Ahold Delhaize

Type of Engagement: Annual Review
Date: June 15, 2020
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Introduction

In June 2019, Koninklijke Ahold Delhaize N.V. ("Ahold Delhaize") issued €600 million of sustainability bonds to finance its transition to sustainable food systems as well as low carbon operations. In 2020, Ahold Delhaize engaged Sustainalytics to review the projects funded through the issued sustainability bonds and to provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in its Sustainability Bond Framework ("Framework").

Evaluation Criteria

Sustainalytics evaluated the projects funded in 2019 based on whether they:
1. Met the Use of Proceeds and Eligibility Criteria outlined in the Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Framework.

Table 1: Use of Proceeds (UoP), Eligibility Criteria, and associated KPIs

<table>
<thead>
<tr>
<th>UoP Theme</th>
<th>UoP Categories</th>
<th>Eligibility Criteria</th>
<th>Key performance indicators (KPIs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement of Sustainably</td>
<td>Environmentally Sustainable Management of Living</td>
<td>Procurement of sustainably produced products, including certified sustainable Products, in the year of issuance. Costs related to:</td>
<td>• Percentage of sales from sustainability sourced own-brand products (for Certified seafood, tea, coffee and cocoa)</td>
</tr>
<tr>
<td>Produced Products</td>
<td>Natural Resources and Land Use</td>
<td>• Procurement of third-party certified products (including tea, coffee and seafood)</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>• Installation of the &quot;Urban Farm&quot; (to contribute to providing local sustainable products as well as educational programs and workshops for schools)</td>
<td></td>
</tr>
<tr>
<td>Climate Impact</td>
<td>Renewable Energy</td>
<td>Expenditures related to investments in renewable energy including from on-site or off-site solar, wind, geothermal, and bio-digesters. Feedstock for bio-digesters to be derived from retail store and distribution center food waste, and possibly other waste streams.</td>
<td>• Annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent</td>
</tr>
<tr>
<td></td>
<td>Energy Efficiency</td>
<td>Expenditures related to increasing energy efficiency of stores and distribution centers. Costs related to:</td>
<td>• Annual energy savings in MWh (electricity) and GJ (other energy savings)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Energy efficiency projects: LED lighting installations, efficiency devices on heaters and heat pumps; installing doors or curtains on</td>
<td></td>
</tr>
</tbody>
</table>
Shrink is as any removal of food from the food supply chain which is or was at some point fit for human consumption, but has been disposed of, or has spoiled or expired, mainly as a result of economic behavior, poor stock management, neglect, theft or cash shortages.  

<table>
<thead>
<tr>
<th><strong>Green Buildings</strong></th>
<th>Expenditures related to stores, offices or warehouses that have received or are expected to receive Gold or Platinum LEED certification, BREEAM ‘Excellent’ or ‘Outstanding’ certification, or a nationally recognized equivalent certification.</th>
</tr>
</thead>
</table>
| **Pollution Prevention and Control** | Expenditures related to waste prevention, including operational improvements and food donations, food waste recycling, waste recycling, optimizing packaging for sustainability. Costs related to: | • Percentage of total food waste recycled  
• Tonnes of food waste reduced  
• Tonnes of waste recycled  
• Tonnes of plastic reduced  

| **Access to Healthy Food** | Expenditures related to implementation and expansion of healthier eating initiatives while maintaining affordability, including R&D for reformulated products and marketing and distribution of healthier products. Costs related to: | • Percentage of sales from healthier products  

| **Promoting Healthier Eating** |  |  

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Issuing Entity’s Responsibility

Ahold Delhaize is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Ahold Delhaize’s Sustainability Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from Ahold Delhaize employees and review of documentation to confirm the conformance with the Ahold Delhaize.

Sustainalytics has relied on the information and the facts presented by Ahold Delhaize with respect to the Nominated Projects. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by Ahold Delhaize.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted, nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of Ahold Delhaize’s Sustainability Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Framework. Ahold Delhaize has disclosed to Sustainalytics that the proceeds of the sustainability bond were fully allocated as of the end of 2019.

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2 [https://www.choicesprogramme.org/](https://www.choicesprogramme.org/)
3 Sustainalytics’ limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.
Detailed Findings

Table 3: Detailed Findings

<table>
<thead>
<tr>
<th>Eligibility Criteria</th>
<th>Procedure Performed</th>
<th>Factual Findings</th>
<th>Error or Exceptions Identified</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Use of Proceeds Criteria</strong></td>
<td>Verification of the projects funded by the sustainability bond in 2019 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Ahold Delhaize and above in Table 1.</td>
<td>All projects reviewed complied with the Use of Proceeds criteria.</td>
<td>None</td>
</tr>
<tr>
<td><strong>Reporting Criteria</strong></td>
<td>Verification of the projects funded by the sustainability bond in 2019 to determine if impact of projects was reported in line with the KPIs outlined in the Ahold Delhaize and above in Table 1. For a list of KPIs reported please refer to Appendix 1.</td>
<td>All projects reviewed reported on at least one KPI per Use of Proceeds criteria.</td>
<td>None</td>
</tr>
</tbody>
</table>
## Appendix 1: Impact Reporting by Eligibility Criteria

<table>
<thead>
<tr>
<th>UoP Themes</th>
<th>UoP Categories</th>
<th>Environmental Impact Reported by Eligibility Criteria (For the year 2019)</th>
</tr>
</thead>
</table>
| Procurement of Sustainably Produced Products  | Environmentally Sustainable Management of Living Natural Resources and Land Use | • 97% of own-brand products containing tea certified against an acceptable standard  
• 96% of own-brand coffee products certified against an acceptable standard  
• 84% of own-brand products containing cocoa certified against an acceptable standard  
• 98% of own-brand seafood product sales certified against an acceptable standard, from sustainable sources assessed by a credible third party, or from credible FIPs / AIPs (Fishery and Aquaculture Improvement Projects) |
| Climate Impact                                | Renewable Energy                                                               | • 51 million kWh of total renewable electricity produced on site in 2019  
• 32% change in CO2 equivalent emissions per m² of sales area (from 2008 baseline) as result of utilization of renewable energy and implementation of energy efficiency measures  
• 78% of refrigerants used in 2019 were ozone friendly refrigerants |
|                                               | Energy Efficiency                                                               | • Construction of a new warehouse for bol.com (Ahold Delhaize’s online retailer), which was rated as BREEAM Outstanding.                                                                                                                                           |
|                                               | Green Buildings                                                                | • 77% of total food waste recycled  
• 77% of waste recycled  
• 9% reduction in food waste (measured in tonnes of food waste per sales t/€ million) and compared to a 2016 baseline.                                                                                                                                  |
|                                               | Pollution Prevention and Control                                                | • 48% of healthy own-brand food sales as a proportion of total own-brand food sales  
• 95% of own-brand products with front-of-pack nutritional labeling |
|                                               | Access to Healthy Food                                                          |                                                                                                                                                                                                                                                                     |
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