



# Green Bond Allocation and Impact Report 2023

April 2024

# Ahold Delhaize Green Bond Allocation Report as of December 31, 2023

Ahold Delhaize has established a Green Finance Framework (“Framework”) under which the company issued its Green Bond. We aim to reinforce our commitment to sustainability and consider green finance instruments as key contributor to support our efforts. Through the setup of a green finance program, we hope to accelerate the transition toward sustainable food systems and broaden our investor base to reach further like-minded investors.

The Framework has been developed in accordance with the 2021 ICMA Green Bond Principles (GBP), including the updated appendix I of June 2022, as well as the 2023 LMA Green Loan Principles administered by the Loan Market Association (“LMA”).

Ahold Delhaize successfully issued its first Green Financing Instrument in the form of a Green Bond with a total volume of EUR 500 million on the capital markets in April 2023.

## Final Terms

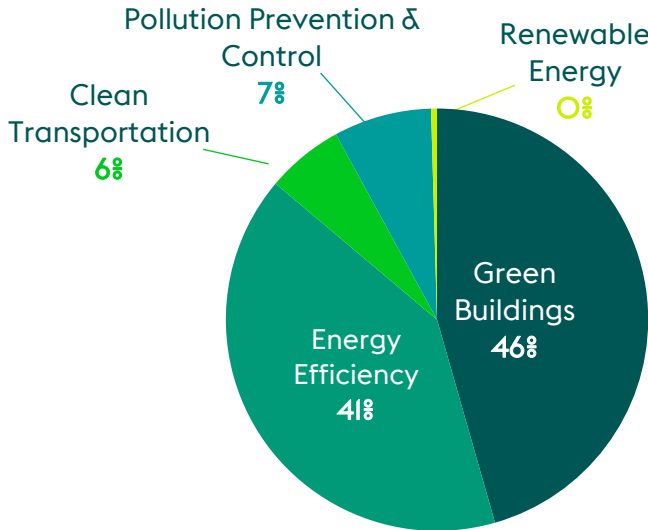
Issuer	Koninklijke Ahold Delhaize N.V.
<b>Issuer Rating</b>	Baa1 (Stable) by Moody’s / BBB + (Stable) by S&P
<b>Format</b>	Senior, Unsecured
<b>Settlement Date</b>	April 4, 2023
<b>Volume</b>	500,000,000
<b>Coupon</b>	3.500%
<b>Re-offer price</b>	99.851%
<b>Re-offer yield</b>	3.533%
<b>ISIN</b>	XS2596537972
<b>Denominations</b>	Euro
<b>Use of Proceeds</b>	An amount equal to the net proceeds from the issue of the Notes will be applied by Ahold Delhaize to finance or refinance, in whole or in part, new or existing Eligible Green Projects
<b>Listing</b>	Euronext Amsterdam (Regulated Market)

## Use of proceeds

An amount equivalent to the net proceeds from the issuance of green instruments will be used to finance and/or refinance, in whole or in part, new or existing eligible projects (“Eligible Projects”). Eligible Projects may take the form of green Assets, Capital or Operational Expenditures that meet the Eligibility Criteria outlined in the Framework.

# Allocation report as of December 31, 2023

Eligible green project expenditures by category			Green Bond Issuance	
	2022 € million	2023 € million	€ million	
Green Buildings	180	84	ISIN: (April 2023)	500
Energy Efficiency	16	220		
Clean Transportation	1	33		
Pollution Prevention & Control	0	43		
Renewable Energy	0	3		
<b>Total Eligible Green Project Portfolio</b>	<b>198</b>	<b>383</b>		
<b>Total</b>		<b>580</b>		<b>500</b>
Eligible Green Project Portfolio Unallocated			€80 million	
Percentage of Eligible Green Project Portfolio Allocated (coverage)			86%	
Percentage of Proceeds of Green Financing Instruments allocated to Eligible Green Project Portfolio			100%	



As of December 31, 2023, Ahold Delhaize has a total eligible portfolio amounting to €580 million. Thereof 86% have been allocated to the Green Bond issued in April 2023 in the amount of €500 million, meaning that the net proceeds of Ahold Delhaize’s Green Bond have been fully allocated. €198 million (34%) were allocated to refinance existing projects with expenditures in 2022 and €383 million (66%) were allocated to finance new projects with expenditures in 2023.

The auditing firm KPMG Accountants N.V. has conducted an external assurance (“limited assurance”) according to ISAE 3000 of the allocation report. The report of KPMG Accountants N. V. is included as Appendix.

# Ahold Delhaize Green Bond Impact Report

Ahold Delhaize has chosen to report the impact of the Green Projects on a portfolio approach.

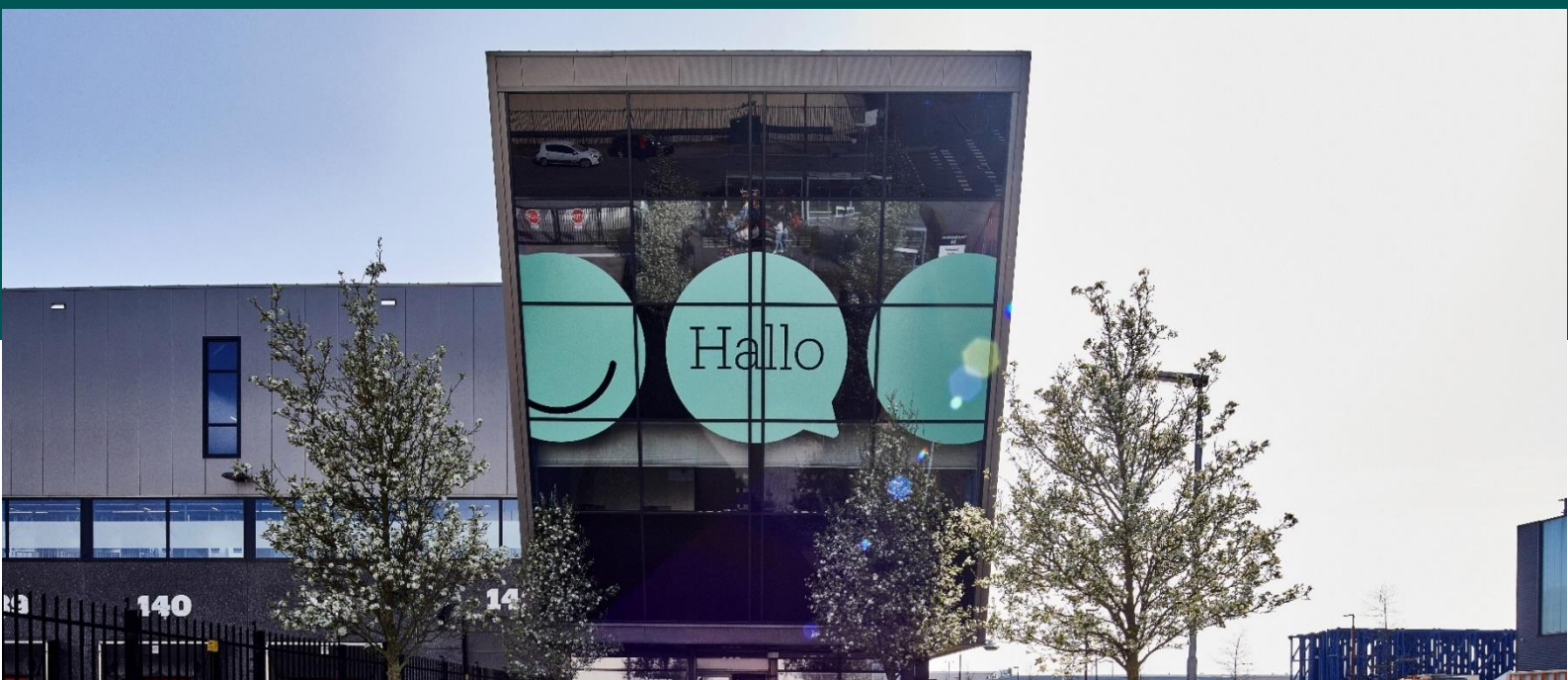
Over the last year, we have progressed towards reducing GHG emissions in view of our Net Zero ambitions. Our great local brands continue to invest in energy efficiency, improve their refrigeration systems, further modernize their logistics fleets, transition from fossil fuels and invest in renewable energy initiatives. In 2023, we reduced GHG emissions in our own operations by 35% compared to our 2018 baseline. This represents 212 kT reduction vs the prior year. Our renewable electricity reached 40% of our total electricity consumed, compared to 24% in the prior year. Our total tons of food waste per million euro of food sales was 37% lower than our 2016 baseline and we achieved a 10% reduction in virgin own brand plastic packaging compared to 2021.

The examples by category outlined below and financed by our Green Bond represent components of our broader overall effort to accelerate the transition to reach our Net Zero ambitions.

## Green Buildings

Throughout 2022 and 2023, our bond proceeds have allowed to add 6 distribution centers and 51 stores to our building portfolio with EPC Label A.

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





## Energy efficiency

We are implementing energy efficiency measures across all our local brands, to reduce our total energy consumption. We are installing energy efficient equipment, such as LED lights, doors on cabinets, heat recuperation, heat pumps, new refrigeration systems and improved insulation. When remodeling stores, taking measures like these is enabling our brands to create some of the most energy-efficient stores of the future. Many of our brands, in both Europe and the U.S., have switched to energy-efficient LED lighting in the stores to reduce overall electricity consumption.

Some brands, including all European brands as well as Food Lion, Giant Food and The GIANT Company, are upgrading their refrigeration systems. They are retrofitting older freezer doors and replacing them with the latest passive doors, which significantly minimizes energy loss, as only the door frames are equipped with frost protection, resulting in higher efficiency compared to conventional active doors. In order to achieve our net-zero plan, we need to replace or retrofit our refrigeration systems with low-climate-impact alternatives that can use natural or low-GWP refrigerants, minimize leakage and consume less energy.

- In the U.S., the investments in 2022 and 2023 delivered an annual reduction in energy consumption of 8 million kWh in stores and 1 million kWh in distribution centers. LED lighting in stores and facilities installations led to 22 kT in avoided GHG emissions via 343 LED upgrades at Food Lion and 5 kT in avoided GHG emissions via 102 LED projects at Stop & Shop.
- Investments in the Netherlands contributed to reduce absolute GHG emissions by 3 kT compared to 2022 by replacing gas heating by heat pumps in 40 stores in 2023.
- Belgium replaced cooling systems resulting in a decline in refrigerant leakage.
- Greece implemented smart automation to manage energy consumption of cooling systems, installed HVAC control system in 21 stores and Power Perfector in four stores.
- Romania implemented energy efficiency measures such as new more energy efficient equipment, smart metering, LED replacements, and ecologically friendly CO2 refrigerant. All these measures contributed to reducing 4 kT of GHG emissions compared to 2022.
- Serbia implemented centralized monitoring and control of refrigeration system in 300 stores.



# Pollution Prevention & Control

We have progressed towards our goal of saving packaging material. Amongst other activities, we are converting containers in our stores to bags and exploring alternatives to plastic. For example, in 2023 the Netherlands started to gradually replace the bread clips in the bread department, of which 125 million are used annually, with a recyclable, paper version.

- In our efforts to further reduce Food Waste, we implemented a more efficient forecast and replenishment system and invested in IT solutions in our e-commerce business focused on logistics optimization. We have also expanded Electronic Shelf Labelling in our stores, which in the Netherlands for example has so far helped reduce food waste by at least 250 tonnes.
- In the U.S., we have converted highly emitting refrigerant gases to lower emitting ones. The investments in refrigerant replacements in the U.S. lowered the average GWP in 104 stores from 2,359 to 1,518 and are expected to save 18 kT of GHG emissions.



## Clean transportation

We have made significant progress towards the electrification of our company cars and vehicles used at headquarters and operations in Europe and the U.S.

- In the Netherlands, investments in EV trucks enabled home delivery of groceries and the supply of stores in the centers of The Hague, Rotterdam, Utrecht and Amsterdam to be 100% electric since 2023. This amounts to 6,100 households that are supplied and delivered emission-free. Many stores are also supplied emission-free outside these major cities. By 2030 we want to achieve completely zero-emission transport, both to stores and to customers. We have also enhanced clean transportation with our investment in bicycles for the start-up Cycloon which, with its nationwide network of bicycle couriers and mail deliverers, delivers mail and parcels throughout the Netherlands for thousands of customers. Delivery by cargo bike is emission-free and keeps residential areas safe.
- In Belgium, we have reached 28% electrification of our car fleet, in line with Brand plan to reach 100% by 2028.
- In the U.S., we have progressed towards the electrification of our food delivery trucks. 13% of the new Last Mile trucks added in 2023 were EVs, amounting to a 0.3 kT avoidance in GHG emissions. 6% of the new Transportation fleet in 2023 were EVs, amounting to a 0.6 kT reduction in GHG emissions.





## Renewable Energy

We actively invest in renewable energy initiatives. Our solar projects include widespread photovoltaic installations. In the U.S., Giant Food recently finalized a contract for around 45 Maryland stores to be offtakers for a new utility-scale solar project. Construction will start in 2024.

In the Netherlands, Albert Heijn already uses 100% renewable electricity. Albert Heijn is entering into a long-term partnership for the purchase of green energy from a new wind farm to be built.

- In 2023, we have financed investments in Solar Panels in Romania, Netherlands and Belgium. The investment in Romania, for example, reduces energy consumption from the grid by 2,854 MWh annually.





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## **Assurance report of the independent auditor**

To: the Management Board of Koninklijke Ahold Delhaize N.V.

### ***Our conclusion***

We have reviewed the Eligible Green Project portfolio as included in the Ahold Delhaize Green Bond Allocation Report as of December 31, 2023 (pages 2 and 3 of the 'Green Bond Allocation and Impact Report 2023') of Koninklijke Ahold Delhaize N.V. ('Ahold Delhaize' or the 'Company') based in Zaandam.

Based on the procedures performed and evidence obtained nothing has come to our attention that causes us to believe that the report is not, in all material respects, prepared in accordance with the applicable criteria.

### ***Basis for our conclusion***

We performed our review in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten)' (assurance engagements other than audits or reviews of historical financial information (attestation engagements)), which is a specified Dutch standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information'. This engagement is aimed to obtain limited assurance. Our responsibilities in this regard are further described in the 'Our responsibilities for the review of the Report' section of our report.

We are independent of Ahold Delhaize in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### ***Applicable Criteria***

The Ahold Delhaize Green Bond Allocation Report needs to be read and understood together with the reporting criteria. Ahold Delhaize is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the Green Bond Allocation Report are the Eligibility Criteria as described in paragraph 4.1 Use of Proceeds in the Ahold Delhaize Green Finance Framework dated March 2023. The framework is available online at <https://www.aholddelhaize.com/investors/green-bond-march-2023/>.

### ***Materiality***

Based on our professional judgement we determined materiality levels for each relevant part of the Green Bond Allocation Report'. When evaluating our materiality levels, we have taken into

account quantitative and qualitative aspects as well as the relevance of information for both stakeholders and the company.

### ***Scope of the group review***

Ahold Delhaize is the parent company of a group of entities. The Green Bond Allocation Report incorporates the consolidated information of this group of entities.

Our review procedures for this engagement consisted of both review procedures at group level (consolidated) as well as at group components. We have determined the scope of our assurance procedures in such a way that we perform sufficient procedures enabling us to provide a conclusion on the Eligible Green Project portfolio. We considered, among other things, the management structure of the group, the nature of the activities of the group components, the business processes and controls and the industry in which the entity operates.

On this basis, we determined the nature and extent of the procedures at group and component level that were necessary to be performed.

### ***Responsibilities of the Management Board for the Report***

The Management Board is responsible for the preparation of the Green Bond Allocation Report in accordance with the applicable criteria. It is important to view the Eligible Green Project Portfolio in the context of these Eligibility Criteria.

The Management Board is also responsible for such internal control as it determines is necessary to enable the preparation of the Green Bond Allocation Report is free from material misstatement, whether due to fraud or error.

### ***Our responsibilities for the review of the Report***

Our responsibility is to plan and perform our review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The procedures performed in this context differ in nature and timing and are less extent as compared to reasonable assurance engagements. The level of assurance obtained in a limited assurance engagement is therefore substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We apply the 'Nadere Voorschriften Kwaliteitssystemen' (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our review included among others:

- Identifying areas of the report where a material misstatement, whether due to fraud or error, are most likely to occur, designing and performing assurance procedures responsive to these areas, and obtaining assurance information that is sufficient and appropriate to provide a basis for our conclusion;



- Reviewing the application of the Eligibility Criteria used in the preparation of the Eligible Green Project Portfolio in the Ahold Delhaize Green Bond Allocation Report;
- Considering the internal control relevant to the examination in order to select assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of the company's internal control;
- Making inquiries with relevant staff at Ahold Delhaize responsible for the data collection and reporting of the Eligible Green Project Portfolio;
- Perform analytical review procedures and evaluate internal and external documentation on a limited test basis to determine whether the information in the Eligible Green Project Portfolio is plausible and in line with the Eligibility Criteria;
- Evaluating the presentation, structure and content of the Ahold Delhaize Green Bond Allocation Report; and
- Considering whether the Ahold Delhaize Green Bond Allocation Report as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We have communicated with management regarding, among other matters, the timing of the review and significant findings that we identify during our review.

Amstelveen, 25 April 2024

KPMG Accountants N.V.

L.A. Ekkels RA