from unions and rising labor costs. With the ongoing shift to online and mobile purchasing, competition for digital talent has increased, as well.

HOW WE MANAGE THIS RISK

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

PEOPLE

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

SEVERITY

TREND

TIME HORIZON

<1 year and 1-3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2022

The COVID-19 pandemic has exposed the vulnerabilities of labor markets and the need for a suitable mix of sustained investment to address labor shortages. While investment in skills is vital for inclusive and sustainable growth, addressing the broader issues of job quality and migration is also important, as is attracting suitable groups of potential employees that may currently be outside the labor market. On the supply side, during 2022, labor shortages were driven by the disruption of mobility and usual migration within Europe, by workers switching sectors during the COVID-19 pandemic, and by workers' reluctance to take up jobs in certain sectors because of concerns over wages and working conditions.

HOW WE MANAGE THIS RISK

The brands are committed to embedding our shared values, capabilities and behaviors within their workforces. They deploy many measures to achieve this, including, but not limited to, developing competitive employee value propositions to attract the best talent in line with their strategic capability plans and needs, implementing a formal talent management cycle and development conversations, and putting in place diversity, equity and inclusion (DE&I) initiatives to drive our aspiration to have a workforce that is representative of the markets our brands serve. They also listen to and act upon associates' feedback through our annual associate engagement survey and regular pulse surveys. For more information on the commitment to associate well-being, health and safety, and D&I, see *In focus: Diversity, equity and inclusion*.

PRINCIPAL RISKS AND UNCERTAINTIES

FINANCIAL RISKS

INSURANCE

New or renewed insurance policies may be subject to increases in premiums and decreases in coverage limits. In addition, insurance coverage over specific lines of coverage may be difficult or prohibitively expensive to obtain.

SEVERITY

TREND

TIME HORIZON

1-3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2022

Risk transfer to insurers is dependent upon insurance market dynamics, including fluctuating risk appetite on certain lines of coverage, the willingness of insurers to underwrite and Ahold Delhaize exposure. Property insurance premiums have increased significantly over the last several years, as a higher frequency of severe weather-related damage is being observed. Likewise, as further cybersecurity-related incidents and attacks are observed worldwide, coverage of related risks continues to increase in cost.

HOW WE MANAGE THIS RISK

Ahold Delhaize and its brands manage the insurable risks through a combination of self-insurance and commercial insurance coverage for workers' compensation, general liability, property, vehicle accident and certain healthcare-related claims. Our self-insurance liabilities are estimated based on actuarial valuations. While we believe that the actuarial estimates are reasonable, they are subject to changes caused by claim reporting patterns, claim settlement patterns, regulatory economic conditions and adverse litigation results. Our process enables us to monitor claim and settlement patterns and evaluate third-party risk.

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

PRINCIPAL RISKS AND UNCERTAINTIES

COMPLIANCE RISKS

DATA PRIVACY

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

SEVERITY

TREND

TIME HORIZON

<1 year

GROWTH DRIVERS

DEVELOPMENTS IN 2022

In a year with continued increases in online and mobile purchasing coupled with increased social expectations and regulations regarding data privacy, the risks relating to the use and protection of associate and consumer data have also intensified.

HOW WE MANAGE THIS RISK

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

LEGISLATIVE ENVIRONMENT

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

SEVERITY

TREND

TIME HORIZON

1-3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2022

In conjunction with an increased focus on people's health and safety, there has been increasing concern about the health and safety of the planet. Discussions have intensified over climate change and other ESG topics (e.g., sustainable packaging), and expectations from consumers, investors, legislators and other key stakeholders have increased significantly. Data privacy has been topical once again, with new legislation forthcoming, particularly in some areas of the U.S. Although restrictive measures to curb the spread of COVID-19 remain in some jurisdictions, they have, to a large extent, been lifted.

HOW WE MANAGE THIS RISK

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

During 2022, our brands and support organizations continued with company-wide measures to ensure the health, safety and well-being of associates and customers, while maintaining compliance with local laws and government restrictions. We published our second Human Rights Report during 2022, and have developed a methodology that helps each brand explore how it impacts associates, customers, communities and people in its supply chains, while engaging a broad range of internal (and sometimes external) stakeholders across functions and roles. For more information see *Ethics and human rights*.

PRINCIPAL RISKS AND UNCERTAINTIES

COMPLIANCE RISKS

PRODUCT SAFETY

There is a risk that customers may become injured or ill from the use or consumption of products sold by Ahold Delhaize brands, whether they are contaminated or defective, intentionally tampered with, or impacted by food fraud in the supply chain.
In addition, negative impacts on human rights or the environment during the production of our products (e.g., human rights violations by suppliers) may negatively impact the reputation or results of Ahold Delhaize and the brands.

SEVERITY

TREND

TIME HORIZON

1-3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2022

We continue to maintain focus not only on the health and safety of associates and customers, but also on hygiene and the safety of the products our brands sell. Absenteeism rates, which increased during COVID-19, have returned to normal levels. Additionally, in-person quality assurance audits, which had been temporarily suspended due to travel or other restrictions, have started back up again. Deteriorating macro-economic conditions during 2022 and inflationary pressures have the potential to increase cost pressures on our suppliers, with resulting impacts on food standards and fraud.

HOW WE MANAGE THIS RISK

We have implemented a global Product Integrity organization, policies, control framework and standard operating procedures at all of our brands. We also ensure that third-party suppliers sign and adhere to the Ahold Delhaize Standards of Engagement, which outline standards on product safety and ethical and human rights guidelines. Our brands perform a variety of quality assurance reviews and audits in stores, DCs, and at key suppliers and preferred alternative suppliers. We further mitigate our risks in this area through different types of insurance coverage within our brands. For more information on the commitment to respecting human rights, see *Ethics and human rights*.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS

CLIMATE-RELATED RISKS

Climate change involves physical and transitional risks. More frequent and extreme weather events, such as high temperatures, droughts, floods and forest fires, may negatively impact our operational infrastructure and supply chain. Regulatory actions to mitigate and/or adapt to climate change, such as the introduction of carbon taxes, material consumption restraints, land use regulations, transportation regulations or other restrictions on GHGs, may negatively affect our business through higher costs or operational restrictions. See *Task Force on Climate-related Financial Disclosures (TCFD)* for further details on our climate-related risk assessment.

SEVERITY

TREND

TIME HORIZON

1-3 years and >3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2022

A significant number of European countries recorded record temperatures during 2022, and much of the continent experienced drought and summer wildfires. Although significant damage to company property was avoided, wildfires in Greece forced a precautionary closure of company offices and impacted part of the distribution network. Similarly, extreme winter storms in the U.S. during the end-of-year holiday period impacted travel and distribution in several regions. There is a high level of focus on climate change, and governments and regulators around the world continue to drive related regulatory change and increased reporting requirements. We continue to report on the impact of climate change following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). For 2022, the EU Taxonomy reporting requirements increased, due to the additional requirement for reporting on alignment as well as eligibility.

HOW WE MANAGE THIS RISK

Actions to address the risks related to the transition to a lower-carbon economy and related to the physical impacts of climate change are outlined in detail within the risk management section of *Task Force on Climate-related Disclosures (TCFD)*.

PRINCIPAL RISKS AND UNCERTAINTIES

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS

SOCIETAL EXPECTATIONS ON ESG TOPICS

Ahold Delhaize and its brands are subject to external scrutiny from various stakeholders and internal scrutiny from associates on ESG topics, such as plastic packaging; carbon emissions; labor practices and human rights; diversity, equity and inclusion; and sustainable agriculture. There is a risk that, should we not effectively meet society's expectations by demonstrating that we are making a positive contribution and taking actions to mitigate any negative impacts our business may have on society or the environment, we may be exposed to reputational damage or litigation actions. See *Environmental, social and governance* for further information on material ESG topics.

SEVERITY

TREND

TIME HORIZON

1-3 years and >3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2022

Following the trend of increased scrutiny in recent years, we have continued to receive requests for information on our sustainability initiatives and performance metrics from investors and other key stakeholders. Customers and associates have increased expectations on topics such as animal welfare. Investors have shown increasing interest in the development of a more extensive range of ESG metrics, including on biodiversity and regenerative agriculture, and expect companies to provide more insight into the impact they have on people and the environment. During 2022, we updated our climate plan, including the addition of a new scope 3 target, added a new virgin plastic reduction target and were proud to publish our second Human Rights Report, which reflected on the progress Ahold Delhaize and each of its brands made on our Roadmap on Human Rights.

HOW WE MANAGE THIS RISK

Elevate healthy and sustainable is one of the four growth drivers of our Leading Together strategy and we are committed to maintaining our position as an industry leader on sustainability and ESG and to achieving our ambition with regard to decarbonization of our operations and value chain to contribute to a 1.5°C future. A Chief Sustainability Officer (CSO), holding a position on the Executive Committee, has been appointed with accountability for developing a clear, integral and coherent vision in line with our Group strategy, for providing thought leadership, expertise and support to the brands in delivering our ambition and for ensuring focus and collaboration across the organization. The CSO is supported by a cross-functional Sustainability Leadership Team representing all aspects of sustainability.

As part of our integrated approach, we perform an assessment of the material topics facing the organization according to our stakeholders on an annual basis and develop targets and KPIs to measure our performance and ensure actions are being taken to address the most pertinent societal expectations.

ADDITIONAL RISKS AND UNCERTAINTIES

In addition to the principal risks identified, the following risks were identified and considered in conjunction with our annual ERM assessment:

PENSIONS AND OTHER POST EMPLOYMENT BENEFITS

Pensions and healthcare funding obligations may be impacted by interest rate fluctuations, stock market performance, changing pension laws, longevity of participants, and increased costs in specific markets. In addition, some of our brands participate in multi-employer funds (MEPs) which are underfunded and they may be required, in certain circumstances, to increase their contributions to fund the payment of benefits to the MEP. For more information on the financial risks related to the MEPs see *Note 24* to the consolidated financial statements.

Our governance structure includes a pension committee responsible for monitoring pension plan funding as well as the status of our MEPs. Management of each MEP is administered by a board of trustees appointed by the management of the participating employers (plan sponsors) and unions. The relevant Ahold Delhaize brands have been represented as a board of trustee member on several MEP boards and, through these positions, manage and monitor the MEPs' funding.

OTHER FINANCIAL RISKS

Other financial risks include foreign currency translation risk, credit risk, interest risk, liquidity risk, tax-related risks, liabilities to third parties relating to lease guarantees, contingent liabilities and risks related to the legislative and regulatory environment, including litigation. For information on these financial risks, see *Note 25*, *Note 30* and *Note 34* to the consolidated financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

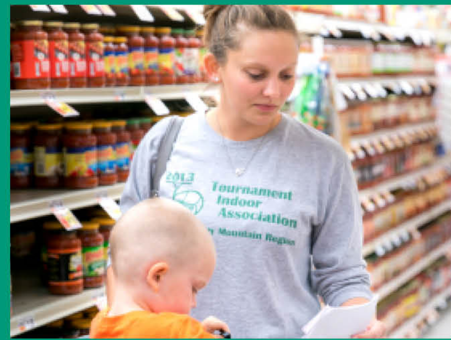
SENSITIVITY ANALYSIS

At Ahold Delhaize, we closely follow the impact of different internal and external risk factors on operations, including our principal risks and uncertainties. The purpose of our sensitivity analysis is to assess these risks in the context of the company's current strategy and to determine their impact on our business and the viability of our business model, as well as on our ability to meet our financial liabilities and other obligations.

Our strategy is based on assumptions relating to: the global economic climate, changes in consumer behavior, competitor actions, market dynamics and our current and planned structure, among other factors.

From the sensitivity analysis we performed of our principal risks and uncertainties, we found the compound impact of the two risk scenarios described here to be the most severe stress scenario.

SCENARIO	ASSOCIATED PRINCIPAL RISKS	DESCRIPTION
Significant macro-economic environment deterioration	Competitive environment and macro-economic developments	Failure to effectively adjust components of our Leading Together strategy in the event of a deteriorating macro-economic environment, materializing in economic recession or sustained periods of low economic growth across all or some areas of operation, could lead to an inability to adapt to various dynamics affecting our performance. Increasing inflation may result in a change in customer behavior, particularly down-trading to value competitors/discounters, as well as additional pressure on our supply chain and cost base, including labor and energy needs. Combined, these affects could result in a loss of market share to other market participants and/or may have a material adverse effect on the company's financial position, operations and liquidity.
Information security and/or data breach and business disruption	Business continuity Information security and data privacy	In the event of a successful data breach, the company or the brands could be subject to material monetary penalties, loss of customers and damage to our corporate reputation; it could also lead to potential litigation. A serious breach could also impact the operation of significant business processes and result in non-availability of products for customers and the inability to operate the day-to-day business at brand level, including stores and DCs.



Top image: Customer shopping at The GIANT Company.

Bottom image: Stop & Shop's robot Marty is one way our brands use technology to improve the customer experience.

ENVIRONMENTAL SOCIAL AND GOVERNANCE

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LOCAL MATTERS

Alfa Beta Greece

INTRODUCTION TO ESG

Environmental, social and governance – also referred to as ESG – represent the three key factors used to measure the sustainability and ethical impact of a business or company. In this section, we outline how we manage ESG topics and performance.

In the next sections, we describe how we assess materiality, to help us understand which ESG topics are most relevant to our stakeholders and define our material topics, linked to our growth drivers and the United Nations Sustainable Development Goals (SDGs). Under the environmental, social and governance sections, we detail our approach, progress and how we measure performance. You'll also find important disclosures around ethics and human rights, the TCFD and tax transparency and responsibility.

Our approach to sustainability and ESG

Ahold Delhaize's overall sustainability strategy is based on the belief that what's healthy and sustainable should be available and accessible to all.

Our approach to sustainability and ESG starts with our efforts to better understand the world we live in; the challenges we face in the short, medium and long term; and what our stakeholders expect of us. Using this knowledge, we determine the topics where we have, or can have, the most impact or that impact us the most. See *Materiality assessment* and *Our material topics* for more information.

Our sustainability and ESG ambitions and strategy are further shaped by the UN SDGs and ESG benchmarks, MSCI and Sustainalytics. We work with frameworks, such as the TCFD, the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) Standards. We also look at future developments and how these could potentially impact Ahold Delhaize, for example, the implementation of the Corporate Sustainability Reporting Directive (CSRD).

Through the mapping of these external requirements to our strategy and growth drivers, we made commitments, and set targets, ambitions and aspirations in several focus areas, such as reducing our carbon footprint and food waste, further increasing healthy sales of own-brand products, improving own-brand plastic product packaging and aiming for 100% diverse and inclusive workplaces. We recognize that our ambitions and aspirations are challenging, but we strive to reach them over time. Our targets drive our day-to-day performance. See *Elevate healthy and sustainable* and *Cultivate best talent* for more information.

How we manage sustainability and ESG

The Executive Committee, supervised and advised by the Supervisory Board (and its Health and Sustainability Committee), has accountability for setting strategy and driving performance. See *Corporate governance* and the *Supervisory Board report* for more information on the Health and Sustainability Committee and topics discussed.

In August 2022, Ahold Delhaize appointed a Chief Sustainability Officer (CSO), giving sustainability a dedicated seat at the Executive Committee table. The CSO is accountable for the success of Ahold Delhaize's integral vision, strategy and goals relative to all aspects of environmental sustainability, healthy eating, social impact (including human rights, associate health, safety and well-being and inclusive practices), ethics and governance.

A cross-functional Sustainability Leadership Team (SLT), chaired by the CSO, was created in 2022 to represent the main dimensions of health and sustainability, social impact and governance in the organization. It includes support functions such as Finance, Communications, Legal and Public Affairs and replaced the former Healthy & Sustainable Steering Committee.

The Global Support Office (GSO) Health & Sustainability function reports directly to our CSO, while the Chief Human Resources Officer (CHRO) remains functionally responsible for HR aspects, including diversity, equity and inclusion (DE&I).

Brand leadership is responsible for establishing and resourcing implementation plans and monitoring performance around locally relevant sustainability and ESG topics.

The Health & Sustainability and HR functions, together with the Finance department's External Reporting team, determine the ESG indicators to be collected and reported to GSO and included in the Annual Report or on our website. Guidance on these ESG indicators is summarized in an ESG Accounting Manual, updated on an semi-annual basis and part of Ahold Delhaize's Accounting and Procedures Manual (ADAPM). The ESG Accounting Manual is approved by the ESG sub-committee of the ADAPM committee, which is cross-functional, including representatives from support functions such as Finance, Human Resources, Legal and Health & Sustainability, as well as from the brands.

Ahold Delhaize's ESG information, as set out in the *ESG statements,* is subject to limited assurance by our external independent auditor. See the *Assurance report on the ESG information* for the opinion and the exact scope of the assurance provided. The external independent auditor is appointed by the annual General Meeting of Shareholders on the recommendation of the Audit, Finance and Risk Committee of the Supervisory Board. See *Corporate governance* for more information. For more information on our governance of climate change specifically, see *Task Force on Climate-related Financial Disclosures.*

Our journey of continuous improvement

Our stakeholders' interest in ESG performance continues to increase. As it is also an important part of how we measure success at Ahold Delhaize, we are committed to making continuous improvements.

In 2021, we started on a journey to further professionalize our ESG data collection, reporting and performance measurement. We prioritized four key indicator clusters: scope 1 and 2 carbon emissions, food waste, own-brand plastic packaging and healthy sales. These are focus areas derived from our elevate healthy and sustainable growth driver. In 2022, we expanded the scope to include topics such as diversity and workplace safety.

This work included creating clear guidance on what we should measure and how. We documented the guidance in our ESG Accounting Manual, involved Finance associates in the data collection and reporting processes and worked with our Information Technology colleagues to identify opportunities to automate data collection and reporting. We also worked on getting a clear picture of the processes and controls in place and identifying areas for improvement.

We are confident that this project improves the quality of our reporting, and has led to the identification of areas for improvement in the application of guidance, errors and changes in our policies to better align our reporting with market and regulatory developments. For more information on how this impacted our previously reported figures and baselines, see *ESG statements*.

MATERIALITY ASSESSMENT

Our materiality assessment process enables us to identify and prioritize our most relevant ESG topics. With sustainability at the heart of our Leading Together strategy, we are committed to creating long-term value for our stakeholders. We conduct this assessment to ensure that our ESG strategy is still in line with stakeholder expectations and external trends. In 2022, we enhanced our materiality assessment approach to continuously prioritize and manage the matters that are truly important to all our stakeholders, society and the environment.

FIRST STEPS TOWARDS DOUBLE MATERIALITY

Our materiality analysis identifies aspects of our business model that are most relevant to Ahold Delhaize and its stakeholders. By continuously monitoring the concerns and expectations of our stakeholders, we make sure the evolution of material issues can be tracked over time, that we identify ESG objectives that create long-term sustainable value and that we are able to define our material topics.

At Ahold Delhaize and the brands, we want to focus on the topics that truly matter to our stakeholders and help us create value. We report mainly on those ESG topics that reflect the company's most significant impacts on the environment and society and are most likely to materialize as ESG risks and opportunities, now or in the future.

To best inform our material matters and topics, we conducted a significant update of our materiality assessment, guided by an expert third party, at the end of 2022. This updated assessment used the GRI Standards and the drafts of the European Sustainability Reporting Standards (ESRS), which incorporates the impact materiality as per GRI 2021.

Our ESG materiality assessment considers ESG material topics, which generally have a longer-term horizon than our principal risks. However, the assessment is not a static exercise; the ESG material topics and the nature of disclosure may evolve over time depending on their materiality from a financial, environmental or societal perspective. We closely monitor how these topics evolve, tracking emerging ESG issues and financial risk.

Our updated assessment was a first step towards implementing a double materiality assessment. Through it, we learned that quantifying the financial impact of the various topics is complex, but we were able to prioritize the topics in relation to each other from a financial perspective. We will use the learnings from this process in our next assessment, which will enable us to comply with CSRD requirements.

Since we performed the update assessment of the material topics at the end of 2022, we will use the insights we derived from it to further develop our strategy and performance measurement going forward to be aligned with the ESRS requirements.

OUR ESG MATERIALITY ASSESSMENT

In this Annual Report 2022, we use the material ESG topics we determined for our Annual Report 2021. We updated this materiality assessment for the new GRI 2021 requirements based on desktop research.

Based on the ESG materiality assessment, we asked stakeholders for feedback on the scale of Ahold Delhaize's impact on ESG topics and how much these topics influence their decision making.

We used the insights from stakeholders, experts and external research to determine our most relevant ESG topics, which, in turn, inform our Leading Together strategy. The final results have been validated and approved by our Executive Committee and Supervisory Board.

Step 1: Understand the organization's context: we selected a long list of topics to use as a starting point by referencing international reporting standards, including the GRI, SASB Standards and the SDGs; media research; a peer review; and a risk and trend analysis of the food industry.

Step 2: Identify actual and potential impacts: we determined the specific relevance of each topic to Ahold Delhaize through online surveys and interviews, collecting input from customers, associates, investors, NGOs, suppliers, producers, farmers and governmental organizations. We asked company management, through an online survey, to identify the topics they believe are most important for Ahold Delhaize and how they are linked to our strategic growth drivers. See also *Engaging with our stakeholders* for more information.

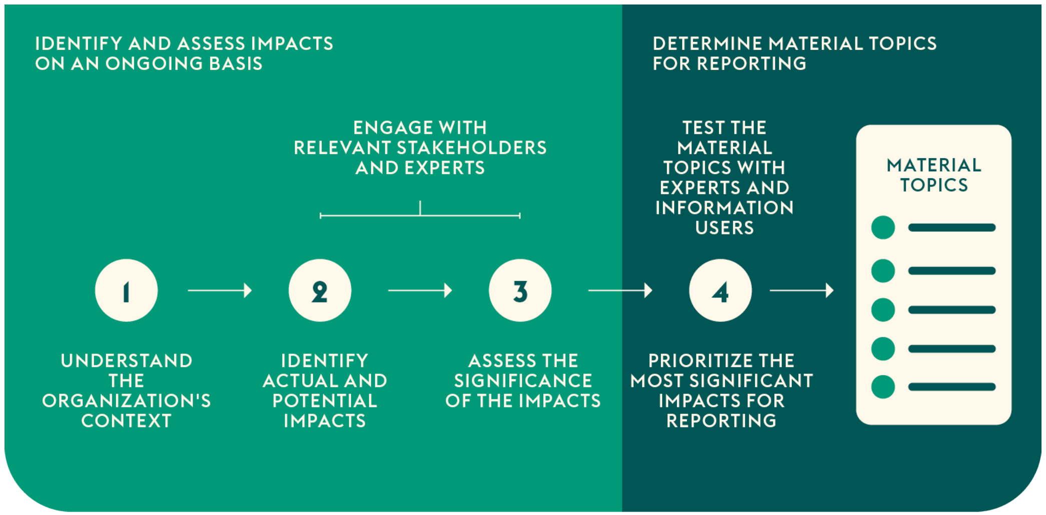
Step 3: Assess the significance of the impacts: we took the long list of ESG relevant matters, determined their significance and impact, and prioritized them to create a short list of material topics.

Step 4: Prioritize the most significant impacts for reporting: we created a list of material topics, which was discussed and approved in a meeting of the Executive Committee.

The overview of our material tier one and tier two topics clarifies how these issues are prioritized. Tier one are the material topics that are deemed strategically important to Ahold Delhaize and our stakeholders. Tier two are other important topics that are material to Ahold Delhaize and our stakeholders.

Process to determine material topics

Our desktop analyses that came after our 2021 analysis included the following steps:



MATERIALITY ASSESSMENT

Our material ESG topics are included in the table below and further explained in *Environmental, social and governance*. They are also linked to our principal risks in *Our integrated approach*. Our disclosures on the ESG topics provide the information necessary to understand the development, performance, position and impact of our activities relating to these topics.

OUR ESG MATERIALITY ASSESSMENT GOING FORWARD

The updated materiality assessment we conducted in 2022 as a first step towards double materiality had several important differences from our previous approach. We conducted online surveys and interviews to gather data and insights on the material topics from both an inside-out (impact Ahold Delhaize has on the economy, society and the environment) and an outside-in (financial risk or opportunity that society and the environment (may) create for Ahold Delhaize) perspective.

In our 2022 year-end assessment, we put further emphasis on engaging internal and external experts (e.g., customers, associates and management, industry associations, trade associations, investors, NGOs, suppliers, producers, academia, farmers and governmental organizations) and discussing the potential financial impacts, risks and opportunities in preparation for the upcoming EU disclosure regulations. When validating the results, we applied a weighting for specific stakeholder groups and for the regions our brands operate in.

The assessment has resulted in two new ESG material topics: animal welfare and business ethics and compliance, both of which are already recognized as important areas by Ahold Delhaize. We support the globally recognized five freedoms of animal welfare as the core of our animal welfare approach. In relation to compliance, we maintain a very low risk appetite, as described in the *Risk Management* section.

Although we already report on the insights collected through our updated materiality assessment, we will address them more thoroughly in our Annual Report 2023. Furthermore, diversity and inclusion is no longer a material ESG topic according to the new assessment. However, since this is an important topic for Ahold Delhaize, we will continue to report on it.

While the 2022 materiality assessment did not result in any significant changes in our overarching strategic goals, it prompted target-setting for the other important topics and a restructuring of our material topics for the upcoming year. Using the insights from our 2022 year-end materiality assessment, we will further develop the approach we take in our next materiality assessment.

OUR MATERIAL TOPICS

ENVIRONMENTAL TOPICS	TOPIC DEFINITION	BOUNDARY[1]	TIER[2]	KEY KPIs[3]	MEASURABLE TARGETS AND AMBITIONS[4]
CO2 emissions and climate change	Reduce greenhouse gas (GHG) emissions in our supply chain and own operations (stores, DCs and logistics) and increase energy efficiency in our own operations.	All parts of the value chain	1	• Percentage reduction in absolute CO_2-equivalent emissions from own operations (scope 1 and 2) – market-based approach – against a set baseline. • Percentage reduction in absolute CO_2-equivalent emissions from our value chain (scope 3) against a set baseline.	* Scope 1 and 2 targets (2018 baseline): • 2025: 34% reduction. • 2030: 50% reduction. • 2040: Net zero: 90% reduction and 10% removals * Scope 3 targets (2020 baseline): • 2024: All our brands in Europe will commit to a baseline current protein ratio and set protein ratio targets. • 2025: Suppliers that represent 70% of our footprint will be asked to commit to SBTi and all our suppliers will be asked to report on scope 3. • 2030: 37% reduction. • 2050: Net zero: 83% reduction and 17% removals.
Food waste	Promote responsible handling to reduce food waste and increase reuse of food waste along the supply chain, in distribution and operations as well as in customers' homes.	All parts of the value chain	1	• Percentage reduction in food waste compared to a set baseline. We measure this with a relative metric: total tonnes of food waste per €1 million of food sales.	By 2025: Our target is to have >38% reduction of total tonnes of food waste per €1 million of food sales against our 2016 baseline. By 2030: Our target is to have 50% reduction of total tonnes of food waste per €1 million of food sales against our 2016 baseline.
Sustainable agriculture	Promote agricultural practices that support healthy ecosystems, economic viability and social equity.	Farming and commodity traders	2	• Percentage sustainable sourcing for seven commodities in our own-brand products[5]. • Percentage reduction in absolute CO2-equivalent emissions from our value chain (scope 3) against a set baseline.	By 2025: Our ambition is to achieve zero deforestation and conversion through 100% sustainable sourcing of soy, palm oil, cocoa, coffee, tea and wood fiber for our own-brand products[5]. Also, see CO2 emissions and climate change in this overview of material topics for the scope 3 targets.

MATERIALITY ASSESSMENT

Sustainable packaging	Reduce the use of plastic and other packaging materials, decrease the weight of packaging, and increase the recyclability, reusability and recycled content of packaging.	Own brand, selling, consumer	2	• Percentage reduction of absolute virgin plastics used in primary own-brand plastic product packaging. • Percentage of post-consumer recycled content used in primary own-brand product packaging. • Percentage of own-brand primary plastic product packaging being reusable, recyclable or compostable.	By 2025: • Our target is to reduce the use of virgin plastic in own-brand primary product packaging by 5% compared to 2021. • Our target is to have 25% of our total own-brand primary plastic packaging weight made from post-consumer recycled content. • Our target is that 100% of primary own-brand plastic packaging is reusable, recyclable or compostable in practice and at scale.
SOCIAL TOPICS	**TOPIC DEFINITION**	**BOUNDARY[1]**	**TIER[2]**	**KEY KPIs[3]**	**MEASURABLE TARGETS AND AMBITIONS[4]**
Healthy products	Increase the share and availability of healthy products in our brands' assortment and provide information to enable healthier and more sustainable diets for customers and associates.	Product development, own brand, selling, consumer	1	• Percentage of healthy own-brand food sales as a proportion of total own-brand food sales.	By 2025: Our target is to have 55.6% healthy own-brand food sales as a proportion of total own-brand food sales.
Fair labor practices in the supply chain	Promote respect for human rights, wages and incomes and labor practices throughout the supply chain and pay a fair price to suppliers and farmers.	Raw materials, farming and traders, own brand	2	• Percentage of production sites of own-brand products in high-risk countries audited against an acceptable standard with a valid audit report or certificate and no non-compliances on deal-breakers.	By 2025: Our ambition is to have 100% of production sites of own-brand products in high-risk countries audited against an acceptable standard with a valid audit report or certificate and no non-compliances on deal-breakers.
Associate safety, health and well-being	Create a healthy and safe work environment that fosters associate well-being.	Warehouse and distribution, selling	2	• Number of injuries that result in lost days per 100 FTEs.	Our ambition is to have a reduction in the absenteeism rate year-on-year.
GOVERNANCE TOPICS	**TOPIC DEFINITION**	**BOUNDARY[1]**	**TIER[2]**	**KEY KPIs[3]**	**MEASURABLE TARGETS AND AMBITIONS[4]**
Product safety and quality	Guarantee the highest safety and quality standards for the products our brands sell and, at minimum, comply with applicable local legislation.	All parts of the value chain	2	• Percentage of production sites of own-brand food products that are certified according to a GFSI-recognized standard or comply with an acceptable level of assurance standard. • Percentage 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 every lot was tested.	By 2025: Our ambition is to have 100% of the production sites of own-brand food products certified according to a GFSI-recognized standard or comply with an acceptable level of assurance standard.
Available and affordable products	Ensure product availability and affordable pricing of our brands' products to meet the (dietary) needs of customers.	Selling, consumer	2	• Delivery on our Save for Our Customers program.	In 2023: Our target is to deliver more than €1 billion through the Save for Our Customers program.
Diversity and inclusion	Ensure equal treatment of all associates independent of gender, age, religion, race, caste, social background, disability, ethnicity, nationality, membership in workers' organizations, political affiliation, sexual orientation, or any other personal characteristic protected by law.	Warehouse and distribution, selling	2	• Gender balance by level • Reflective of our markets • Inclusive index	We aspire to a workforce that is: • 100% gender balanced at all levels. • 100% reflective of the communities we serve. • 100% inclusive – where all voices are heard.

1 Boundaries as shown in the table provide an indication of where each topic has the most impact, but do not make reference to the reporting boundaries as explained in the *ESG statements*.
2 Tier one: The material topics that are deemed strategically important to Ahold Delhaize and our stakeholders. Tier two: Other important topics that are material to Ahold Delhaize and our stakeholders.
3 See *ESG statements* for more information on the KPIs and performance.
4 See *Environmental*, *Social*, *Governance* sections for more information on the targets and ambitions per ESG-related material topic.
5 For performance on these sustainable agriculture metrics, see *Critical commodity reporting* on our website.

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Percentage reduction in absolute CO_2-equivalent emissions from own operations (scope 1 and 2)[1]

2022	32%
2021	31%
2020	23%

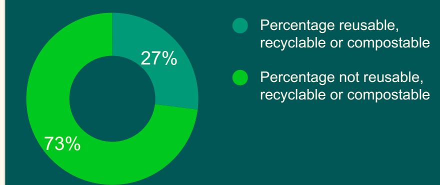
1 Percentage scope 1 and 2 CO_2-reduction from our 2018 baseline (restated). 2020 figure is not restated on the same scope and is still measured against the baseline used in 2021.

Percentage reduction in tonnes of food waste per food sales compared to 2016 baseline[1]

2022	33%
2021	20%
2020	17%

1 Percentage reduction from our 2016 baseline (restated). 2020 figure is not restated on the same scope and is still measured against the baseline used in 2021.

Percentage of reusable, recyclable or compostable own-brand primary plastic packaging in 2022



2022

As part of our strategy to support a healthier planet, and informed by our materiality assessment, we measure and manage our company's environmental impacts relating to carbon emissions and climate change, food waste, sustainable packaging and sustainable agriculture.

For more information on our performance on these environmental topics, see *ESG statements: Environmental*.

CO_2 EMISSIONS AND CLIMATE CHANGE

Developments in 2022

The Intergovernmental Panel on Climate Change (IPCC) 2022 report warned that the world is set to reach the 1.5º C level within the next two decades. The conclusions of the IPCC's Global Warming of 1.5° C special report were startling: it stated that one-half degree more warming would mean substantially more poverty, extreme heat, sea level rise, habitat and coral reef loss, and drought.

During 2022, climate change was also reported for the first time as a principal risk in our ERM assessment; see *Principal risks and uncertainties*.

In November 2022, Ahold Delhaize updated its Climate Plan after setting an updated scope 3 target on its 1.5-degree decarbonization pathway. See *In focus: Carbon emissions in our value chain* and *Climate Plan* for more information.

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Our impact

Humans cause climate change by releasing carbon dioxide and other GHGs into the air. Today, there is more carbon dioxide in the atmosphere than there has been in at least the past two million years.

GHGs are produced in different ways:

- **Burning fossil fuels**: Fossil fuels such as oil, gas and coal contain carbon dioxide that has been "locked away" in the ground for thousands of years. When we extract these fuels and burn them in trucks when transporting products or to heat, cool, or operate our stores, we release the stored carbon dioxide into the air. Some of our brands sell fuel to their customers, and, in doing so, produce indirect GHGs.
- **Deforestation**: Forests remove and store carbon dioxide from the atmosphere. Cutting them down means that carbon dioxide builds up more quickly, since there are fewer trees to absorb it. And when we burn trees, they release the carbon they stored. If we sell products produced on deforested land, Ahold Delhaize contributes to deforestation.
- **Agriculture**: Planting crops and rearing animals releases many different types of GHGs into the air. For example, animals produce methane, which is 30 times more powerful than carbon dioxide as a GHG. The nitrous oxide used for fertilizers is ten times worse and nearly 300 times more potent than carbon dioxide. The products in our brands' stores, therefore, also directly and indirectly contribute to the release of GHGs.
- **Cooling fluids:** Hydrofluorocarbons (HFCs) are commonly used chemicals for cooling and represent a major contributor to climate change, causing approximately 1.5% of global carbon emissions worldwide. Ahold Delhaize sells products that require cooling in order to maintain food safety and quality for customers.

  Reducing the use of chemical refrigerants and switching to low-GWP refrigerants is our greatest opportunity to reduce our negative impact.

We estimate that the annual value chain GHG emissions (scope 1, 2 and 3) of Ahold Delhaize and the brands total approximately 66 million tonnes of CO_2-equivalent emissions. This figure is broken down in the diagram below.

Our total GHG footprint

Scope 1 and 2	
Energy consumption	2.0%
Refrigerants	1.8%
Transport	0.5%
Scope 3	
Purchased goods	84.3%
Use of sold products	5.1%
Other scope 3	6.3%

Of the categories in the graph above, energy consumption, refrigerants and transport form our scope 1 and 2 footprint. The remaining emissions categories form our scope 3 footprint, representing approximately 96% of our total direct and indirect carbon footprint.

While emissions from our own operations are a small share of our total value chain emissions, it is here that we have direct control and can have the biggest direct impact.

Along our value chain, we have opportunities to reduce emissions from our current product portfolio through targeted interventions upstream and downstream – for example, by encouraging suppliers to set their own science-based targets and working with logistics partners to shift to lower-emission transport options.

With the lion's share of our value chain emissions falling outside of our direct control, societal change and industry collaboration remains critical to achieving our targets and the goals of the Paris Agreement. Influencing wider society and industry collaboration are, therefore, an integral part of our plan.

Our approach and progress

Our approach covers activities within our operations and our value chain, as well as the work our brands do to influence wider society.

In 2019, we committed to science-based targets. Our scope 1 and 2 target was based on a 1.5-degree decarbonization pathway and our scope 3 target on a two-degree decarbonization pathway.

In November 2021, we updated our net-zero ambition and made a public commitment to reach net-zero carbon emissions by 2040. We also joined the Business Ambition for 1.5° C – an urgent call to action from a global coalition of UN agencies, business and industry leaders. The initiative mobilizes companies to set net-zero science-based targets in line with a 1.5° C future. This required us to update our scope 3 ambition to be consistent with the 1.5-degree ambition of the Paris Agreement. We committed to our updated scope 3 ambition in November 2022.

See also the *External validation of our targets* section below for more information.

See the **updated Ahold Delhaize Climate Plan** issued in November 2022.

Own operations (scope 1 and 2)

Scope 1 and 2 emissions come mainly from electricity and refrigeration (approximately 88%). Based on our analysis of potential initiatives, we believe it is possible to reduce emissions by approximately 60% at neutral cost (over the depreciation cycle of the capital expenditure investment). However, initiatives like replacing refrigeration systems and transforming the transport fleet our brands use are more expensive and would require significant capital expenditure at an earlier stage than initially planned, based on the current replacement cycle. Some initiatives might also result in cost savings, such as the implementation of more energy-efficient equipment leading to less electricity usage. Some initiatives can also result in lower repair and maintenance costs.

To reduce GHG emissions in our own operations, we have identified the following key priorities:

Transition to low emitting refrigerants

This priority includes replacing or retrofitting refrigerator systems with lower-GHG alternatives, installing natural / hybrid systems (e.g., new CO_2 systems with GWP 1) and minimizing leakage from all our systems. It has the potential of reducing carbon emissions from using refrigeration equipment by up to 95%.

For example, Hannaford has pioneered the use of trans-critical CO_2 systems in stores and refrigerated warehouses.

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Transition to renewable energy
We are working on increasing onsite generation capacity and use of power purchase agreements (PPAs) and renewable energy credits (RECs). As part of this work, we are establishing long-term partnerships with local renewable energy producers.

For example, The GIANT Company recently entered into a long-term agreement with a solar energy provider that will enable it to avoid more than 100,000 metric tonnes of scope 2 carbon emissions associated with its energy use annually.

Transition from fossil fuels (heating and transportation)
We are converting our heavy-duty vehicle fleets to battery electric vehicles and electrifying facility heating with heat pumps and by using waste heat and other heating solutions.

With the acquisition of Cycloon, the incorporation of Ampère, and by working with other logistics partners, bol.com is making progress on reducing delivery-related emissions. In addition, bol.com was the first e-commerce company in Belgium and the Netherlands to receive the Climate Neutral Certification mark. The brand has also increased shipments sent without outer boxes, to reduce packaging materials, and is exploring reusable packaging options.

For the last few years, several Ahold Delhaize brands in Europe have reduced their reliance on fossil fuel heating from their operations. For example, all new Albert Heijn stores in the Netherlands are built with alternative ways of heating, including heat pumps and heat recuperation.

In the next few years, Albert Heijn's operations in the Netherlands will be completely free from using natural gas.

Increase energy efficiency
Our brands are building and remodeling stores in the most energy efficient way possible by installing energy-efficient equipment, such as LED lights, doors on refrigerator cabinets, heat recuperation, heat pumps, CO_2 refrigeration systems (which not only reduce emissions, but are more energy efficient than conventional refrigerators) and improved insulation. They are also installing sensors – for example, sensors that automate defrosting by sensing when it is needed and are more energy efficient than using a timer.

Our brands continue to further reduce GHG emissions in our own operations. For example, Delhaize Serbia committed that it will use LED lighting in its entire store network by the end of 2024. In 2022, the brand also replaced existing fluorescent lighting in its DC with LED lighting, which is expected to cut power consumption by about 700 MWh per year.

In 2022, more than 270 of the Ahold Delhaize USA brands' stores completed LED conversions and more than 20 stores retrofitted open refrigerated cases to have doors and improve operating efficiency.

Applying an internal carbon price model
We started applying an internal carbon price to investment proposals from the local brands in 2021. We continue to fine-tune the model and further develop climate criteria for CapEx proposals, including guidance on how to link eligibility and alignment reporting under the EU Taxonomy.

Assumptions used in emission targets
Our ability to achieve our carbon emissions reduction targets with the actions above is based on the following assumptions:

- The company needs to replace approximately 30-40% of existing refrigeration systems and will be able to improve approximately 60-70% of existing systems by replacing coolants.
- Within the next years, 50% of the brands' heavy duty vehicle fleets will be converted to battery-powered electric vehicles and 50% to hydrogen fuel cells, with fuel cell electric vehicle technology becoming economical by 2032.
- 100% renewable energy (RECs /PPAs) can be acquired at close to parity with grid power.
- Approximately 20% of heating emissions can be reduced through insulation installation, and the remaining approximately 80% by switching to alternative fuel such as heat pumps, district heating, etc.
- Our 2021 assessment modeled the incremental costs of achieving net-zero emissions, aiming to show how much more we can expect to spend versus a business-as-usual situation. The business-as-usual emissions forecast was carried out in line with expected business growth and evolution (e.g., in e-commerce), extrapolating from the brands' 2022–2024 strategic plans.
- When determining the costs of abatement and reduction initiatives, we used current costs (i.e., we did not assume cost reduction that may take place when technology scales and matures).

Scope 1 and 2 transition plan to achieve targets
Ahold Delhaize and its brands are currently working on concrete transition plans to identify the impact we can expect to materialize as we transition from fossil fuels and chemical refrigerants, increase energy efficiency, and switch to renewable energy. These transition plans will be linked to resource requirements and concrete actions the brands will implement and monitor to ensure progress towards the reduction targets. More detail on these plans will be communicated in 2023.

Our value chain
See *In focus: Carbon emissions in our value chain* for more information on our approach and progress.

How we measure performance
- Percentage reduction in absolute CO_2-equivalent emissions from own operations (scope 1 and 2) – market-based approach.
- Reduction in absolute climate emissions from our value chain (scope 3) against a set baseline.

See *ESG statements* for our performance, as well as our reporting on *EU Taxonomy*.

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Our targets

TIMELINE	SCOPE 1 AND 2 (2018 BASELINE)	SCOPE 3 (2020 BASELINE)
Short-term target	34% reduction by 2025[5]	• Suppliers representing 70% of our footprint will be asked to commit to SBTi by 2025 • All our suppliers will be asked to report on scope 3 by 2025 • All our brands in Europe will commit to a baseline current protein ratio and set protein ratio targets by the end of 2024[1]
Medium-term target	50% reduction by 2030[2]	37% reduction by 2030[3]
Long-term target	Net zero: 90% reduction and 10% removals by 2040 (2018 baseline)[3]	Net zero: 83% reduction and 17% removals by 2050 (2020 baseline)[3,4]

1 Protein ratios are discussed further under *In focus: Carbon emissions in our value chain.*
2 The SBTi has approved Ahold Delhaize's scope 1 and 2 near-term science-based emissions reduction target. This target is based upon a 1.5-degree decarbonization pathway.
3 Committed but not yet approved by SBTi, the target is based upon a 1.5-degree decarbonization pathway.
4 Ahold Delhaize has also committed to set long-term emissions reduction targets with the SBTi in line with reaching net zero by 2050.
5 Target is increased to 34% from 29% last year to align future ambitions with 2022 performance.

External validation of our targets

Our medium-term emissions reduction target for scope 1 and 2 (in table to the left), set in 2019, has been formally approved by the SBTi. This means that the SBTi has assessed the target against the emissions reduction pathways necessary for the world to limit global average temperature rise 1.5° C above preindustrial levels and found them to be consistent with that outcome.

In 2022, Ahold Delhaize updated its scope 3 reduction targets (consistent with the Paris Agreement's 1.5-degree ambition) and submitted the revised target for SBTi approval, using 2020 as the new baseline year.

FOOD WASTE

Developments in 2022

Food waste remained an important topic worldwide in 2022; billions of tonnes of food continue to be wasted while millions of people are hungry or undernourished. Grain shortages, amplified by the ongoing war in Ukraine and droughts in Africa, highlighted the importance of reducing waste and the need to better make use of resources.

Food waste does not only negatively impact food security, it also fuels climate change. If food ends up in landfill, it produces methane, a GHG that contributes to climate change – and when food is wasted, all the energy and water associated with growing, harvesting, transporting and packing the food are also wasted.

Our impact

Food waste can have negative environmental, social and financial impacts. Our brands continue working to reduce the amount of waste as much as possible in our supply chains, stores and even at customers' homes. By reducing the amount of food waste at the source and donating surplus products to food banks, we can reduce our environmental impact while creating a positive social impact.

Unsold food also negatively impacts our financial results due to the lost margin. In 2022, Ahold Delhaize brands donated 21% of unsold food to feed people and reported 238 thousand tonnes of food wasted. A total of 76% of the food wasted in 2022 was recycled; the remainder was sent to landfill or incinerating facilities.

Our approach and progress

We aim to contribute to a food system that ensures everyone has access to nutritious food for generations to come. We continuously review our operational processes to reduce food waste, and divert unsold food to feed those in need within our brands' communities. We have a three-pronged approach to driving down food waste.

1. We reduce food waste across our brands' operations, including stores, warehouses and transport. Specific actions, which can differ by brand and location, include working with suppliers to buy smarter, introducing discounts on almost-expired products, and using technology like dry misting in the fresh food department and electronic shelf pricing.

   For example, according to Delhaize Belgium's research, almost-expired products are more attractive for customers when they are placed in one designated location with a clear message. That is why the brand groups almost-expired products from different categories (dairy, processed meats, etc.) in "no waste corners," labeled with a green win-win sticker in all its supermarkets. The sticker makes it clear to customers that the purchase is a win for both the environment and their wallets. See *Local matters: Local solutions* for more details.

2. We divert surplus food to food banks, charities and innovative operations such as restaurants that cook with unsold food.

   Albert has introduced the first zero food waste concept store in the Czech Republic. The most unique concept in the store, located in Prague's Nove Butovice area, is the special canteen for associates, where Chef Stanislav prepares over 100 meals using unsold store products every day.

3. We send food no longer suitable for human consumption to other recycling methods, to divert it from landfill. These methods can include animal feed production, green energy facilities or industrial uses.

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We also look further than our own operations. As a founding member of the World Resources Institute 10x20x30 initiative, Ahold Delhaize brands have so far partnered with 14 major suppliers to root out food loss and waste in the food supply chain.

While we would like to do even more to reduce food waste, our efforts are sometimes limited by external factors, for example, the infrastructure of hunger relief organizations in certain of the markets our brands serve.

See our website for more information on **food waste.**

How we measure performance

- Percentage reduction in food waste compared to a set baseline. We measure this with a relative metric: total tonnes of food waste per €1 million of food sales.

See *ESG statements* for our performance.

Our targets

TIMELINE	TARGET
Short term[1]	We have a target of a 34% reduction in total tonnes of food waste per €1 million of food sales against our 2016 baseline by 2023.
	We have a target of >38% reduction of total tonnes of food waste per €1 million of food sales against our 2016 baseline by 2025.
Medium term	We have a target of 50% reduction of total tonnes of food waste per €1 million of food sales against our 2016 baseline by 2030.

1 2025 target is increased to >38% from 32% last year to align future ambitions with 2022 performance.

SUSTAINABLE PACKAGING

Developments in 2022

Across the globe, millions of tonnes of plastic end up in landfills, burned or leaked into the environment – and that amount is rising every year.

Signatories to the Global Commitment, including Ahold Delhaize, which together account for more than 20% of the plastic packaging market, have set ambitious 2025 targets with the aim to realize a common vision of a circular economy for plastic, in which it never becomes waste. The Global Commitment 2022 progress report concluded, among others, that while strong progress is being made in some areas, key 2025 targets set by signatories to the Global Commitment are expected to be missed. The prospect of not meeting all 2025 targets reinforces the urgency for businesses to accelerate action, particularly around reuse, flexible packaging, and decoupling business growth from packaging use.

Our impact

Our brands continue to improve their own-brand product packaging by switching to more environmentally friendly materials or reusable packaging, eliminating unnecessary plastic packaging and increasing the use of post-consumer recycled content.

In 2022, Ahold Delhaize announced that, by 2025, its brands aim to reduce the use of virgin plastic in their own-brand primary product packaging by 5% compared to 2021. Going forward, we will increase our focus on reducing own-brand primary plastic product packaging, as this has the most direct impact on reducing our footprint.

We pledged that we aim to eradicate plastic waste and pollution at the source via the New Plastics Economy Global Commitment ("The Global Commitment") in 2018. The Global Commitment is led by the Ellen MacArthur Foundation, in collaboration with the UN Environment Programme.

Through The Global Commitment, businesses and governments commit to changing how they produce, use and reuse plastic. The organizations will work to eliminate the plastic items we do not need; innovate so all plastic we do need is designed to be safely reused, recycled, or composted; and circulate everything we use to keep it in the economy and out of the environment.

In our business model, we mainly consume plastics through our own-brand products and various suppliers (consumer packaged goods) that manufacture branded products delivered to our own operations.

In 2022, Ahold Delhaize brands put 185 thousand tonnes of own-brand primary plastic product packaging on the market, of which 27% is currently reusable, recyclable or compostable.

For national brand products, the influence we may have on our suppliers is limited, and we are dependent on the information they are willing to provide to our brands. We encourage our suppliers to pledge to The Global Commitment and become members of the Ellen MacArthur Foundation plastic pact, which requires them to set ambitious 2025 targets to help realize the common vision with strict monitoring by the Foundation. Many of our significant suppliers have already made this commitment, including L'Oreal, MARS, Nestle, PepsiCo, The Coca-Cola Company and Unilever, along with major packaging producers like Amco, plastics producers such as Novamont and resource management specialist Veolia. These suppliers account for a significant portion of the branded products in our brands' operations.

We monitor progress through The Global Commitment Progress Report, through which all the signatories provide an update to the Ellen MacArthur Foundation on the progress they made on the commitments during the year. The 2022 report had three key findings:

1. While progress is being made in some areas, key 2025 targets (for example the target of 100% reusable, recyclable, or compostable plastic packaging) are expected to be missed.
2. The prospect of not meeting all 2025 targets reinforces the urgency for businesses to accelerate action, particularly around reuse, flexible packaging, and decoupling business growth from packaging use.
3. Governments need to take immediate action to accelerate progress and have the opportunity to promote a high ambition level in upcoming negotiations for a legally binding instrument on plastic pollution.

See the **Ellen MacArthur Foundation** website for detailed insights on the retail and food sectors' progress on and challenges in reducing plastic waste.

We also work with several umbrella organizations to find solutions for sustainable packaging. For example, some of our brands are members of national plastic pacts that are implementing solutions towards a circular economy for plastic. For example, Albert Heijn is a member of the Dutch Plastics pact, while Ahold Delhaize USA is a member of the U.S. Plastics Pact and of the Sustainable Packaging Coalition, a membership-based collaborative that believes in the power of industry to make packaging more sustainable.

Our approach and progress

Our approach to sustainable packaging is focused on our own-brand products, as we control the processes within the value chain.

For national brand products, we do not control the plastic consumption or usage within the value chain and we do not always receive detailed data on the type of plastics used within these products. Our approach for branded products is, therefore, to encourage consumer packaged goods suppliers to become members of the Ellen MacArthur Foundation in order to unite more suppliers behind a common vision of a circular economy for plastics.

In line with guidance from the Ellen MacArthur Foundation, we follow a framework designed to help us move towards a more circular system for own-brand products through:

1) Elimination

Eliminating problematic or unnecessary plastic packaging through redesign, innovation and new delivery models is a priority. To achieve a circular economy, we need to curb growth in the total amount of material that needs to be circulated. While plastics bring many benefits, there are some problematic items on the market that need to be eliminated to achieve a circular economy, and sometimes plastic packaging can be avoided altogether while maintaining utility. Elimination is about more than bans on straws and plastic bags – it is a broad innovation opportunity.

For example, Albert Heijn stopped providing free plastic bags in its fruit and vegetable departments across all stores, saving 130 million bags – or 243,000 kilos of plastic – per year. From now on, customers can use sustainable fresh bags that are washable and can be used dozens of times. See also *Local matters: Reusable bags.*

Alfa Beta launched a new type of packaging for its ready meals. The new cardboard trays have 90% less plastic compared to the previous packaging, and the plastic component can be easily separated from the paper tray so both components can be recycled.

2) Shift to reusable

The shift away from single-use towards reusable packaging is a critical part of eliminating plastic pollution.

For example, Giant Food announced that local shoppers can now purchase a selection of products in reusable packaging thanks to a new partnership with Loop, the circular reuse platform developed by TerraCycle. Customers can now walk into any of the 10 participating Giant supermarkets and purchase more than 20 products from leading consumer brands, all packaged in reusable containers instead of single-use packaging.

Albert Heijn also launched a new concept that enables customers to do a large part of their daily shopping more sustainably. It works very simply: customers fill a reusable bag or jar with a product – for example muesli, pasta, sandwich fillings, tea or nuts – and come home with a lot less disposable packaging. The concept has been rolled out to three stores during 2022; based on the learnings from these stores, the concept itself and the communication around it will be improved and tested in additional stores.

3) Recyclable or compostable in practice and at scale

The recyclability of product packaging is complex, as it often comprises several different materials.

Designing packaging to be reusable, recyclable, or compostable is a crucial first step, but a circular economy is only realized if packaging is actually reused, recycled or composted in practice. This requires the necessary systems to be in place to collect, sort and effectively reuse, recycle or compost the packaging.

"Recyclable" means different things to different people in different contexts. In the context of the Global Commitment (endorsed and followed for reporting by Ahold Delhaize), "technically recyclable" is not enough. Recycling does not just need to work in a lab; it should be proven that packaging can be recycled in practice and at scale.

An important step to assess the recyclability of plastic packaging for Ahold Delhaize therefore is to find evidence that, for each plastic packaging category in our own-brand portfolio, an infrastructure for recycling exists in practice and at scale today. That means, essentially, a recycling rate of 30% or higher in geographies together covering more than 400 million inhabitants on the basis of the data in The Global Commitment's Annual Recycling Rate Survey. In several of our brands' markets, and for several plastic packaging types, this is not yet the case and as such, the plastics are not reported as recyclable, even though they may technically be recyclable.

Delhaize Serbia partnered with local community organization Stara Pazova and national waste management company Sekopak to teach 400 preschoolers how important it is to separate packaging waste and prepare it for recycling and how we can all contribute to a better environment. The partners also made the schoolyard greener by planting 33 seedlings.

Similar to how recyclability is defined, for compostability, The Global Commitment also moves beyond technical compostability (i.e., meeting relevant international compostability standards) to compostability proven to work in practice and at scale.

The "in practice and at scale" requirement and suggested threshold result in some signatories reporting low or moderate recyclability percentages today. The threshold also means that progress towards 2025 targets can be expected to follow a "lumpy" trajectory (e.g., if infrastructure to collect and recycle certain high-volume categories of packaging reaches the threshold scale requirement, recyclability scores would increase significantly). However, these definitions set a 2025 ambition level. Working toward this level of ambition and creating transparency on current recyclability percentages demonstrates the commitment of signatories to driving change at scale.

It should be noted that recyclability and compostability percentages reported as part of the Global Commitment are not comparable to assessments and claims of recyclability using different definitions or methodologies. The definitions of recyclability and compostability used in the context of the Global Commitment are designed to be applied at a global level and are not linked to any specific geographical area, local context, or regulations, or on-pack recyclability or compostability labels.

Food Lion is committed to ongoing sustainability efforts including the sale and use of reusable bags in its stores, but also offering plastic bag recycling at every location to help ensure plastic does not end up in the environment. A recycling partner turns the plastic into eco-friendly decking and outdoor material.

For our own brands, we have set a target to ensure 100% of of primary own-brand plastic packaging is reusable, recyclable or compostable in practice and at scale by 2025. We expect that we will not achieve this target, due to issues ranging from the scaling up of reusable packaging to the availability of a robust recycling infrastructure for certain plastic packaging categories within some of our brands' markets.

For this reason, we have set a reduction target on virgin own-brand plastic product packaging, as this is something we have direct control over and that has a direct impact on reducing our footprint.

4) Decoupling from finite (fossil) resources

Moving towards a circular economy for plastic packaging involves decoupling from finite (fossil) resources. This is achieved first and foremost by reducing the need for virgin plastics through elimination, reuse and use of recycled content. Then, over time, any remaining virgin inputs must be switched to renewable feedstocks that are proven to come from responsibly managed sources and to be environmentally beneficial.

For example, two of our brands are testing packaging-free shelves. Albert is piloting a line of 80 products customers can purchase in their own packages. In 2022, Albert Heijn introduced a packaging-free range of around 70 products, from breakfast cereals and spreads to dinner ingredients such as pasta and rice. Customers can fill a reusable bag or jar with the products and save disposable packaging.

In 2022, our brands increased the use of virgin plastic in their own-brand primary product packaging by 1% compared to 2021.

How we measure performance

- Percentage reduction of absolute virgin plastics used in primary own-brand plastic product packaging
- Percentage of post-consumer recycled content used in primary own-brand product packaging
- Percentage of own-brand primary plastic product packaging being reusable, recyclable or compostable.

See *ESG statements* for our performance.

Our targets

TIMELINE	TARGET
Short-term	25% of our total own-brand primary plastic packaging weight will be made from post-consumer recycled content by 2025
	By 2025, our brands aim to reduce the use of virgin plastic in their own-brand primary product packaging by 5% compared to 2021
	100% of primary own-brand plastic packaging is reusable, recyclable or compostable in practice and at scale by 2025

SUSTAINABLE AGRICULTURE

Developments in 2022

As the world's population grows, the challenge of feeding more people with less negative impact on the planet becomes more urgent, and, with it, the need increases for retailers to offer products produced with respect for the environment, including, but not limited to, the protection of biodiversity and responsible water use.

Our impact

Our brands source products from around the world and sell them outside their growing seasons. Bringing products to the stores from outside of local growing regions requires more energy and resources. As a top 10 global food retailer, we have a seat at the table to provide input into how food production and sourcing will look in the future and how food can be produced sustainably, with respect to the environment and protecting biodiversity. With our own-brand products, we can make a real impact, directing what is sold, how it is produced and where.

Our approach and progress

Land-based agricultural production is the basis of the majority of food products sold by the Ahold Delhaize brands. Unsustainable agricultural practices can compromise the production capacity of agricultural land, put pressure on the affordability of food and availability of land and negatively affect biodiversity and the environment.

Biodiversity

Biodiversity is the basis of life, water and soil. Essentially all food products that we sell are directly or indirectly derived from biological resources, either wild or domesticated. In addition, the bulk of what we build with, make medicines from, and use as industrial raw materials is derived from nature. Products that are not sustainably sourced pose a threat to biodiversity worldwide. Natural habitats, forests and wetlands are often converted into monocultures and coupled with the unsustainable use of pesticides, which can further damage the surrounding biodiversity.

Ahold Delhaize acknowledges that food systems need to change to reduce the negative influence on biodiversity. Our brands have already started implementing programs to mitigate the impact of growing the products they sell. As a next step, we will review learnings from our brands to build a global plan to support biodiversity in the coming decades. We are reviewing frameworks like the Task Force on Nature-related Financial Disclosures (TNFD). We expect to be able to share a global approach on biodiversity in due course.

In April, Albert Heijn and Tony's Chocolonely – a Dutch chocolate brand – announced that they will extend their current Open Chain collaboration around Delicata chocolate for another five years and further their impact on cocoa plantations in West Africa. In 2019, Albert Heijn was the first retailer in the Netherlands to take responsibility for making its cocoa chain more sustainable and join Tony's open source initiative, which allows other chocolate makers to adopt Tony's way of working and source their cocoa in a sustainable and fair way. From 2019 to 2022, Tony's and its partners sourced more than 26 million kilograms of traceable cocoa beans through the Open Chain. The number of collaborations with farmers is increasing significantly, jumping from about 6,600 farmers in 2019 to 9,000 in 2021. Delicata almost doubled the amount of traceable beans it purchases, from 1.5 million kilograms in 2019 to 2.7 million kilograms in 2021.

In September 2022, Albert Heijn and World Wide Fund for Nature Netherlands (WWF-NL) announced a partnership to support the goal to halve the environmental footprint of the Dutch customer's shopping basket by 2030. The partnership will draw on the experience WWF-UK has gained working with supermarkets in the UK, to provide a "scientific blueprint" in the Dutch context with actions necessary to achieve that goal. It will be open source and WWF-NL and Albert Heijn will be asking other Dutch retailers to join.

ENVIRONMENTAL

Deforestation

Around the world, forests continue to disappear, often to be used for agricultural, ranching and logging purposes. Deforestation and land conversion are a particular concern for tropical rainforests and ecosystems, which are crucial in capturing carbon and helping mitigate climate change. Tropical rainforests are home to much of the world's biodiversity, and support livelihoods across the globe. In addition, protecting, restoring and sustainably managing natural ecosystems, such as old-growth forests, marshes, mangroves and peatlands, could help to avoid the worst climate scenarios. Because of this, the food industry must help reduce deforestation and land conversion and identify alternative methods to produce the commodities that feed the world.

Ahold Delhaize and its brands aim to achieve zero deforestation and conversion by 2025 through 100% sustainable sourcing of soy, palm oil, cocoa, coffee, tea and wood fiber for our own-brand products. We already have specific policies taking the High Conservation Value approach and the No Deforestation, No Peat, and No Exploitation principle into account on soy, palm oil, wood fiber and beef. We use risk assessments to detect other forms of deforestation or conversion.

Our brands are working to further integrate sustainable agriculture expectations into sourcing requirements. They work directly with suppliers to adopt sustainable agriculture practices that include conserving natural resources, reducing land conversion and improving soil health.

We strive to have 100% of cocoa, wood fiber and palm oil physically certified by a standard that provides for good agricultural practice and no land conversion by 2025. See our *website* for more information.

How we measure performance

- Percentage sustainable sourcing for seven commodities in our own-brand products.
- Reduction in absolute climate emissions from our value chain (scope 3) against a set baseline.

For performance on these metrics, see **Critical commodity reporting** on our website.

Our ambitions

TIMELINE	AMBITION
Short-term	Achieve zero deforestation and conversion by 2025 through 100% sustainable sourcing of soy, palm oil, cocoa, coffee, tea and wood fiber for our own-brand products.

IN FOCUS: CARBON EMISSIONS IN OUR VALUE CHAIN

INTRODUCTION

While scope 1 and 2 CO_2 emissions come from Ahold Delhaize's own operations, scope 3 represents the indirect CO_2 emissions across our entire value chain.

The vast majority of our GHG emissions are scope 3, or indirect emissions that take place across our entire value chain – for example, emissions generated through the production and manufacture of the products we sell and the use of those products. Our value chain consists of thousands of suppliers, producers and farmers who supply hundreds of thousands of products that are sold to millions of customers across the United States and Europe each day.

Our scope 3 emissions are driven by purchased goods and services, use of sold products and other categories (e.g., business travel). The category "purchased goods and services" represented 88% of our scope 3 emissions in 2021.

While our scope 3 emissions are not under our direct control, our brands partner with suppliers to lower them by reducing waste, increasing the number of low-carbon products in their assortments and reducing emissions from outsourced transportation. They also support suppliers in reducing scope 3 emissions higher up in their value chains.

Last year, we committed to becoming net-zero businesses across our entire supply chain, products and services by 2050. In 2022, we updated our interim CO_2-emissions reduction target for the entire value chain (scope 3) to at least 37% by 2030.

With this updated scope 3 interim target, we aim to decarbonize our entire value chain and ensure that all our climate targets are in line with the UN's goal of keeping global warming below 1.5°C. The updated interim target is also aligned with the SBTi's Net-Zero Standard. In accordance with this initiative, we are using our latest available emission profile from 2020 as the baseline for our new target instead of our previous 2018 baseline.

In November 2021, we joined the Business Ambition for 1.5°C, a global coalition of UN agencies, business and industry leaders, in partnership with the SBTi and the UN-led "Race to Zero" campaign. Our updated target is part of the annual climate reporting cycle outlined in the Business Ambition's agreements.

To reduce GHG emissions within our supply chain, we have identified three key priorities:

Accelerating supplier and farmer implementation of science-based targets

An important way we work towards the decarbonization of our value chain is by encouraging and supporting our suppliers to set their own emissions reduction targets in line with the latest scientific evidence, and sign up to the SBTi. As they commit to emissions reduction, this will accelerate improvements in livestock farming, raw material sourcing, deforestation reduction, processing, food waste reduction, packaging and transport. We are proactively engaging with our supplier base and are leveraging our position in the world of food retail to create a positive movement toward the reduction of GHG emissions.

Our brands contribute by supporting their suppliers and farmer partners with concrete environmental actions. For example, the suppliers and farmers can help reduce GHG emissions from livestock through new technologies and practices, such as enteric fermentation (methane reduction through genetic selection or feed additives) and manure management (biogas from liquid manure and the addition of sulfuric acid to shift the pH value of manure).

Of Ahold Delhaize's top 100 suppliers, more than 50 have already set or are committed to setting GHG emissions-reduction targets in line with the SBTi.

Investing in developing low-carbon products

Our brands are driving the improvement of their existing assortments and the development of new assortments with less embedded emissions. They continue to introduce more plant-based protein products, the production of which generally creates less emissions than animal-based products, and support customers in making more sustainable choices.

Our Dutch brand Albert Heijn, for example, committed to achieving a distribution of 60% plant-based and 40% animal-based protein sales by 2030. Delhaize Belgium is taking important steps to support the protein transition and announced in 2022 that it aims to double its plant-based assortment by 2025.

All our brands in Europe will commit to baseline their current protein ratios and set protein ratio targets.

Proactively engaging with customers

Our brands are helping customers understand the impact of their buying decisions and make choices that fit their needs, their tastes and their values. This includes stimulating and rewarding sustainable choices through loyalty programs and discounts, increasing product transparency through navigation systems and product labeling, improving assortments and products with more vegan and vegetarian products, and increasing knowledge about a healthy lifestyle by giving customers access to free dieticians and knowledge platforms.

For example, Delhaize continued to support customers' purchasing power through its SuperPlus loyalty program, which offers discounts on its entire range of products with a Nutri-Score of A and B.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

IN FOCUS: CARBON EMISSIONS IN OUR VALUE CHAIN

Methodology

Ahold Delhaize and its brands have committed to long-term science-based targets to reach a net-zero value chain by 2050 and are encouraging other parties in the value chain to build GHG emissions reduction plans.

Our carbon footprint methodology follows the guidelines of the World Business Council for Sustainable Development (WBCSD) / World Resources Institute (WRI) and GHG Protocol regarding corporate GHG accounting and reporting.

Calculating scope 3 emissions is complex. Our brands have hundreds of thousands of products on their shelves and DCs 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 areas of the world.

As a result of this complexity, actual data on our scope 3 GHG emissions is currently not consistently available, and we rely on assumptions and estimates when calculating these emissions. We continue to work to improve this. As our brands reach out to more of their suppliers, we expect increasing access to their data, which will make our data more accurate.

In 2022, validated Carbon Disclosure Project (CDP) supplier data was received for over 30% of our total sales.

We collect scope 3 GHG emissions data on an annual basis. We report on scope 3 emissions with a one-year delay, as information used to calculate the data is, in some cases, received from third parties and not yet available at year end.

Our scope 3 footprint consists of 10 relevant scope 3 emission categories (out of 15 defined by the GHG Protocol). We use two main calculation methods defined by the GHG Protocol, the average data and spend-based methods, and apply the method most suitable to each category.

See **ESG statements** for more information.

Setting updated targets

Our 2030 (near-term) scope 3 carbon emissions reduction target is a combination of two reduction targets for both land-related (referred to as FLAG-related) and non-land-related emissions. Both are aligned with a 1.5°C trajectory and cover 67% of purchased goods and services emissions and 100% of other scope 3 category emissions. FLAG refers to the forest, land, and agriculture sector.

The land-related emissions make up 69% of our GHG footprint and apply the SBTi FLAG Standard, with a linear annual reduction of 3.5%. For the non-land related emissions target, we consider SBTi's 4.2% annual reduction to be aligned with 1.5°C. This results in a total linear annual reduction rate for Ahold Delhaize of 3.7%, or 37% total reduction (3.7% annually for 10 years). The reduction trajectory includes a business-as-usual situation, which takes into account our expected growth, and deducts results unrelated to any effort on the part of Ahold Delhaize, such as suppliers committing to SBTi, greening of the grid and the impact of legislation.

Our long-term (2050) net-zero scope 3 reduction target is consistent with the level of decarbonization required to keep the global temperature increase to 1.5°C compared to pre-industrial temperatures and is also a combination of two reduction targets, like our near-term reduction target. It is based upon 83% emission reductions and 17% removals. According to the requirements of SBTi, the long-term reduction target should represent 90% total emission reductions by 2050 at the latest (80% total emission reductions by 2050 at the latest for FLAG-related) and the 10% remaining emissions neutralized, or offset (up to 20% neutralized or offset for FLAG-related emissions).

We have submitted our updated scope 3 reduction targets for approval to the SBTi.

As a general rule, the use of carbon credits must not be counted as emissions reduction toward the progress of a company's near-term science-based targets. Carbon credits may only be considered an option for neutralizing residual emissions or to finance additional climate mitigation beyond the science-based emissions reduction targets. We follow this principle in our target setting.

Avoided emissions fall under a separate accounting system from corporate inventories and do not count toward science-based targets.

Scope 3 transition plan to achieve targets

Ahold Delhaize and its brands are currently working on concrete transition plans to precisely identify the impact they can expect to materialize for the different levers identified in our study to determine updated targets. These transition plans will be linked to resource requirements and concrete actions the brands will implement and monitor to ensure progress towards the reduction targets. More detail on these plans will be communicated in 2023.

Removals

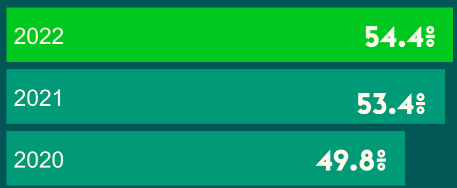
Scope 3 emissions from purchased goods and services are expected to represent approximately 17% of our 2050 scope 3 footprint and these hard-to-abate emissions represent the net-zero situation as it stands now.

We will continue to develop and implement decarbonization technologies and best practices, to potentially reduce the need for carbon removals. Our focus remains on investing in decarbonization opportunities across our operations and value chain. In 2023, we further develop our long-term plan for carbon removals to address hard-to-abate emissions.

For more information on our scope 1 and 2 emissions, see *CO_2 and climate change* under **Environmental.**

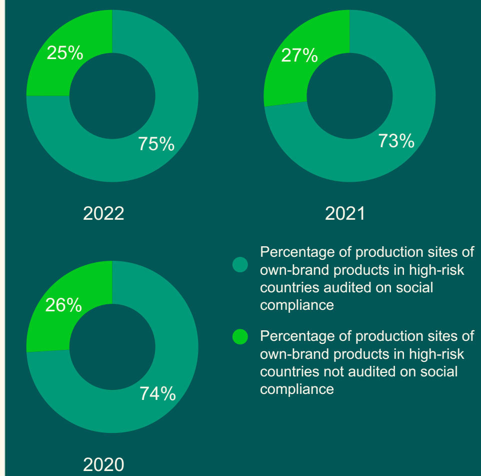
SOCIAL

Percentage of healthy own-brand food sales of total own-brand food sales[1]



1 2021 Figure is restated, see *ESG statements* for more information. the 2020 figure is not restated to the same ESG reporting scope as 2021 and 2022.

Social compliance



See *ESG statements* for more information.

As we work to build a healthier planet, we also focus on healthier people as part of our Grounded in Goodness strategy.

Our commitment to healthier people begins with empowering customers and associates to make better choices when shopping with us, in stores and online. We also support resilient communities, everywhere the brands operate. And finally, we work with farmers and suppliers to ensure that they demonstrate a high standard of business ethics and regard for human rights, and that our products are safe, high quality, and produced in clean, safe and efficient facilities with good working conditions.

Our social impact goes beyond our Grounded in Goodness strategy and includes topics such as customer health and nutrition, human rights in our supply chain, and workplace conditions for associates. We aim to drive positive impact, for example by helping customers and associates make healthy and sustainable choices and keeping people safe. We also strive to reduce negative impacts, by safeguarding human rights in our brands' own operations and across supply chains.

For our performance on these social topics, see *ESG statements*.

HEALTHY PRODUCTS

Developments in 2022

We see a continuing shift in all our markets toward health, well-being and sustainability. Consumers want to eat healthier, but also more sustainably – and are looking to retailers to help them access products that are healthy, nutritional and affordable.

Our impact

Healthy food leads to healthy communities by reducing the risk of chronic diseases and contributing to a community's overall resilience and vitality. Customers look to our brands for fresh, healthy inspiration to help them put delicious, nutritious family meals on the table every day. Our brands work to help make customers (and associates) more aware of what they eat and how it impacts their health. They aim to offer affordable nutritious product choices and other information and support to make healthier eating easier and more appealing.

Our approach and progress

We aim to make healthier eating commonplace by making fresh, nutritious and delicious food available and affordable for everyone. Our local brands make healthier eating easier through their broad ranges of products that include affordable nutritious choices, and with recipes, support services and transparent labeling. They use engaging activities to make healthier food appealing and fun.

All of the Ahold Delhaize brands aim to have a nutritional navigation system implemented by 2025. The U.S. brands, Delhaize in Belgium, Albert Heijn in the Netherlands and Maxi in Serbia have met this target ahead of time. However, our brands in the Central and Southeastern European (CSE) countries are in a difficult position to meet this target. Local authorities are hesitant about the adoption of Nutri-Score (used by Delhaize and Albert Heijn) and are waiting for the European Commission to propose EU-wide legislation for front-of-package-labeling. In light of this sensitive situation, our CSE brands have paused adding more products with the Nutri-Score logo. Nonetheless, they remain supportive of using a navigation system as an efficient way to shift consumers' diets towards healthier food.

Our brands strive to provide healthier choices and guidance to customers while at the same time offering the wide range of products consumers demand. For example, Giant Food and Stop & Shop launched the Fresh Connect Program. Participants can now use prepaid debit cards prescribed by healthcare providers to purchase fresh fruits and vegetables at their local store.

Through a mix of in-store and digital efforts, Food Lion is taking steps to increase the number of occasions customers interact with healthy foods. Their Merchandising team is rolling out a number of programs, such as the "2+1 end cap," an end-of-the-aisle display with two regular items plus a private label Guiding Stars rated tie-in item.

To reach the widest possible group with its communications, Giant Food is using social media platform TikTok to provide delicious recipes and reliable nutrition information from its credentialed nutrition professionals. It's a fun and playful way for everyone to learn about the newest and trendiest products on the shelves. The brand has also created The Healthy Living by Giant podcast, available on Apple, Google, and Spotify, and already in its 100th edition. It features the stories behind food, connecting customers with the farmers, producers, and community experts who help Giant provide healthy choices. The podcast is a resource for customers with lifestyle-related conditions, such as heart health and diabetes, and an inspiration for those looking to try something new or learn more about healthy living.

Stop & Shop opened a Community Wellness Space at a Boston store, and hosts a wide variety of nutrition events there. In addition, the brand is piloting health initiatives, including a better for you beverage display program, healthy meal kits, check-out aisles and Guiding Stars bargain aisles.

Hannaford was proud to celebrate the 20th anniversary of its registered dietitian program, which helps customers make healthy choices by providing free nutrition education. The program has grown significantly since its launch, when it was one of the first programs of its kind to be offered by a large-scale supermarket retailer in the northeastern United States. Hannaford shoppers now have access to free nutrition education from more than 30 dietitians in over 50 stores across New England and New York. Dietitians lead more than 1,000 in-store classes, tours and online seminars each year on topics such as heart-healthy eating, meal planning and nutrition for kids. The brand also provides education at schools, libraries and health care facilities. These efforts have supported more than 200,000 shoppers so far this year.

To stay in line with evolving dietary patterns, the Guiding Stars systems introduced a new way of evaluating beverages in 2022. It provides additional guidance for shoppers and our brands' category teams in identifying beverages that have more health-supporting attributes or those we should limit in our diets. It's a game-changer in encouraging simple shifts toward better choices.

Our brand in Greece is using the Fruit & Vegetables Festival and promotion campaigns for healthy products as levers to boost sales of nutritious foods. It is also helping educate consumers about nutrition in collaboration with nutritionists and through the *#allazoumesinithies* platform, a website that offers helpful information and enables customers to create their own personal nutrition plans.

How we measure performance

Percentage of healthy own-brand food sales as a proportion of total own-brand food sales.

Our targets

TIMELINE	TARGET
Short-term	55.0% healthy own-brand food sales as a proportion of total own-brand food sales by 2023.
	55.6% healthy own-brand food sales as a proportion of total own-brand food sales by 2025.[1]

1 Target is increased to 55.6% from >55% last year to align future ambitions with 2022 performance.

FAIR LABOR PRACTICES IN THE SUPPLY CHAIN

Developments in 2022

In June, we published our second *Human Rights Report.* It contains an update on our progress against our Roadmap on Human Rights, and includes 27 case studies that demonstrate how we implement our commitment to human rights, including fair labor practices in the supply chain.

Our impact

As a global retailer, we can have an important influence on how business takes place across the supply chain. The strong, long-term relationships our brands build with suppliers help us to gain visibility into all areas of the supply chain and use our influence to ensure that the companies we deal with operate in a fair and ethical way.

Our approach and progress

We strive to ensure that all suppliers demonstrate a high standard of business ethics and regard for human rights, and that products are safe, high quality, and produced in clean, safe and efficient facilities with good working conditions. Our expectations are outlined in the Standards of Engagement that are part of every buying agreement. You can find our *Standards of Engagement* on our website.

Our brands work together with industry organizations to drive food safety and social and environmental sustainability. In addition, we take an active role in various industry committees and working groups, including those of the amfori Business Social Compliance Initiative (BSCI) and the Sustainable Supply Chain Initiative, to address human rights issues in collaboration with the business community and other relevant stakeholders.

See also the additional disclosures on **Ethics and human rights.**

How we measure performance

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

Our ambitions

TIMELINE	AMBITION
Short-term	100% of production sites of own-brand products in high-risk countries audited against an acceptable standard with a valid audit report or certificate and no non-compliances on deal-breakers by 2025.

ASSOCIATE HEALTH, SAFETY AND WELL-BEING

Developments in 2022

In the aftermath of the pandemic, the increased focus on associate health and well-being continues to be relevant and even more critical. And this applies not only to physical but also mental health, which has been severely affected by the circumstances of the past few years.

Retailers everywhere have continued to invest in safety measures to keep both associates and customers healthy and well.

Our impact

At Ahold Delhaize, over 414,000 associates look to our brands and businesses to provide a safe place to work and contribute to their health and well-being. As a company of local brands that are close to communities, we have a keen understanding of the specific needs of people in all our markets and how best to support them.

Our approach and progress

Safety programs at all our brands address regulations and initiatives that contribute to physical safety and mental health at work. Our brands integrate safe working practices right into the designs, equipment purchases and operations practices of stores, offices and DCs. Our brands improve safety not only through visible leadership, but by engaging associates to play their parts, keeping an eye out for dangerous situations or harassment.

Ensuring a safe environment across the organization requires awareness, leadership engagement, comprehensive onboarding for new associates and basic prevention programs, for example, programs that make protective equipment, such as cut-resistant gloves and appropriate footwear, available for use. It also includes more advanced technology, such as virtual reality for associate training, and telematics and cameras in trucks and delivery vans. In 2022, global attention to fleet safety best practices and serious injury prevention, coupled with safety leadership education, led to an improved focus and maturity in this area.

In addition, our brands have long had a strong strategic focus on the health and well-being of associates, their families and communities, which they show by providing benefits in line with a focus on healthy living, work-life balance and financial security, in the spirit of our value, care. Our brands also have programs in place to inspire associates to make healthier lifestyle choices.

See also the **Cultivate best talent** section for more information on how we support associate health and well-being.

How we measure performance

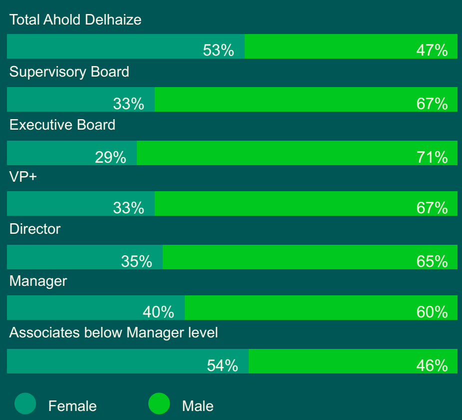
Number of injuries that result in lost days per 100 FTEs.

Our ambitions

TIMELINE	AMBITION
Short-term	Ambition to have a reduction in the absenteeism rate year-on-year.

GOVERNANCE

Gender balance 2022



Product safety and quality

As in every other area of our business, we believe that having the right governance in place to ensure we take a structured and effective approach to our ESG ambitions is critical to our success.

But governance is more than just that. It ensures that we use accurate and transparent accounting methods and pursue integrity and diversity in selecting our leadership, and that our leaders are accountable to our shareholders. Our governance also ensures that we have policies and procedures in place to guide the way we do business, including our approach to DE&I in relation to associates, and how we ensure that customers and communities have access to high-quality nutritious products at affordable prices.

See also *Introduction to ESG* for how we manage our ESG performance and the *Task Force on Climate-related Financial Disclosures* section for more on our climate change governance.

For the performance on these governance topics, see **ESG statements.**

DIVERSITY AND INCLUSION

Developments in 2022

Now, more than ever, organizations are prioritizing diversity, equity and inclusion (DE&I). While many companies made racial justice commitments in the summer of 2020, few have made meaningful progress beyond hiring some DE&I staff and making small investments in programming. The urgency has never been greater: the workforce of the future is more diverse than ever, and Gen Z is heavily prioritizing company values in their employment decisions.

In 2022, we incorporated "equity" into our diversity and inclusion terminology to reflect our belief that everyone should have equal access to opportunities regardless of their background and our commitment to eliminating barriers that prevent the full participation of underrepresented groups within Ahold Delhaize.

Two areas where we made progress in DE&I in 2022 were in pay parity and BRGs. Our brands are conducting gender pay research and pay equity analyses and putting in place action plans to eliminate any gaps they discover. Our BRGs are growing in strength and importance as a way to advocate positive change. They help associates feel a sense of belonging, that every voice matters and that we are open for everyone.

Our impact

As a company operating across 10 countries, we have a flexible and agile DE&I strategy to ensure our approach is relevant to our local brands. Globally, we share a common focus on gender and inclusion and, locally, our brands implement and drive DE&I strategies tailored to the communities in which they live, work, and serve. Our brands strive to create an environment where every associate can thrive and where every customer feels a sense of belonging. We believe in working together with partners and organizations that share our values to support communities.

Our approach and progress

We have bold aspirations to become a more diverse, equitable and inclusive company, across all our brands and businesses. Our Global DE&I strategy includes three pillars critical to advancing this work: our people, our culture, and our communities.

Ahold Delhaize and the local brands put in place a number of initiatives across all three pillars during the year to bring DE&I to life and make progress on our ambitions. We were proud to see our inclusiveness index go up by one percentage point during the year. We also received some positive external recognition for our efforts in the U.S. and in Europe. For more information, see *In focus: Diversity, equity and inclusion.*

How we measure performance

- Gender balance by level
- Reflective of our brands' communities
- Inclusive index

For more information, see *In focus: Diversity, equity and inclusion*.

Our aspirations

Ahold Delhaize is committed to ensuring we are an inclusive company. Our ambitious DE&I aspiration is to be 100% gender balanced, 100% reflective of our communities and 100% inclusive.

For more information, see In focus: *Diversity, equity and inclusion*.

TIMELINE	ASPIRATION
Long term	A workforce that is 100% gender balanced at all levels
	A workforce that is 100% reflective of the communities we serve
	A workplace that is 100% inclusive – where all voices are heard and valued

PRODUCT SAFETY AND QUALITY

Developments in 2022

In 2022, at some production locations, pandemic-related restrictions were still in place. However, inspections and audits in the stores resumed to the intensity planned. In locations where restrictions still applied, we still relied on remote audits, making use of visualization equipment.

See Principal risk "Product safety" for more information.

Our impact

Through our policies, control framework and standard operating procedures, we ensure that the products our brands sell are safe to consume.

Our approach and progress

As the world's population grows, it becomes more challenging to provide safe and nutritious food to all without depleting the Earth's natural resources. This challenge must be addressed at all stages of the supply chain.

We take responsibility for maintaining the highest levels of safety for our products, while also improving their environmental and social footprints. Our focus is on our own-brand products. We work to ensure they are safe, produced in clean, efficient facilities with good working conditions, made from sustainably sourced commodities, and clearly and accurately labeled. To drive global food safety and social and environmental sustainability, we take an active role in various standards committees and working groups.

We have clear policies and procedures in place to make sure product safety and quality is guaranteed when products are in our brands' DCs and stores. 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.

We support the CGF's Global Food Safety Initiative (GFSI) standards to advance the safety of food products. As an active member of organizations such as RSPO, RTRS, GSSI and GlobalGAP, we help develop and maintain the highest standards for sustainable production of commodities including tea, coffee, cocoa, palm oil, soy, seafood and wood fibers.

More information on the product safety standards we adhere to can be found on our website at www.aholddelhaize.com.

How we measure performance

- Percentage of production sites of own-brand food products that are certified according to a GFSI-recognized standard or comply with an acceptable level of assurance standard.
- Percentage 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 every lot was tested.

Our ambition

TIMELINE	AMBITION
Short term	100% of the production sites of own-brand food products are certified according to a GFSI-recognized standard or comply with an acceptable level of assurance standard by 2025.

AVAILABLE AND AFFORDABLE PRODUCTS

Developments in 2022

Russia's invasion of Ukraine caused geopolitical unrest and disrupted supply chains for certain products, such as sunflower oil. This also resulted in higher energy prices, which contributed to inflation in our markets. Suppliers increased the prices of products, trying to recoup rising raw material, energy and transport costs. Labor costs also increased. This eventually led to retailers, including our local brands, being forced to raise prices, straining customers' already tight budgets. This increased the need for affordable products. At the same time, COVID-19-related supply chain turmoil continued to make it challenging for retailers to ensure product availability.

Our impact

Our local brands' longstanding commitment to building strong, long-term relationships with suppliers helps them to keep shelves stocked so customers can get the products they need, even in challenging times.

Our approach and progress

Our Save for Our Customers initiatives enable our brands to operate efficiently, keeping costs down and prices competitive, for example, by introducing more entry-priced products, expanding their high-quality own-brand assortments and delivering personalized value through digital omnichannel loyalty programs. Their own-brand ranges are an important tool in helping offer customers unique and high-quality products at a good value.

Part of our purpose is to help customers live better. One way the brands do this is by supporting them in making healthier and more sustainable choices for themselves and the environment. With an assortment that includes affordable nutritious choices, the brands are making healthier eating easier.

For more information on how we ensure available and affordable products, see also **Strengthen operational excellence.**

How we measure performance

- Delivery on our Save for Our Customers program.

Our targets

TIMELINE	TARGET
Short term	Save for Our Customers program to deliver around €1 billion in 2023.

IN FOCUS: DIVERSITY, EQUITY AND INCLUSION

WHY DE&I MATTERS

At Ahold Delhaize, we pride ourselves on being open for everyone. We want every associate to thrive, and every customer to feel a sense of belonging and community in our brands. In 2022, we incorporated "equity" into our terminology. To us, equity means that everyone has equal access to opportunities, regardless of their background, and recognizes that we all have unique needs and experiences. We acknowledge these differences so that everyone can thrive.

Every voice matters, everyone belongs – we are open for everyone.

OUR DE&I APPROACH AND STRATEGY

As an international company, our agile DE&I strategy ensures our approach is relevant to our local brands. Globally, we have a common focus on gender and inclusion; locally, our brands implement and drive DE&I strategies tailored to the communities in which they live, work, and serve.

Our Global DE&I strategy includes three pillars critical to advancing this work: our people, our culture, and our communities.

Our people

We define and celebrate diversity as anything and everything that makes us unique and anything and everything that makes us similar – inclusive of, but not limited to: generations, LGBTQ+, gender, race and ethnicity, disabilities, neurodiversity, religion, nationalities and more.

Our culture

Our shared values of courage, care, teamwork, integrity and humor are at the core of our work. They ensure that every voice matters, and that everyone feels respected as part of the Ahold Delhaize family.

Our communities

We believe in working together to improve the world we live in through community engagement and collaboration with external partners and organizations that share our values.

Our ambition and aspiration

OUR AMBITION

To enable everyone to Save time. Eat well. Live better.

We create positive change in our communities beyond our walls.

We reflect the world around us.

Our voices are heard and valued.

We find purpose in our work.

We feel we belong, have equitable access to opportunities and we all grow to our fullest.

OUR ASPIRATION

PEOPLE

100% gender balanced

A workforce that is 100% gender balanced at all levels

COMMUNITY

100% reflective of our communities

A workforce that is 100% reflective of the communities we serve

CULTURE

100% inclusive

A workplace that is 100% inclusive – where all voices are heard and valued

MARKETPLACE

Business growth

IN FOCUS: DIVERSITY, EQUITY AND INCLUSION

Performance toward our aspiration

We are committed to transparency in how we report our progress on DE&I.

100% gender balanced

Globally, our aspiration is to have a workforce that is 100% gender balanced at all levels. Compared to 2021, our overall proportion of women in management has remained the same, at 40%, while our Director-level representation increased from 34% in 2021 to 35% in 2022. We saw the biggest increase at executive level (VP+), where we moved from 27% to 33% this year. See table *Our DE&I metrics*.

100% reflective of our communities

Our aspiration is to have a workforce that is reflective of the communities we serve. Each brand tracks and measures additional dimensions of diversity that are relevant to their local context and labor market. Across our U.S. brands, the focus is on racial and ethnical diversity.

For example, to honor Martin Luther King, The GIANT Company donated $25,000 to the following organizations:

- $10,000 to the Central Pennsylvania MLK Day of Service to support local non-profits.
- $10,000 to the Eastern Minority Supplier Development Council to assist minority-owned businesses in achieving certification and to elevate diverse suppliers.
- $5,000 to Camp Curtin Neighborhoods United to address racial, economic and food inequities.

The local brands focus on initiatives important to people in their communities. For example, through Mega Image's "Project of Today for Tomorrow" program in Romania, children with disabilities were given the chance to plant flowers, vegetables and fruit in an urban garden and learn about healthy eating. In the Netherlands, Albert Heijn is one of the largest employers of associates with disabilities. See table *Our DE&I metrics*.

100% inclusive

Globally, our aspiration is to be 100% inclusive every day. We measure the cultural aspects of inclusion through an inclusive workplace index that is part of our annual associate engagement survey. This year, we received a score of 80% (+1% compared to 2021) on this index, which measures respect, career opportunities and feeling heard. See table *Our DE&I metrics*.

HOW WE SUPPORT DE&I

We trust, empower and hold accountable our internal and external partners, who are committed to advancing DE&I within our businesses, our brands' communities, and society as a whole.

Business Resource Groups

Our Business Resource Groups (BRGs) are communities of associates who voluntarily come together based on shared characteristics and concerns for the purpose of creating a more diverse, equitable and inclusive work environment.

AD Women in Leadership

The Ahold Delhaize Women in Leadership community is committed to further accelerating our ambition to have a workplace that is 100% inclusive, 100% reflective of the communities our brands serve and 100% gender balanced at all levels. In 2022, we continued to evolve this forum to hear the perspectives of our most senior women and to take visible, concrete steps to strengthen the experience for all women within Ahold Delhaize's great local brands.

Europe and Indonesia BRG approach

Within Europe and Indonesia, we have four regional BRGs with local chapters around the demographic groups or interest areas that are a primary focus in the region: generations, multicultural, LGBTQ+ and volunteering.

The Young Ahold Delhaize BRG strives to actively connect young colleagues. It is focused on promoting development, diversity and well-being, togetherness and (personal) health and helping the brands become more future proof. Members of Young Ahold Delhaize in Czech Republic recently visited an orphanage close to Prague, to find out how the organization works and spend time with children. They also shared information about the Albert Foundation's mission to help kids from orphanages and NGOs learn the basics of business. As part of the program, these young entrepreneurs have the opportunity to create a product, set a price and then sell their products in Christmas fairs across the Albert stores.

Make it Count strives to help associates in the Netherlands use their skills, ideas and talents to support people across society. For example, the BRG organized a piano concert by Syrian pianist Aeham Ahmad at the Museum of Humanity. The images of Ahmad playing his piano amid the rubble of the war in Syria were picked up by the international press and broadcast worldwide.

AD Pride is committed to promoting LGBTQ+ inclusion by creating a safe space for all associates to meet others and share experiences. As a result of suggestions that came up in open table discussions with members of the BRG, we opened gender neutral bathrooms in the Ahold Delhaize head offices in the Netherlands to ensure that everyone can be themselves at our support office, regardless of their gender identity.

The Diversity Network of Ahold Delhaize connects professionals with bi-cultural backgrounds in a community where they can be themselves and share knowledge and experience, build awareness and push for policy change. For example, this year they organized a group dinner for their colleagues to celebrate Eid al-Fitr, which marks the end of Ramadan and is celebrated by Muslims across the world.

Top image: Associates in the Zaandam support offices raise the Pride flag.

Bottom image: Food Lion celebrates Pride month.

IN FOCUS: DIVERSITY, EQUITY AND INCLUSION

Ahold Delhaize USA BRG approach

Within the U.S., the great local brands implement a localized strategy for their BRGs, based on their community and business needs. Each U.S. brand supports several BRGs based on local demographic representation. Currently, there are over 50 active U.S. BRGs that support gender, LGBTQ+, abilities, caregivers, race/ethnicity, generations, veterans and more. They carried out a wide variety of initiatives during 2022.

For example, on International Women's Day, The GIANT Company's Lead Inspire Network Connect BRG and DE&I Team hosted an inspiring conversation on "Breaking the Bias for an Equitable Future."

Food Lion's African American BRG offered associates webinars and workshops on financial, health and nutritional wellness to underscore the importance of Food Lion's theme "Nourishing Black Minds and Bodies." During Pride Month Food Lion demonstrated its support by partnering with diverse-owned suppliers, sponsoring local Pride events and supporting the Friends BRG, that cultivates a safe and welcoming environment for LGBTQ+ associates and customers.

Peapod Digital Lab's SOUL Inclusion Network hosted several programs, including a well-being event and a deep dive on how to support Black-owned brands and suppliers.

Supplier diversity

Through the dedication and efforts of the team at Peapod Digital Labs, we are developing mutually beneficial and successful partnerships with diverse suppliers – both national companies and businesses headquartered within our geographic footprint. We develop these relationships by incorporating diverse-owned businesses into the everyday process of category reviews and product or service bids.

Our supplier diversity program enhances the procurement process by developing strong business relationships with a talented group of diverse-owned businesses that offer quality products and services, excellent customer service and competitive costs.

In 2022, we continued to engage diverse-owned suppliers to create stronger partnerships and support business development. For example, for the second year in a row, Peapod Digital Labs ran its Incubator program, which was designed to identify new, exceptional-quality, own-brand products in partnership with certified, diverse-owned suppliers.

Food Lion honored diverse suppliers during Women's History Month by highlighting the experiences and inspiring words of female founders from some of the certified, women-owned brands it carries.

Inclusive leadership

Everyone at Ahold Delhaize plays a critical role in advancing our DE&I efforts. We believe inclusion should be woven into the fabric of our culture – and guide how we behave and treat each other and customers. We have embedded inclusive behaviors into our leadership expectations and developed a five-year leadership journey focused on: mindset shift, DE&I foundations and advanced skillsets. We are raising awareness and building team skills in creating psychological safety to further strengthen inclusion and well-being. See *Cultivate best talent*.

Starting in 2020, we launched our inclusive leadership journey. To date, 368 inclusive leadership foundational workshops have been conducted across 12 brands, targeting associates at manager level and above.

We will continue to develop our skillsets and capabilities in 2023.

Pay equity

Ahold Delhaize and each of its brands recognize and support the right of every individual to receive equitable compensation for their work.

Pay equity principles

We believe that the total value proposition for an associate is more than the wages and benefits they receive. It includes other factors such as working conditions, opportunities to learn and refine skills, safety and the diversity and inclusiveness of the workforce, all of these aspects are important to associates' well-being, appreciation of their overall working experience and are measured through Ahold Delhaize's associate engagement survey.

Achieving pay equity is an important mission for each brand and supports our DE&I ambition. Ahold Delhaize and each of its brands have adopted the following six overarching principles to guide fair compensation:

1. A solid base for comparing roles
2. Market-based compensation
3. Compensation in compliance with the law
4. Equal pay for equal work
5. Compensation aligned with individual performance and brand business strategy
6. Compensation that is transparent, consistent and explainable for the individual associate

More information about the principles can be found on our website in our 2022 *Human Rights Report* under the heading *Compensation*.

In addition, our brands and businesses consider these principles of fundamental "procedural justice" in establishing their compensation practices and in resolving disputes. The majority of associates in our brands are covered by collective labor agreements (CLAs). For associates outside of the CLAs, each brand has adopted an independent job evaluation methodology (Korn Ferry Hay) and has created policies and frameworks for determining job levels and titles, pay grades and bands, performance evaluation and wage increases.

Pay equity studies

We realize that creating and maintaining policies and frameworks is a critically important step and that it is equally important to measure the outcome of these practices to ensure pay equity within each of the brands and businesses. The two areas Ahold Delhaize and each of its brands focus on when assessing the performance on pay equity are equal pay for equal work and analyzing any difference in (average/median) earnings between men and women. While both deal with pay difference at work, there are important distinctions between the two.

Equal pay for equal work

Ahold Delhaize and each of its brands are committed to ensuring all 414,000+ associates, across Ahold Delhaize are paid equally for doing the same or equivalent jobs, or work of equal value. Each of our brands take action to investigate pay differences, address them when appropriate, and make sure all policies and practices are fair. Ahold Delhaize and its brands made good progress in 2021 and 2022 in our journeys to measure pay equity in our work forces.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

IN FOCUS: DIVERSITY, EQUITY AND INCLUSION

Prior to this year, 14 of our brands had already performed an equal pay for equal work study, covering 286,000 associates, that aimed to identify areas of focus and ensure equal pay for associates in the same or similar positions. Some brands conducted pay difference analyses internally and others conducted equal pay for equal work studies through an independent third-party expert in this field, taking into account local legal requirements. However, by the end of 2022, the ones that had only done internal studies also started independent third-party equal pay for equal work analyses, which are expected to be finalized in the first quarter of 2023.

Based on these pay equity analyses, each brand identified opportunities to improve pay differences and developed plans to meet its goals. When the brands found unexplainable pay differences, they adjusted these differences to improve equal pay for equal work.

Ahold Delhaize and its brands are committed to continuing to perform pay equity analyses, refreshing them every three years and using the results to close any unexplainable identified differences.

The gender pay difference

Gender pay difference is a measure of the average or mean difference in earnings between men and women across an organization or the labor market as a whole, regardless of role or seniority. The average gender pay difference shows the difference between the average hourly rate for all males compared with all females across all brands, expressed as a percentage of the average hourly rate for all males. If we were to rank all male and female associates separately, from the lowest to the highest paid, the middle-paid associate represents the median. The median gender pay difference shows the difference between the median hourly base rate for all males compared with all females, expressed as a percentage of the median hourly base rate of all males.

Ahold Delhaize is committed to start sharing gender pay difference figures, and we have started by conducting internal gender pay difference studies[1] covering our more than 414,000 associates. However, while we have made progress on our gender pay difference analyses, making comparisons across brands has proved challenging, due to the complexities of global organizations and a changing regulatory environment.

First of all, for a multinational company like Ahold Delhaize, performing a global gender pay analysis across multiple countries introduces many hard-to-compare factors (data consistency, regulatory requirements, legislation) to the process given local differences in pay structures, role definitions and processes. Secondly, in December 2022 the European Parliament and EU member states reached an agreement on a new EU Directive on Equal Pay and Pay Transparency. In this EU directive a reporting requirement is included on pay gap/ pay difference between females and males, which is expected to be transposed into national law within three years.

Despite these challenges, we want to honor our commitment to create more transparency on pay difference. We are making a start in this Annual Report by disclosing a gender pay difference study[2] covering associates in management positions in our brands in the Netherlands at the end of 2022. The study covers 1,819 associates (male and female) and showed a provisional average gender pay difference of 4.46% and a median gender pay difference of 2.99% in favor of men in 2022. We chose to disclose this study first because we believe the results are more accurate due to a comparable base across one country.

Our continuous commitment

We remain committed to our DE&I aspiration to achieve 100% gender balance at all levels, to be 100% reflective of the communities our brands serve (as defined by each local brand), and to strive to be 100% inclusive, every day. Investing in line manager capabilities and training resources and in reviewing our processes was key to ensuring we make positive progress towards our ambition. In 2022, for example, Ahold Delhaize and each of its brands focused on continuing to review female representation and ensuring any unexplainable pay differences were addressed. We have also consistently applied balanced slates to external hiring and internal succession planning to ensure we consider a more diverse pool of candidates.

To support our fair compensation principles, every job offer at VP+ level was reviewed to analyze its impact on equity in pay across the peer group. In 2022 we were extremely proud to see female representation at our most senior level (VP+) increase from 27% to 33%. More information about the performance toward our aspiration and the progress we are making on DE&I can be found throughout *In focus: Diversity, equity and inclusion*.

As part of our commitment, Ahold Delhaize and its brands will recurrently review their policies and each brand will shape its focus in line with (new EU) legislation and local needs. We will keep pushing ourselves further in reviewing our practices, integrating equity into our people decisions and building internal capabilities with a focus on all aspects of DE&I, such as representation and pay equity, in order to become an even greater place to work across all of our brands and teams.

1 Exclusive of joint ventures Super Indo and Pingo Doce.
2 Please note that this study differs from the Albert Heijn Mission Report on formula and population.

Equal pay

414,000+ associates

Gender pay

Shows the difference in pay between women and men

Median pay difference

Population: Manager+, The Netherlands

4.46%

Mean pay difference

Population: Manager+, The Netherlands

2.99%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

IN FOCUS: DIVERSITY, EQUITY AND INCLUSION

HOW OUR BRANDS BRING DE&I TO LIFE

Our great local brands remain committed to creating diverse, equitable and inclusive working and shopping environments. They continue to evolve how they do this through locally tailored initiatives.

Our people

With a diverse group of stakeholders, including 55 million customers in stores and over 414,000 associates, people are at the heart of our business. Our brands are committed to making sure all associates feel welcome and can bring their true selves to work.

For example, Peapod Digital Labs developed its strategy to ensure associate succession to Director+ roles is determined using a 100% diverse slate initiative.

Giant Food began to incorporate name badges with pronouns in 2022, with the support of the brand's Pride BRG.

Alfa Beta completed a balanced slate analysis and developed steps to achieve a 100% balance by 2025.

Delhaize Belgium developed departmental DE&I scorecards analyzing generational representation, female representation and inclusion. The aim was to drive DE&I accountability and tailored interventions on a departmental level.

Our culture

We believe in fostering a culture built on our shared values of courage, care, teamwork, integrity and humor. Our brands have many initiatives in place to help build a culture where everyone feels respected and a part of the Ahold Delhaize family.

For example, Stop & Shop deployed over 100 inclusive leadership training sessions to associates at manager level and above in 2022.

The GIANT Company participated in its first ever DE&I Summit, a day dedicated to building a culture of inclusion, with candid conversations, learning opportunities, engagement and inspired action.

Retail Business Services also held their first-ever "Build, Refresh, Grow" summit. Executive sponsors and BRG members spent two full days immersed in DE&I topics – from wellness to professional growth to inclusion mindfulness – and discussion intended to spark robust conversation, creativity and action.

Delhaize Serbia launched mandatory DE&I training on inclusive leadership in the onboarding process for all new managers.

Albert in the Czech Republic launched its Experienced Albert BRG in 2022 to support work-life balance and career paths with webinars and inspirational speakers.

Our communities

We believe in maintaining strong connections with communities – and our brands bring this commitment to life every day.

In 2022, for example, Alfa Beta Vassilopoulos showed it cares for its local community by donating €30,000 to the non-profit organization "Open Arms Hug."

Mega Image supported The Urban Garden project for children living with autism.

Hannaford is committed to increasing work readiness in underserved communities and has partnered with In Her Presence, which empowers immigrant women living in Maine.

Top image: Alfa Beta supports sick children with a donation to a local hospital in Greece.

Bottom image: Giant Food associates wear red to show support and acceptance during Autism Awareness Month.

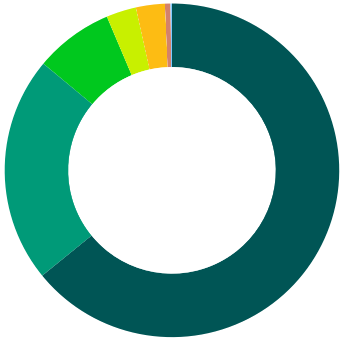
IN FOCUS: DIVERSITY, EQUITY AND INCLUSION

U.S. associates: Racial and ethnic diversity[1] 2022

White	62.8%
Black or African American	21.8%
Hispanic or Latino	8.0%
Two or more races	3.1%
Asian	2.8%
American Indian/Alaskan Native	0.5%
Native Hawaiian/Other Pacific Islander	0.2%

1 Aggregation of data from each U.S. brand. Racial/ethnic diversity is based on self-identification; data where identification is missing is not included in the analysis.

U.S. associates: Racial and ethnic diversity[1] 2021



White	64.1%
Black or African American	21.9%
Hispanic or Latino	7.6%
Two or more races	2.9%
Asian	2.8%
American Indian/Alaskan Native	0.5%
Native Hawaiian/Other Pacific Islander	0.1%

1 Aggregation of data from each U.S. brand. Racial/ethnic diversity is based on self-identification; data where identification is missing is not included in the analysis.

Our DE&I metrics

We measure progress based on data from each of the applicable brands; they manage their workforces and are responsible for outcomes. The following table outlines aggregated data for the purposes of reporting on performance toward our DE&I aspirations.

	2022	2021	2020
100% Gender balanced			
Female at VP+ level	33%	27%	27%
Female at director level	35%	34%	34%
Female at manager level	40%	40%	39%
Female below manager level	54%	54%	54%
Female: Total Ahold Delhaize	53%	53%	54%
100% Inclusive			
Inclusive workplace index[1]	80%	79%	79%

1 Annual associate engagement survey results, see *Definitions and abbreviations* for definitions.

	2022	2021	2020
100% Reflective of communities			
Racially/ethnically underrepresented at VP+ level (U.S.)[1]	18%	17%	10%
Racially/ethnically underrepresented at director level (U.S.)[1]	18%	19%	12%
Racially/ethnically underrepresented at manager level (U.S.)[1]	22%	22%	15%
Racially/ethnically underrepresented below manager level (U.S.)[1]	38%	37%	34%

1 Figures are for associates in the U.S. only and exclude associates in Europe due to legal restrictions in Europe. The term “racially/ethnically underrepresented” refers to racial/ethnic groups that are underrepresented in the U.S. workforce generally (Black or African American, Asian, Native American or Alaska Native, Hispanic or Latino, Native Hawaiian or Other Pacific Islander, Two or More Races). Reported associate racial/ethnic categories in the U.S. are based on voluntary self-identification; associates with a missing racial/ethnic category are not included in the figures above. Each U.S. brand has adopted its own D&I strategy to reflect our D&I ambitions, and these figures represent an aggregation of the data of each brand.

IN FOCUS: DIVERSITY, EQUITY AND INCLUSION

EXTERNAL COMMITMENTS AND RECOGNITION

We are proud that our work to further DE&I has been recognized externally. Here are a few examples from the past year.

LEAD Network CEO Pledge

Through the LEAD Network CEO Pledge, CEOs in Europe are committing to accelerate gender parity and drive inclusion within the retail and Consumer Packaged Goods industry. Ahold Delhaize was the original sponsor of the Pledge and our CEO Frans Muller the first signatory. In April 2022, our CEO Europe and Indonesia Wouter Kolk was appointed as a member of the LEAD Network's Advisory Board.

Human Rights Campaign Foundation Corporate Equality Index

The Ahold Delhaize USA brands, Food Lion, Giant Food, Hannaford, Peapod Digital Labs, Retail Business Services (RBS), Stop & Shop and The GIANT Company were recognized as Best Places to Work for LGBTQ+ Equality again in 2022. Our brands earned perfect scores on the Human Rights Campaign Foundation's 2022 Corporate Equality Index (CEI) for LGBTQ+ inclusion.

Shelby Report Diversity and Inclusion award

Ahold Delhaize, RBS and The GIANT Company were among the winners, along with women leaders from Peapod Digital Labs and Food Lion, in the Shelby Report's second annual Diversity and Inclusion award.

Financial Times 2023

Ahold Delhaize ranked 44th of 75 retail companies as a leader in diversity. Over 800 companies were assessed by the *Financial Times* on how they advance DE&I.

Other DE&I awards

RBS received the inaugural Diversity, Equity and Inclusion Award from the Shelby Report.

The GIANT Company was named the Harrisburg Regional Chamber & Capital Region Economic Development Corporation's Corporate Diversity Champion of the Year at the 2022 Catalyst Awards celebration.

Mega Image's program "Mega for all – dedicated to Diversity and Inclusion," received third place at the Employer Branding Awards Gala 2022 in Bucharest in the category: Best Diversity & Inclusion Employer Branding Campaign.

Three of the Ahold Delhaize USA brands were recognized by U.S. trade publication *Progressive Grocer's* Social Impact Awards program for their efforts that are leading the way in making a difference. The GIANT Company was honored for community service, local impact and sustainability and resource conservation; Stop & Shop for driving awareness of food insecurity and delivering large-scale donations to help those fighting hunger; and Giant Food for advocating sustainable programs and food security and nutritional leadership.

Stop & Shop was named VIABILITY, Inc's 2022 Enduring Equity and Inclusion Employer of the Year in recognition of the inclusivity, employment opportunities and work experience Stop & Shop store teams provide to associates with disabilities or disadvantages.

For the fourth year in a row, Peapod Digital Labs won a spot on Built In's "Best Places To Work" list. It is based on company data on benefits, compensation and flexible work opportunities, as well as companies' work cultures, including DE&I programming and "people-first" initiatives.

OTHER ESG DISCLOSURES

In addition to the material topics discussed in the chapters *Environmental*, *Social* and *Governance*, there are also other ESG topics we want to report on, either because they are mandatory reporting topics or because we find them to be essential to our business, though they may not qualify as material topics.

ETHICS AND HUMAN RIGHTS

Our ethical principles

At Ahold Delhaize, our ethical principles are the foundation of our commitment to conduct our business the right way, every day. Our *Code of Ethics* supports our commitment to comply with relevant legal and regulatory obligations and make ethical choices related to our business. Applying our Code of Ethics equips associates to make the rights choices and protects our relationships with colleagues, customers and the communities our brands serve. The Code of Ethics also provides guidance on when and where to ask for advice or report a compliance or ethics breach.

The principles in the Code apply to all associates of Ahold Delhaize and its businesses. Manager-level and above are assigned the annual Code of Ethics training. In addition, the Code of Ethics and our ethical principles are communicated to all associates through our website, local intranet pages, leaflets, posters, videos, local campaigns and in a global Ethics Week. The full Code is available in the corporate governance section of our website at *www.aholddelhaize.com*.

In addition to our Code of Ethics, we have a global Governance, Risk Management and Compliance (GRC) framework that addresses and monitors key risks to our business. This framework includes policies and controls that relate to internal processes (e.g., financial reporting, capital investments, purchasing and tax) as well as legal and regulatory risks (e.g., data privacy, competition and antitrust, and corruption and bribery). In 2022, there were no critical concerns related to social or environmental impacts reported through the GRC framework. You can read more about the framework under *Risk management*.

Speak Up Line

Ahold Delhaize and its brands provide a number of reporting options, including our Speak Up Line, a global reporting line monitored by third-party provider NAVEX. The Speak Up Line enables each of our brand's associates, third parties within and connected to our supply chains and the public to raise concerns about improper behavior or possible violations of law or policy, including our Position on Human Rights.

The Speak Up Line is free and accessible online and by phone, 24 hours per day, seven days per week, in the local languages of the countries in which our brands operate. It is a confidential and secure service hosted by NAVEX. The Speak Up Line is communicated to all associates on our website, our brands' intranets, on posters and in our annual Code of Ethics training and communications. You can find the contact details and more information about the process, including a response timeline, as well as the detailed Speak Up Policy on *www.aholddelhaize.ethicspoint.com*.

In 2022, our Speak Up lines received 5,128 reports (2021: 5,724), over 90.7% of which were related to issues that are typically handled by HR. These issues consist primarily of seven broad types of issues: unfair treatment (22%), misconduct or inappropriate behavior (21%), appeal of discipline (10%), request for guidance (8%), sexual or other harassment (7%), bullying (7%) and discrimination (7%). None of these involved members of our senior management. After human resource-related issues, the five most frequently reported issues were workplace safety (2.3%), employee theft/dishonesty (2.0%), substance abuse (1.7%), public/food safety (1.4%) and violation of a law (1.0%). All reports are forwarded to the appropriate internal resource for review and to prompt response or investigation. All reports of violations of law or policy will be investigated, and where there has been a violation, appropriate corrective action will be taken and remedy provided.

Approximately 34.2% (2021: 27.6%) of reports were made anonymously in 2022. On average, reports were investigated and resolved within 23 days. Approximately 43.2% of investigated reports were substantiated. In 2022, there were no substantiated reports of significant financial reporting, accounting, fraud or ethical violations.

The Ethics teams of Ahold Delhaize and its brands review the reports from the Speak Up Lines on a quarterly basis and discuss and incorporate learnings to improve the system and ensure that processes are in place to address and prevent the reported issues. In addition, Ahold Delhaize and its brands conduct a periodic Ethical Culture Survey among associates, which includes questions about the accessibility, potential barriers, implementation, performance and outcomes of the Speak Up Line. In 2022, Ahold Delhaize also conducted a survey of a sample of users and worked with NAVEX to continuously improve the system.

No retaliation

Ahold Delhaize and all of its brands strongly encourage raising concerns about improper behavior or possible violations of law or policy. We will not retaliate or allow retaliation against anyone who, in good faith, reports a potential violation. Any form of direct or indirect retaliation is strictly prohibited.

Corruption and bribery

Ahold Delhaize and its brands are committed to conducting business in an ethically responsible manner and complying with the law in all countries and jurisdictions in which we operate. This commitment includes compliance with laws relating to anti-corruption and bribery. The Ahold Delhaize Code of Ethics and our *Global Anti-Corruption and Bribery Policy* prohibit any form of corruption or bribery, including facilitation payments. This guidance is available to all associates and is addressed in our Code of Ethics training, as well as in training and communication

ETHICS AND HUMAN RIGHTS

to functions that are at risk of encountering corruption and bribery. Based on our monitoring systems across our operations, including the Speak Up Line, there were no incidences of bribery or corruption during the year.

None of Ahold Delhaize's brands incurred any legal action, fines, penalties or settlements related to anti-competitive business practices in 2022, and there were no significant instances of non-compliance with laws or regulations.

Security and privacy

Personal data from our customers, associates and business partners is entrusted to our businesses and we safeguard this information, consistent with relevant security and privacy legislation and regulations. At Ahold Delhaize, we strive to use customer data to benefit customers, whether it is checking their home address for deliveries, accessing their shopping history for personalized benefits or confirming account details for online orders. The five principles that guide how personal data is managed are available on our *website*. Ahold Delhaize and each of the brands have a privacy notice for customers and associates, in line with local legal obligations, available on their websites.

Our commitment to human rights

Our commitment to human rights is an extension of our longstanding dedication to conducting business ethically, and anchored in the first principle of our Code of Ethics: we respect each other.

In 2022, Ahold Delhaize updated its *Position on Human Rights*, which outlines our broad commitment to this important issue. The Position was first published in 2017 and revised in 2020 to coincide with the publication of our first Human Rights Report. Since then, we have reviewed this Position against relevant external benchmarks and, in consultation with key internal stakeholders, identified updates that better reflect both our commitment to human rights and evolving expectations in society. In addition to the UN Universal Declaration of Human Rights and Guiding Principles on Business and Human Rights, the updated document now references the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines.

The Position on Human Rights is structured around the key affected stakeholders in our own operations and in the supply chain. It identifies specific vulnerable groups, including, but not limited to, women, members of the LGBTQ+ community, children, persons with disabilities, minorities, refugees, migrant workers and indigenous peoples. The Position more clearly expresses our commitment by including our approach to due diligence and providing more information about how Ahold Delhaize and its brands provide access to remedy.

The Position on Human Rights applies to the own operations and supply chains of all Ahold Delhaize brands and businesses and is owned and formally approved by the Executive Committee. The latest version is available on our website.

Human Rights Report 2022

Ahold Delhaize also published its second *Human Rights Report* in June 2022. The report focuses on the progress made since 2020 by Ahold Delhaize and its local brands on our global Roadmap on Human Rights. As with the Position on Human Rights, the Human Rights Report and its content were reviewed with – and approved by – functional and regional leadership, as well as the Executive Committee. This comes in addition to in-depth board-level discussions on DE&I, associate engagement and many other topics during the year.

In the Human Rights Report, we describe in more detail how we embed our commitment to respect human rights throughout our own operations and in the supply chain. We focus on three important aspects: governance, implementation and access to remedy. In the report, we explain how we strengthened our governance of human rights, including the roles and responsibilities to implement our commitment across the organization, and how we engage on human rights and ethics through newsletters, campaigns, webinars and trainings. Ahold Delhaize's Executive Committee directly oversees the implementation of our Roadmap on Human Rights through a quarterly progress report and one or more annual in-person reviews.

We also explain our overall approach to due diligence and the operational processes we use to mitigate our impacts and manage the salient issues in our own operations and supply chain. This includes our *Standards of Engagement*, which define the minimum human rights protections that we expect our suppliers to support and implement, as well as an explanation of our social compliance and critical commodity programs and targets to monitor working conditions and mitigate social impacts in our supply chain.

We focus our social compliance program on production locations in high-risk countries (as defined by amfori BSCI), and our critical commodity programs are specifically developed to address major social issues such as child labor and forced labor. In addition, we conduct an annual sustainability risk assessment that reviews the social risks, based on our salient issues, associated with product categories and raw materials in specific geographies. You can read more about our approach and the specific actions to address child labor and forced labor in the Human Rights Report 2022.

Remediation and access to remedy are important aspects of an effective human rights due diligence process and we commit to addressing allegations that human rights are not being properly respected. Our local ethics helplines (our Speak Up Lines) enable each of our brand's associates, third parties within and connected to our supply chains and the public to raise concerns. In the report, we also explain how grievance mechanisms are implemented in the supply chain in collaboration with the standards and programs we implement. And finally, we address how we engage users of the Speak Up Line and associates generally through the annual Ethical Culture Survey to gather feedback and improve our Speak Up Line. In addition to the Speak Up Line, concerns can also be shared directly by emailing ethics@aholddelhaize.com.

ETHICS AND HUMAN RIGHTS

Roadmap on Human Rights

Implementing our Roadmap on Human Rights has been a learning process. With every step we take, we discover more that needs to be done. That is why we included an updated Roadmap in our Human Rights Report 2022:

1. The first step is to further formalize our approach to due diligence in line with proposed legislation and the expectations of our stakeholders.
2. We also recognize that there are limitations to our social compliance program. That is why, as a second step, we plan to reflect on how to effectively use social compliance audits and better engage the business on human rights.
3. As a third step, we encourage each of our brands to engage locally with relevant partners to address their salient issues, and plan to support some of that work at the global level.
4. And fourth, we believe that "what gets measured, gets done" and we apply that concept to our salient issues and progress on human rights.
5. Finally, we see opportunities to further engage with affected stakeholders and build programs that are collaborative, effective and transparent.

Roadmap on Human Rights

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

The following chapter provides an overview of Ahold Delhaize's activities as supporter of the Task Force on Climate-related Financial Disclosures. We have adopted the TCFD's recommendations and are reporting in line with them, where possible.

In this chapter, we discuss in detail the risks and opportunities for our business arising from climate change. We examine how our business impacts our environment, the climate and the actions we are taking (and plan to take) to mitigate those risks. We also detail how we govern our overall approach. We have integrated climate-related disclosures throughout this Annual Report, for example in the Climate change section of *Environmental* and *In focus: Carbon emissions in our value chain*.

Information on the EU Taxonomy is included in the *ESG statements* under *Environmental*. In addition, we provide further information on climate change in the *Risks and opportunities* section.

INTRODUCTION

Climate change and the degradation of nature is a global threat to the health of the planet and people's lives and livelihoods.

A range of issues – such as deforestation, biodiversity loss and pollution – contribute to the climate crisis, and with it, the health and resiliency of the planet, which underpins the well-being of all of us who inhabit it.

GOVERNANCE

Ahold Delhaize's Management Board takes overall accountability for the management of all of the company's risks and opportunities, including climate change. In 2022, our newly appointed Chief Sustainability Officer took over direct responsibility for the oversight of our climate change agenda from the CEO. This includes leading policy development for our climate change agenda and bringing additional executive oversight to this important strategic issue. Updates are tabled for discussion by the Management Board and Executive Committee as well as the Health and Sustainability Committee of the Supervisory Board, in line with our risk review cycle.

Our Chief Financial Officer maintains oversight of our climate-related financial activities and reporting, sponsoring the TCFD and EU Taxonomy working groups that comprise colleagues across our Climate, Risk Management and Finance teams and maintain day-to-day oversight of these areas. See also how we manage ESG performance, as explained in the *Introduction to ESG* section.

Five of the 10 members of the Supervisory Board are also members of the Board's Health and Sustainability Committee, which is responsible for overseeing sustainability. The Health and Sustainability Committee advises the Supervisory Board on the Company's long-term sustainability vision, strategy and target setting. It monitors the company's performance on sustainability targets. The Committee is responsible for monitoring the company's sustainability talent, leadership and culture development and assisting the Supervisory Board in fulfilling its oversight responsibilities for risks related to the topic. The Health and Sustainability Committee met four times in 2022. See also the *Supervisory Board report* for more information on the Health and Sustainability Committee and topics discussed in meetings.

Our approach to climate change has been rolled out globally, with our brand leadership teams responsible for implementing actions within the brands. Every brand has dedicated teams working to reduce their climate impact from own operations (scope 1 and 2) and the value chain (scope 3). These teams consist of associates from departments such as store development and store maintenance as well as sourcing managers.

To underpin the importance of decarbonizing our business, we linked the achievement of our scope 1 and 2 carbon emissions reduction targets to remuneration under our short- and long-term incentive plans.

See **Remuneration Policy** for details.

STRATEGY

As food retailers, we are acutely aware of how climate change is impacting the way food is grown and will change our business both now and in the years to come – from how and where our products are sourced to what our stores look like and how we heat or cool them.

A healthy planet is a key component of our *Elevate healthy and sustainable* growth driver, and our approach to addressing climate change in our company focuses on both the impact of climate change on our business (through our efforts to comply with the TCFD) and how our business activities impact the climate.

Ahold Delhaize and the brands announced our commitment to reach net-zero carbon emissions across own operations by 2040 (scope 1 and 2) and become net-zero businesses across the entire supply chain, products and services no later than 2050 (scope 3). For more information, see *Climate change section under Environmental* and *In focus: Carbon emissions in our value chain*.

We have also joined the Business Ambition for 1.5°C, a global coalition of UN agencies and business and industry leaders, in partnership with the SBTi and the UN-led Race to Zero campaign. For more information, see CO_2 emissions and climate change in *Environmental*.

We are a founding member of the World Resources Institute (WRI) 10x20x30 initiative to reduce food waste and a signatory of the New Plastics Economy Global Commitment, led by the Ellen MacArthur Foundation in collaboration with the UN Environment Programme, to address plastic waste and pollution at its source. For more information, see *Food waste* and *Sustainable packaging* in *Environmental*.

OTHER ESG DISCLOSURES

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Ahold Delhaize ongoing programs along the value chain

RISK MANAGEMENT

Climate change is a principal risk to Ahold Delhaize that has the potential – in varying degrees – to impact our business in the short, medium and long term. See *Risk and opportunities* for more information on our principal risks.

We face potential physical risks from extreme weather, water scarcity and other effects of climate change on our business. Changing consumer preferences and future policy and regulation associated with the shift to a low-carbon economy present transition risks but also opportunities for our business.

Ahold Delhaize's business strategy provides a degree of resilience to some of these risks, particularly the physical risks. For example, our diversified supply chain approach helps to provide some resilience to the impacts of climate change on particular areas; and our large physical store footprint, widespread reach and multi-channel business provide some resilience to potential local flooding and hurricane hotspots.

The process for assessing and identifying climate-related risks is the same as the process we use for the principal risks and is described in the section *Risks and opportunities*. For more information on how we manage risks, see *Risk management* in the *Governance* chapter.

As part of the Enterprise Risk Management (ERM) process, our teams have considered climate change as a risk on a brand level and identified more specific risks and mitigating actions. These risks and actions were assigned to specific owners in the business for mitigation and management.

Climate-related risk assessment

The TCFD divides climate-related risks 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).

Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed and focus of these changes, transition risks may pose varying levels of financial and reputational risk to an organization.

Physical risks resulting from climate change can be event-driven (acute) or longer-term (chronic) shifts in climate patterns. Physical risks may have financial implications for organizations, such as direct damage to assets and indirect impacts from supply chain disruption. Organizations' financial performance may also be affected by changes in water availability, sourcing and quality; food security; and extreme temperature changes affecting their premises, operations, supply chain, transport needs and associate safety.

Ahold Delhaize is following a phased approach to help us understand the potential impact of climate change on our business.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Work completed prior to 2022

In 2020, Ahold Delhaize conducted Phase I, our first global analysis of climate-related risks and the potential material impacts on our value chain. We developed two climate scenarios in line with 2˚C and 4˚C trajectories and identified 17 climate-related vulnerabilities (see diagram to the right) that could impact our supply chain, stores, warehouses, revenues and gross margin by 2030 and beyond.

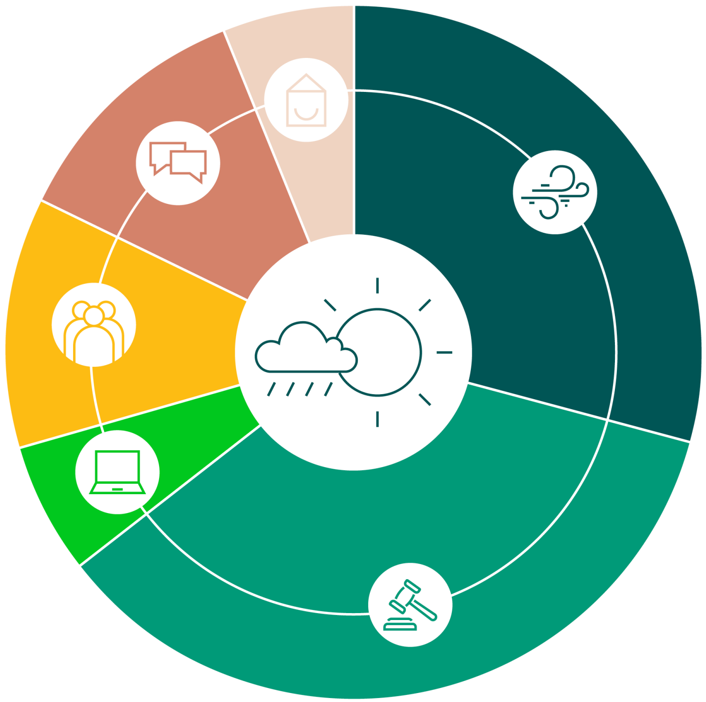
In 2021, we performed Phase II, a deep dive to understand the exposure of two large Ahold Delhaize brands (one in the U.S. and one in Europe) to climate-related risks and opportunities.

Our scenario analysis modeled the potential financial impact on these brands in the year 2030 under 2˚C and 4˚C trajectories, under the assumption that our business activities at the selected brands remained as they are today; so, without considering any actions that Ahold Delhaize might take to mitigate or adapt to the adverse impacts or to introduce new products that might offer new sources of revenue as consumers adjust to the new circumstances. The modeled risks under the 2˚C and 4˚C scenarios are mutually exclusive; we have not assessed a situation where physical and transition risks occur in parallel.

Our scenarios are based on those developed by the Intergovernmental Panel on Climate Change (IPCC).

The 2021 deep dive focused on two brands, on six primary risks derived from the 17 potential climate vulnerabilities identified in the initial global assessment and on fresh product categories (meat, fish, dairy, fruits and vegetables).

17 Climate-related vulnerabilities



- **PHYSICAL**
  Increase in extreme weather (acute)
  Increase in extreme heat waves (acute)
  Increase in temperature and droughts (chronic)
  Sea level rise (chronic)
  Land scarcity (chronic)
- **REGULATORY**
  Mandatory labeling
  Regulation / pricing on GHG emissions
  Regulation / pricing on water
  Legislation on imported products with externalities
  Legislation on carbon sinks depletion
  Legislation on land scarcity
- **TECHNOLOGY**
  Development of new technologies for low-carbon solutions
- **MARKET**
  Shift in consumer expectations
  Shift in business partners' expectations
- **REPUTATION**
  Reputational damage
  Lack of visibility of the Ahold Delhaize brands' commitment to fighting change
- **SOCIAL**
  Increase in social issues

We selected the six risks that we believe have the greatest potential to impact our business. We further focused on fresh product categories as the key business categories with the greatest potential climate risk that can be directly influenced by Ahold Delhaize and the brands. We have the ability to change the sourcing of these product groups to potentially mitigate these risks. On a consolidated basis, net sales from fresh products represent 45% of total net sales.

We used the latest scientific insights to make assumptions about the physical ramifications of climate change by 2030 (including those taking into account this year's numerous weather incidents).

The 4˚C scenario that we used in our Phase II deep dive focuses on a world where the climate policy is less ambitious and coordinated, leading to a systemic failure to address climate change. It assumes limited and fragmented policy or regulatory support for decarbonization and focuses on several significant physical climate risks:

1. Chronic climate change, leading to chronic and acute water stress and reduced agricultural productivity in some regions, raising the prices of raw materials or reducing supply volumes.
2. Increased frequency and severity of extreme weather events disrupting our supply chain or causing damage to our assets. In this world, carbon prices remain low. We followed the latest scientific insights on the physical manifestations of climate change by 2030 and took yield projections into account.
3. Temperature increase and extreme weather events that reduce economic activity, GDP growth and sales levels.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

The 2˚C scenario we used in the deep dive reflects a world that acts rapidly and in a coordinated manner to limit GHG emissions. This scenario focuses on transition risks associated with the changes needed by 2030 to cut emissions in line with the Paris Agreement, including:

1. Coordinated carbon pricing that leads to increases in costs for both manufacturing and raw material (e.g., dairy ingredients, metal used in packaging).
2. Low-carbon land management practices (e.g., Climate Smart Agriculture) implemented to comply with zero net deforestation requirements, that put pressure on agricultural production, raising the price of certain raw materials.
3. Changes in consumer behavior and consumption patterns, leading to potentially significant changes in demand for certain product categories.

Based on the 17 vulnerabilities identified in Phase I, we selected the following six most significant risks for further analysis in our Phase II deep dive:

RISK DERIVED FOR FURTHER INVESTIGATION	VULNERABILITY	TYPE OF RISK
The impact of carbon pricing on gross margin	• Regulation/pricing on GHG emissions	Transition risk
The impact of agricultural yield decreases and yield losses on revenue and gross margin	• Increase in extreme weather • Increase in extreme heat waves • Increase in temperature and droughts • Sea-level rise	Physical risk
Revenue losses resulting from disruption of stores and DCs (operations) due to climate events	• Increase in extreme weather • Increase in extreme heat waves • Increase in temperature and droughts • Sea-level rise	Physical risk
Increasing costs resulting from asset damage due to climate events	• Increase in extreme weather • Increase in extreme heat waves • Increase in temperature and droughts • Sea-level rise	Physical risk
The impact of climate change on energy costs	• Increase in temperature and droughts • Regulation/pricing on GHG emissions	Transition risk
Changes in gross margin from changing customer diets	• Shift in customer expectations	Transition risk

Results and insights from the 2021 deep dive

For more detailed information on the results of the 2021 deep dive, see our *Annual Report 2021*.

Our 2021 deep-dive analysis indicated that, without action, both scenarios may have a financial impact on Ahold Delhaize by 2030.

Overall, the expectation is that transition risks will be more impactful in a 2ºC scenario by 2030 due to carbon pricing and a rapid shift toward sustainable agriculture. Customers are also expected to be more climate conscious and preferences will shift toward low-carbon products. In this scenario, the pricing of fresh products and overhead costs will increase due to carbon pricing. The impact on gross margin will largely be dependent on whether customers are willing to pay more for low-carbon products and the difference in the contribution to gross margin of low-carbon versus carbon-intensive products.

Physical risks are expected to have a more significant impact in a 4ºC scenario, especially beyond 2030. Leading climate science indicates that changing weather conditions are likely to significantly increase yield volatility and yield losses, which will impact the availability and pricing of fresh produce.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Managing climate-related risks and opportunities

The modeling scenarios prepared in 2021 are useful for understanding the potential (financial) impacts of climate change on our business, but there are limitations; for example, the scenario analysis required us to pick specific factors and model them using fixed assumptions.

We, therefore, looked more broadly at the results, incorporated the input from our ERM process and identified possible physical and transition risks and opportunities that we think apply to all our brands, and derived mitigating or follow-up actions that were rolled out to all brands for implementation. These actions and progress are further explained below.

In general, actions overlap with our work done to reduce scope 1 and 2 (see *Environmental – Climate change*) and scope 3 emissions (see *In focus: Carbon emissions in our value chain*).

Transition risks: Regulatory risks

- The introduction of **carbon pricing**, such as carbon taxes or voluntary removal or offset costs, on a regional or national level, can lead to higher costs of products and impact margins since it may not always be possible to pass on increased costs to customers. Product categories considered carbon intensive, such as dairy, are expected to be more impacted than fruits and vegetables.
- **Land-use regulation** could reduce land available for food crops, pasture and timber, which could drive decreased crop output and increased raw material prices, reducing our access to our primary commodities.
- **Product composition regulations** could restrict or ban the use of certain GHG-intensive components and ingredients in everyday products, e.g., legislation on tobacco and energy drinks or potential restrictions on the use of plastic packaging. This would require redesigning products and packaging to comply, which could increase costs.
- **Sourcing transparency and product labeling regulations** could expand significantly due to pressure from regulators and consumers. This could lead to disclosure compliance risks and rising commodity costs linked to a radical transition to transparent supply chains, as well as a potential loss of market share to more transparent competitors.

Actions taken

With the inclusion of carbon pricing in our investment models, we now consider emissions impact in our investment decisions. We continue to look for ways to improve our investment models to better assess the impact of our decisions on climate. We already monitor our investment proposals against our net-zero ambition calculations.

We aim to reduce our carbon footprint by identifying and implementing ways of making equipment in use and buildings more energy efficient – see *Environmental – Climate change* for examples.

We are also mitigating regulatory risks through our work on sustainable packaging, food waste, sustainable sourcing, reformulation of own-brand products, product transparency and the expansion of our brands' ranges to include more low-carbon products. For example, Delhaize Belgium offers zero-kilometer products, thanks to its urban farm, where vegetables are grown on the roof of a supermarket. It also highlights Belgian products to consumers through special “BEL-haize” branding on packages. Activities like these are creating awareness for locally sourced products with smaller CO_2 footprints.

The brands in the U.S. have partnered with independent research company and data platform HowGood, which provides sustainability ratings for products including climate impacts. The PRISM application (Peapod Digital Labs' proprietary e-commerce platform) allows the brands to utilize this tool on their e-commerce sites so customers can see the HowGood sustainability ratings for the products they seek to buy.

Transition risks: Market risks

- **Energy transition and rising energy prices** could be driven by increased electrification; the deployment of renewable energy solutions; the associated transmission, distribution and storage infrastructure; and the adoption of emerging low-carbon technologies, such as biogas and green hydrogen. More cities are also introducing restrictions on the types of trucks that are allowed to enter city centers. This could impact our operations, suppliers and end-consumers' utility costs.
- **Energy and commodity market volatility** could lead to increased uncertainty in financial planning and forecasting for energy and key commodities, and higher costs associated with risk management. The war in Ukraine already led to market volatility in 2022, resulting in increased prices for grain, sunflower oil and other products. The war also increased the urgency to stop using natural gas in stores and switch to fuel options that are less vulnerable to geopolitical changes.
- **Changing customer diets** could negatively impact margins. In a 2°C world, customers will be more aware of climate issues and their purchasing behavior will favor low-carbon products. The carbon intensity of products and their contribution to gross margin will be the main drivers of the impact. Dairy products are again expected to be the category with the highest impact, but this will differ by brand, depending on product mix.

Actions taken

While our net-zero ambitions identified the use of renewable energy as a way to reduce our carbon footprint, the sharp increase in energy prices in 2022 sparked an increased urgency to explore opportunities in the short and medium term, such as placing solar panels on all possible own sites and exploring possibilities for leased properties or alternatives like carports. We estimate that for us to source at least 10% of our energy needs in Europe from own energy by 2030 would require additional capital expenditure of more than €180 million, and more roofs to cover with solar panels. In Belgium, all feasible own-site roofs are already covered with solar panels and in the Netherlands, the only roof options remaining will require lightweight solar panels, as they are not suitable for standard solar panels.

Our Not-for-Resale sourcing teams are also collaborating on a regional level to buy energy smarter, and working on opportunities to source green energy through PPAs.

Food Lion recently signed a renewable energy contracts (REC) purchase agreement, due to start in 2023, that covers 24-32 stores. Our U.S. brands started to tailor their peak saving strategy and back-up generator utilization to upcoming demand-driven price contracts – for example, Food Lion's energy management strategy enables them to manage demand at over 300 stores. They monitor power usage and shed stages of load to reduce peak demand, for example, by altering the triggers that move HVAC systems to the next stage of operation and moving lights to lower power when possible.

As a result, 24% of the energy consumption from our brands comes from renewable sources in 2022, compared to 22% in 2021.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Our brands in Europe are working to increase their assortments of plant-based products and make them more visible to customers. For example, Delhaize Belgium rebranded plant-based products in blue-green colors to increase visibility on shelves, added a filter on its e-commerce platform so customers can easily select vegetarian and vegan products, and included plant-based products in its "Little Lions" everyday low-price program.

Physical risks

- **Decreases in agricultural yields.** Changing weather conditions are likely to significantly increase yield volatility and yield loss. The decline of key agricultural regions (due to agricultural droughts and temperature increase, for example) and the increased risk of extreme weather events are likely to negatively affect the production of food and, in particular, fresh products. Sustained high temperatures could lead to reduced crop outputs due to a reduction in soil productivity, which could translate into higher raw material prices.

  Products sourced from, areas such as Southern Europe or California are expected to be more heavily impacted. Alternative sourcing for products at higher risk needs to be explored.

- **Extreme weather events** could significantly disrupt our entire value chain. If weather events such as hurricanes, heavy snowfall or floods become increasingly common and intense, this could disrupt our distribution infrastructure, resulting in out-of-stock situations and subsequently store closures. Extreme weather events could also impact our e-commerce business by affecting home deliveries. Significant destruction from weather events could also reduce or destroy consumer demand and purchasing power in affected areas.

  Certain brands are more exposed to hurricanes or flooding, leading to an overall higher risk.

Actions taken

Ahold Delhaize and its brands are engaging with suppliers to develop solutions to address risks around product procurement, including working with producers and cooperatives that invest in greenhouse facilities that can support environmental conditions optimal for production or regenerative agricultural practices. Our brands' vegetable producers invest in new hybrid varieties (e.g., tomatoes and cucumbers) and new varieties of leafy vegetables that can withstand extreme temperatures or diseases and, in some cases, move their production areas to higher altitudes to avoid high temperatures.

Our brands also disperse the risk of availability problems by collaborating with a large number of producers and strategic partners in different areas. We are actively engaging with strategic partners to further understand potential climate-related risks of sourcing products and pursue opportunities to mitigate potential sourcing challenges. We have strategic sourcing processes in place for key commodities and products.

For example, Delhaize Belgium started to move from transactional relationships with suppliers to partnerships in fresh categories. They began by partnering with one strategic partner for fruits and vegetables and now have more than six strategic partners in fresh categories. These partnerships increase trust and volume planning between our brands and key suppliers, lowering the risk of shortages.

We have been working with suppliers in Morocco and Spain for decades on issues that include the increasing challenge of water availability in growing areas. Within Spain, we see farmers moving crops from the well-known growing areas in Murcia to the north of the region, where there is more water available due to proximity to mountains and better access to water because of the availability of water rights.

Water is also becoming an increasingly important issue in the Netherlands, especially in terms of quality, as the availability of water varies. There are times when there is too little water, causing the groundwater levels to drop. This happened in the autumn of 2022, for example. Arable farms face particular challenges in times of extremes. Severe drought and heavy rainfall can cause quality and availability challenges for farmers growing onions, carrots and, especially, potatoes. To date, however, the impact of weather extremes on the supply of these products has been limited.

We 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.

In parallel, our Global Asset Protection function runs an extensive risk engineering program across all our brands to understand, quantify and mitigate a variety of hazards, including natural catastrophes. Risk engineering specialists visit our network of distribution and home shop centers on an annual rotation to perform comprehensive risk assessments and provide actionable improvement recommendations. The results of those assessments assist site management and Global Asset Protection in implementing risk mitigation measures proactively and effectively, ensuring better resilience against physical risks.

On a forward-looking basis, we leverage the expertise of the risk engineers for new building designs and construction projects to implement risk mitigation elements during the planning phase. For example, we recently built a new DC in the Netherlands 1.8 meters above road level to mitigate flood risk.

Our brands received training on executing climate-related risk and vulnerability assessments and started to implement this across the real estate portfolio, starting first with newly acquired or leased real estate. They prioritize the assessment of assets that can lead to material financial losses should the risks identified materialize.

Opportunities

Greater ability to attract young talent: Young people are proving to be more sustainability-minded and have a strong desire to work for a purpose-driven company, particularly one that is taking responsibility for its impacts and acting to mitigate climate change.

Enhanced reputation with stakeholders: Managing our approach to climate change and living up to our ambitions as a responsible business will enhance our brands' reputation with customers and other key stakeholders. Investors are increasingly interested in investing in companies that are not only focused on financial performance but have a strong commitment to taking measurable strides on ESG performance, including minimizing their impacts on the environment.

Changing customer diets: Growth in plant-based foods could increase rapidly in coming years. As people become more environmentally conscious and land-use regulation increases, we could see a rise in plant-based protein as an alternative to animal-based protein.

Resource efficiency, resilience and market opportunities: Investment in energy transition technologies represents a shift to efficient and less centralized energy supply and consumption (e.g., through on-site renewable energy generation and storage) and zero-emission logistics. This could drive decarbonization across the value chain, while opening up the opportunity to access the utility market as an off-grid generator.

Switching all cooling systems to CO_2 with a global warming potential 1 (GWP1) will not only lead to zero emissions but also will be more energy

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

efficient and result in lower maintenance costs. This switch will come at a cost of additional capital expenditure in the coming years.

Actions taken

In December 2022, Ahold Delhaize announced the closing of its €1.5 billion Sustainability-linked Revolving Credit Facility (the "Facility"). The Facility includes three sustainability KPIs to reduce Ahold Delhaize's carbon emissions within our own operations (scope 1 and 2), reduce food waste and help customers make healthier choices. The Facility also includes a discretionary feature to add scope 3 carbon emissions reduction performance targets by 2025. The fact that the facility includes a sustainability-linked mechanism demonstrates Ahold Delhaize's commitment to its ESG strategy and goals.

We are capitalizing on innovative product and service opportunities by offering a range of vegan and vegetarian products. Our Dutch brand Albert Heijn, for example, committed to achieving 60% plant-based and 40% animal-based protein sales by 2030.

We are also seizing resource efficiency opportunities by generating renewable electricity at our own sites, where feasible, and targeting emissions reduction from our logistics suppliers and own vehicle fleet. See *Environmental – Climate change* for more information.

Additional work performed in 2022

The key lessons learned and actions formulated by the two brands that performed the deep dive in 2021 were shared with all brands for inspiration and learning.

We also arranged training and information sessions to increase the general awareness within the brands on climate risks, risk assessments and adaptation plans. This was combined with the work we did on the *EU Taxonomy* eligibility and alignment, and specifically the Do Not Significantly Harm Technical Screening Criteria for climate change adaptation as the scope of work overlapped to some extent.

In addition, the work we did to update our scope 3 reduction target in 2022 provided more insights that helped us further define our actions to reduce emissions throughout our value chain. See also *In focus: Carbon emissions in our value chain*.

In summary and next steps

Our risk assessments from 2021 and further discussions during 2022 with the brands suggest that the most significant impacts of climate change on our business are losses due to property damage, revenue loss due to lack of product, higher product prices and higher costs, such as higher energy costs to cool our brands' stores.

On the journey to a 1.5ºC world, the most significant impacts along our value chain will be caused by policy interventions and changing socio-economic trends, such as regulations related to carbon pricing, land use, product composition, sourcing transparency and product labeling.

Due to the changing socio-economic situation, a clear and present impact is the transition of the energy system, which we expect to bring rising energy prices and market volatility. In the near future, we will also experience the impact of physical environment risks associated with a warmer climate, even in a 1.5°C world. While the potential risks and financial impact of limiting global warming to 1.5°C are significant if no mitigating actions are taken, the impact of the potential risks that would exist if we were not to reduce warming to 1.5°C are potentially even more significant.

We also see opportunities for our brands to source popular products from new areas and meet changing customer needs with innovative and high-quality products, sustainably sourced.

To seize these opportunities and make a positive difference, we believe companies need to challenge assumptions in our current food system. One example is the practice of providing large quantities and a great variety of products all year round that, in turn, wastes valuable food and energy. We face the dilemma of meeting customer expectations on variety, affordability and availability of food while reducing the cost to the planet, and meeting expectations on profitability from shareholders and investors.

To address this challenge, we continue to work hard to engage customers and incentivize them to adopt healthier and more sustainable diets, reduce emissions across the entire value chain, promote biodiversity and reduce food and plastic waste.

We will also continue to discuss climate-related risks with our suppliers, learn from their action plans and work together to identify opportunities to collaborate on projects that can reduce carbon emissions in our value chain, such as regenerative agriculture. We will integrate these in our scope 3 plans.

We will continue to address the risks mentioned in the paragraph *Managing climate-related risks and opportunities* above by identifying actions to mitigate them, rolling out actions implemented at one brand or segment in other brands and sharing best practices.

We are also revisiting our investment models, to address physical risks related to climate change, how we invest in our business and how we can make it more future-proof. This means that we will evaluate how we can include more data on the environmental impact of investments in our models and determine how to introduce EU taxonomy-related data points in the planning phase of projects.

We will also further expand the ERM process and risk management to better address climate-related risks and allocate responsibilities to business owners. We will investigate ways to better monitor progress and improve the sharing of knowledge on climate-related risks between departments, such as insurance, business continuity, sourcing and real estate.

As our first climate-related risk deep-dive was done in 2021, we also need to determine the most effective way to perform additional deep dives at other brands or in different product categories, taking into account the latest scientific models and guidance on risk assessments. In addition, we want to improve the quality and depth of our risk assessments relating to physical risks and prepare more comprehensive adaptation plans, also considering the requirements of the EU Taxonomy, and bring together the different purposes and objectives into a more integrated approach.

METRICS AND TARGETS

Ahold Delhaize and the local brands committed to:

- Reaching net-zero carbon emissions across all operations by 2040 (scope 1 and 2)
- Becoming net-zero businesses across the brands' entire supply chains, products and services no later than 2050 (scope 3).

For more information on our targets, see *Environmental – Climate Change*.

See *ESG statements* for more information on metrics currently measured and reported on.

We have not yet implemented additional metrics to measure the possible impact of the risks identified in the detailed assessments we performed in 2021, but we do monitor financial losses and insurance claims as a result of climate-related perils.

TAX TRANSPARENCY AND RESPONSIBILITY

TAX TRANSPARENCY AND RESPONSIBILITY

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

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

Ahold Delhaize embraces the principles included in the VNO-NCW Tax Governance Code and signed the Code, together with more than 40 large Dutch internationally operating companies, in May 2022.

Transparency

We are proud of the fact that by paying our share of taxes in the countries where we operate, we contribute to economic and social development in these countries. Also, with our total tax contribution, we support the UN Sustainable Development Goals.

In 2022, Ahold Delhaize collected and borne many types of taxes: payroll tax, corporate income tax, net-value-added tax (VAT), sales and use (S&U) tax, property tax and real estate tax, dividend tax, excise and customs duties and others (e.g., packaging tax), for a total amount of €6 billion. Note that €1.8 billion of the total tax contribution in 2022 is taxes borne.

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

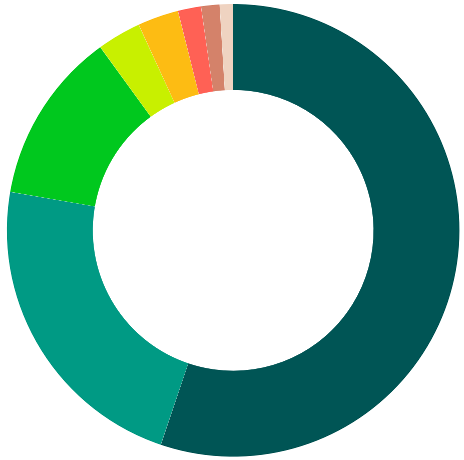
Our effective income tax rate (ETR) over 2022 was 22.2%. This is our worldwide income tax expense for the financial year 2022, amounting to €714 million, shown as a percentage of the consolidated income before income taxes.

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

Ahold Delhaize 2022 total tax contribution by type €6.0 billion
(€ million)

Payroll tax	3,071
VAT and S&U tax	1,604
Corporate income tax	397
Excise and customs duties	379
Property and real estate tax	321
Dividend tax	149
Other	71

Ahold Delhaize 2022 total tax contribution by country €6.0 billion
(€ million)



The United States	3,307
The Netherlands	1,350
Belgium	735
Czech Republic	188
Greece	176
Serbia	99
Romania	79
Other	57

OTHER ESG DISCLOSURES

TAX TRANSPARENCY AND RESPONSIBILITY

Ahold Delhaize 2022 corporate tax payments per country €397 million
(€ million)

The United States	190
The Netherlands	120
Belgium	17
Czech Republic	13
Greece	12
Serbia	12
Romania	0
Other	33

Accounting and governance

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

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

Tax in control statement:

Being in control in relation to taxes and responsible taxation is an important objective for the Tax department and the broader group. Activities supporting this are:

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

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

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

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

We are also actively involved in the field of tax technology. We have drafted a global tax technology strategy and roadmap based on five pillars: insights, data driven, automation, risk management and future proof. Various initiatives were set-up within our direct tax disciplines (e.g., Country by Country Reporting automation, DAC6, Pillar 2 calculations and dashboard) and indirect tax disciplines (e.g., VAT solution and tax engine), to optimize and upgrade our tax processes. We closely align with broader finance implementations and our IT function assists us with our tax technology projects. The Ahold Delhaize-wide implementation of a new core finance system is an important enabler of our tax technology roadmap.

TAX TRANSPARENCY AND RESPONSIBILITY

Compliance

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

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

Relationships with tax authorities

Ahold Delhaize engages with tax authorities based on mutual trust, and we seek open and transparent working relationships with them. We provide the tax authorities with any information they require within a reasonable timeframe. This helps both the tax authorities and Ahold Delhaize to foster timely and efficient compliance. In the Netherlands, we have an individual monitoring plan in place with the Dutch tax authorities. In Belgium, we have participated in the Co-operative Tax Compliance Program (CTCP) pilot project since 2020.

Stakeholder engagement

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

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

Business structure

We have a physical presence in all jurisdictions where we operate and we follow internationally accepted norms and standards (Organisation for Economic Co-operation and Development/Action Plan on Base Erosion and Profit Shifting/ European Union).

In anticipation of new EU and OECD regulations (e.g., Pillar 2), we will cease operations in Curacao in 2023. We do not expect material changes for any of our other operations with respect to Pillar 2 implementation.

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

- We do not transfer value created to jurisdictions listed on the EU "blacklist" of non-cooperative jurisdictions for tax purposes updated by the Council of the European Union on February 14, 2023, or (low-tax) jurisdictions listed on the Netherlands' blacklist published in the Government Gazette on December 27, 2022.
- We pay tax on profits according to where value is created within the normal course of business.
- We base our transfer pricing policy on the arm's length principle.
- We do not use opaque corporate structures or those situated in low-tax jurisdictions to hide relevant information from the tax authorities.
- We do not operate in countries listed in low-tax jurisdictions.
- We are transparent about the entities we own (see *Note 35* to the consolidated financial statements).
- We will not engage in arrangements, with any employee, customer or contractor whose sole purpose is to create a tax benefit in excess of what is reasonably understood to be intended by relevant tax rules.

Please see our website at www.aholddelhaize.com for more details on responsible taxation.