



Governance

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Our Executive Committee and Management Board¹

A balance of expertise and experience

Our Executive Committee and Management Board provide a management structure designed to support our business, meet the needs of our stakeholders and comply with relevant rules and regulations. Our Executive Committee is comprised of our Management Board (that has ultimate responsibility for the overall management of the company) and certain of our key officers.



Dick Boer

President and Chief Executive Officer

Chairman Management Board and Executive Committee

Dick Boer (August 31, 1957) is a Dutch national. On September 29, 2010, the Supervisory Board appointed him Chief Executive Officer of Ahold, effective March 1, 2011. Prior to that date, Dick had served as Chief Operating Officer Ahold Europe since November 6, 2006.

Dick joined Ahold in 1998 as CEO of Ahold Czech Republic and was appointed President and CEO of Albert Heijn in 2000. In 2003, he became President and CEO of Ahold's Dutch businesses. Ahold's shareholders appointed him to the Management Board on May 3, 2007.

Prior to joining Ahold, Dick spent more than 17 years in various retail positions for SHV Holdings N.V. in the Netherlands and abroad and for Unigro N.V.

Dick is co-chair of The Consumer Goods Forum, member of the board of the European Retail Round Table, and vice chair and a member of the executive board of The Confederation of Netherlands Industry and Employers (VNO-NCW). He is also a member of the advisory board of G-star.



Jeff Carr

Executive Vice President and Chief Financial Officer

Member Management Board and Executive Committee

Jeff Carr (September 17, 1961) is a British national. Ahold's shareholders appointed him to the Management Board on April 17, 2012. Jeff joined Ahold in November 2011 as acting member of the Management Board and Chief Financial Officer (CFO).

Before joining Ahold, Jeff was group finance director and a member of the board at UK-based FirstGroup, the leading transport operator in the United Kingdom and North America. He began his career at Unilever, and held senior roles in finance at easyJet, Associated British Foods, Reckitt Benckiser and Grand Metropolitan. Jeff has served as CFO of listed companies since 2005, and has lived and worked in Europe and the United States.



James McCann

Executive Vice President and Chief Operating Officer Ahold USA

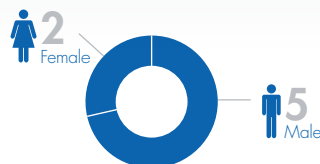
Member Management Board and Executive Committee

James McCann (October 4, 1969) is a British national. Ahold's shareholders appointed him to the Management Board on April 17, 2012. James had first joined Ahold on September 1, 2011, as acting member of the Management Board and Chief Commercial & Development Officer. On February 1, 2013, he became Chief Operating Officer Ahold USA.

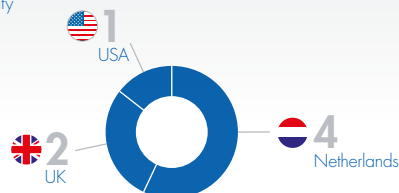
Before joining Ahold, James was executive director for Carrefour France and a member of Carrefour's group executive board for one year. During the previous seven years, he held leading roles in various countries for Tesco plc. Prior to that, he worked for Sainsbury's, Mars and Shell.

Board diversity

Gender



Nationality



¹ The duties of the Management Board are described under Corporate Governance in this Annual Report.

Our Executive Committee and Management Board (continued)

**Hanneke Faber****Chief Commercial Officer**

Member Executive Committee

Hanneke Faber (April 19, 1969) is a Dutch national. On August 21, 2013, the Supervisory Board appointed Hanneke as Chief Commercial Officer and member of the Executive Committee, effective September 1, 2013. She is responsible for leading the global online and customer loyalty initiatives, ensuring and accelerating an integrated approach to the first two pillars of Ahold's strategy, "increasing customer loyalty" and "broadening our offering."

Before joining Ahold, Hanneke was vice president and general manager Global Pantene, Head & Shoulders and Herbal Essences at Procter & Gamble. She began her career at Procter & Gamble in 1992 and has held various senior roles in marketing in both Europe and in the United States.

**Abbe Luersman****Chief Human Resources Officer**

Member Executive Committee

Abbe Luersman (December 4, 1967) is a U.S. national. The Supervisory Board appointed Abbe as Chief Human Resources Officer and member of the Executive Committee, effective November 1, 2013. She is responsible for HR, inclusive of talent, performance, leadership and organizational development, Total Reward and HR Services and Solutions.

Before joining Ahold, Abbe worked for Unilever, where she held various HR leadership roles, most recently as head of Human Resources for Unilever Europe. Prior to Unilever, Abbe worked at Whirlpool Corporation, holding various senior roles in human resources, both in the United States and internationally.

**Jan Ernst de Groot****Chief Legal Officer**

Member Executive Committee

Jan Ernst de Groot (April 11, 1963) is a Dutch national. On January 8, 2015, the Supervisory Board appointed Jan Ernst as Chief Legal Officer and member to the Executive Committee, effective February 1, 2015. He is responsible for legal affairs, the Company's governance and compliance functions, product integrity, and our responsible retailing strategy.

Before joining Ahold, Jan Ernst was general counsel and managing director External Affairs & Corporate Responsibility at TNT Express. Prior to that, he worked for KLM Royal Dutch Airlines in a wide range of business and legal roles, most recently as managing director and member of the board of management. He was also responsible for the development and implementation of KLM's transformative sustainability strategy.

Jan Ernst is chairman of the supervisory councils of Hivos and Wetlands International. He is a board member of the Hermitage Museum Amsterdam and of the U.S. non-profit Salzburg Global Seminar where he chairs the health & sustainability committee.

**Wouter Kolk****Chief Operating Officer Ahold Netherlands
and Chief Executive Officer Albert Heijn**

Member Executive Committee

Wouter Kolk (April 26, 1966) is a Dutch national. On January 14, 2015, the Supervisory Board appointed Wouter as Chief Executive Officer Albert Heijn and member of the Executive Committee, effective February 1, 2015. Wouter had re-joined Ahold in 2013 as EVP Specialty Stores and New Markets at Albert Heijn following a six-year career as CEO of international retailer WE Fashion. He first started at Ahold in 1991, and over the next 16 years served in several commercial and operational management roles, including Commercial Director Asia-Pacific based in Singapore, Regional Director Albert Heijn, General Manager Gall & Gall, and, until 2007, General Manager of Etos.

Supervisory Board



Rob van den Bergh

Chairman (ad interim)

Chairman of the Remuneration Committee

Rob van den Bergh (April 10, 1950) is a Dutch national. He was appointed to the Supervisory Board on April 20, 2011, and his term runs until 2015. Rob was designated as interim Chairman of the Supervisory Board on June 14, 2014, to temporarily replace Jan Hommen in view of his appointment as CEO of KPMG the Netherlands. Rob is former CEO of VNU N.V. Prior to that, he held various other executive positions within VNU and was a member of the executive board from 1992 until his appointment as CEO in 2000. Rob is currently chairman of the supervisory boards of Stichting Isala Klinieken and N.V. Deli Maatschappij, from which latter board Rob will step down as of April 1, 2015. Rob is a member of the advisory boards of CVC Capital Partners and Pon Holdings B.V.



Judith Sprieser

Vice Chairman

Judith Sprieser (August 3, 1953) is a U.S. national. She was first appointed to the Supervisory Board on May 18, 2006, and she will step down from the Supervisory Board following our 2015 annual General Meeting of Shareholders. Judith is former CEO of Transora Inc., which she founded in 2000. Prior to that, she was executive vice president and CFO of Sara Lee Corporation. She is the managing director of Warrenton Advisors LLC and a director of Allstate Corporation, Reckitt Benckiser plc., Jimmy Choo plc., Intercontinental Exchange Inc. and Experian plc.



Stephanie Shern

Chairman of the Audit Committee

Stephanie Shern (January 7, 1948) is a U.S. national. She was first appointed to the Supervisory Board on May 18, 2005, and her term runs until 2017. Stephanie was with Ernst & Young for over 30 years, most recently as vice chairman and global director of retail and consumer products and a member of Ernst & Young's U.S. Management Committee. She is the lead director and chair of the audit committee of Gamestop and a member of the board and audit committee of Abercrombie & Fitch. Stephanie is also a member of the advisory board of Pennsylvania State University's accounting major program and a founding member of the Lead Director Network and of the Southwest Region of the United States Audit Committee Network, both organized by Tapestry Networks in the United States.



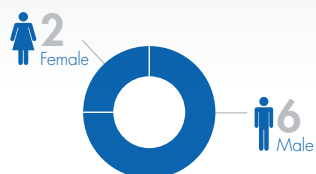
Jan Hommen

Chairman of the Selection and Appointment Committee

Jan Hommen (April 29, 1943) is a Dutch national. He was appointed to the Supervisory Board at the General Meeting of Shareholders on April 17, 2013. His term runs until 2017. Jan was previously Vice Chairman of Ahold's Supervisory Board and served as Chairman of the Audit Committee from 2003 to 2007. He is the former CEO of ING Group N.V., former CFO and vice chairman of the board of management of Royal Philips Electronics N.V. and former CFO of Aluminum Company of America. He has held chairman positions on the supervisory boards of TNT N.V. and Reed Elsevier N.V. and was a member of the board of Campina. Currently he is the CEO of KPMG the Netherlands, chairman of Brabantse Ontwikkelings Maatschappij Holding B.V. and a member of the supervisory board of PSV N.V. He is also chairman of the board of trustees of Tilburg University and a member of the board of trustees of the Royal Concertgebouw Orchestra.

Board diversity

Gender



Nationality





Derk Doijer

Derk Doijer (October 9, 1949) is a Dutch national. He was first appointed to the Supervisory Board on May 18, 2005, and his term runs until 2017. Derk is a former member of the executive board of directors of SHV Holdings N.V. and, prior to that, held several executive positions in the Netherlands and South America. He is chairman of the supervisory board of Lucas Bols N.V.



Mark McGrath

Mark McGrath (August 10, 1946) is a U.S. national. He was appointed to the Supervisory Board on April 23, 2008, and his term runs until 2016. Mark is a director emeritus of McKinsey & Company. He led the firm's Americas' Consumer Goods Practice from 1998 until 2004, when he retired from the company. Mark is a former director of GATX and Aware, Inc. He is advisory board chairman of the University of Notre Dame's Kellogg International Studies Institute. He also serves on the advisory councils of the University of Chicago's Booth Graduate School of Business and Notre Dame's Kroc International Peace Studies Institute. Mark is a trustee and serves on the executive committee of the Chicago Symphony Orchestra Association.



Ben Noteboom

Ben Noteboom (July 4, 1958) is a Dutch national. He was appointed to the Supervisory Board on April 28, 2009, and his term runs until 2017. Ben is former CEO and chairman of the executive board of Randstad Holding N.V., to which he was appointed in 2001. He had first joined Randstad in 1993 and held various senior management positions during his time with the company. Ben is a member of the boards of the Holland Festival Foundation and the Cancer Center Amsterdam.



René Hooft Graafland

René Hooft Graafland (September 24, 1955) is a Dutch national. He was appointed to the Supervisory Board on April 16, 2014, with effect from January 1, 2015, and his term runs until 2018. René currently holds the position of CFO and member of the executive board of Heineken N.V., from which position he will step down in April 2015. Before being appointed member of Heineken's executive board in 2002, he held various international management positions with the company in Europe, Asia and Africa. René is member of the supervisory board of Wolters Kluwer N.V. and, as of May 1, 2015, of the supervisory board of Koninklijke FrieslandCampina N.V. He is also chairman of the supervisory board of Royal Theatre Carré and member of the board of the Stichting African Parks Foundation.

Corporate governance

Ahold is committed to a corporate governance structure that best supports its business and meets the needs of its stakeholders and that complies with relevant rules and regulations.

This section contains an overview of our corporate governance structure and includes information required under the Dutch Corporate Governance Code.

Governance structure

Koninklijke Ahold N.V. (the Company) is a public company under Dutch law with a two-tier board structure. Our Management Board has ultimate responsibility for the overall management of Ahold. We also have an Executive Committee comprised of our Management Board as well as certain key officers of the Company. The Executive Committee is led by the Chief Executive Officer and is accountable to the Management Board. The Management Board is supervised and advised by a Supervisory Board. The Management Board and the Supervisory Board are accountable to Ahold's shareholders.

Our Company is structured to effectively execute our strategy and to balance local, continental and global decision-making. It is comprised of a Corporate Center and three platforms: Ahold USA, Ahold The Netherlands and Ahold Czech Republic, each of which contains a number of businesses.

The following diagram shows Ahold's governance structure. A list of subsidiaries, joint ventures and associates is included in *Note 36* to the consolidated financial statements.

Management Board and Executive Committee

The Executive Committee manages our general affairs and ensures that we can effectively implement our strategy and achieve our objectives. The Management Board is ultimately responsible for the actions and decisions of the Executive Committee, and the overall management of Ahold. For a more detailed description of the responsibilities of the Executive Committee and the Management Board, please refer to the rules of procedure in the corporate governance section of Ahold's public website at www.ahold.com.

Composition

According to our Articles of Association, the Management Board must consist of at least three members. The current members of the Management Board are: Dick Boer, President and Chief Executive Officer; Jeff Carr, Executive Vice President and Chief Financial Officer; Lodewijk Hijmans van den Bergh, Executive Vice President and Chief Corporate Governance Counsel; and James McCann, Executive Vice President and Chief Operating Officer Ahold USA. The current members of the Executive Committee are the members of the Management Board plus Hanneke Faber, Chief Commercial Officer; Wouter Kolk, Chief Operating Officer Ahold Netherlands and Chief Executive Officer Albert Heijn; Abbe Luersman, Chief Human Resources Officer and Jan Ernst de Groot, Chief Legal Officer. In October 2014, we announced that Lodewijk Hijmans van den Bergh, Chief Corporate Governance Counsel and member of the Management Board and Executive Committee, would step down. This will take effect as of March 1, 2015. The size and composition of our Management Board and Executive Committee and the combined experience and expertise of their members should reflect the best fit for Ahold's profile and strategy. This aim for the best fit, in combination with the availability of qualifying candidates, has resulted in Ahold, as of March 1, 2015, having a Management Board in which all three members are male and an Executive Committee in which five members are male and two are female. In order to increase gender diversity of the Management Board, in accordance with article 2:276 section 2 of the Dutch Civil Code, we pay close attention to gender diversity in the process of recruiting and

appointing new Management Board members. In addition, we continuously recruit female executives, as demonstrated by the appointment of two women to the Executive Committee. We also encourage the professional development of female associates, which has already led to the promotion of several women to key leadership positions across the Group.

Appointment, suspension and dismissal

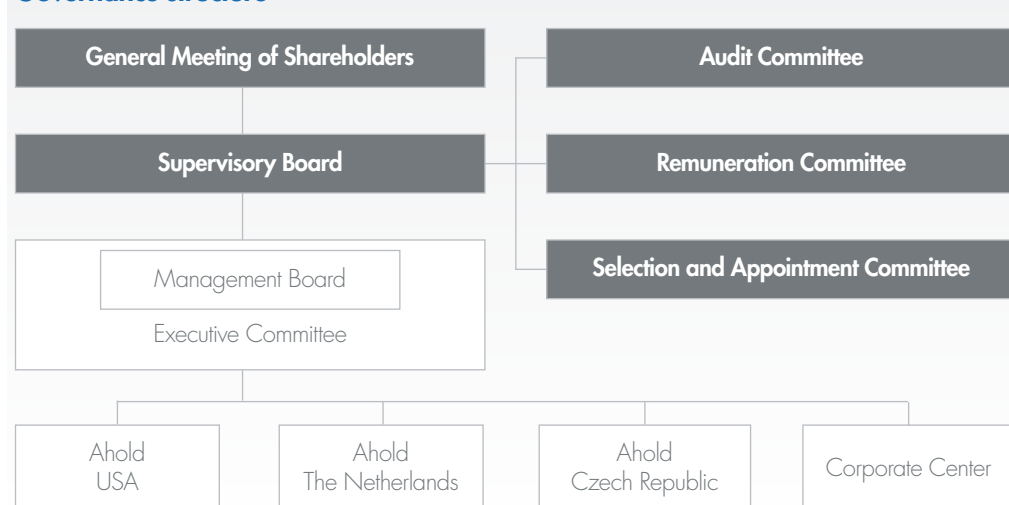
The General Meeting of Shareholders can appoint, suspend, or dismiss a Management Board member by an absolute majority of votes cast, upon a proposal made by the Supervisory Board. If another party makes the proposal, an absolute majority of votes cast, representing at least one-third of the issued share capital, is required. If this qualified majority is not achieved, but a majority of the votes exercised was in favor of the proposal, then a second meeting may be held.

In the second meeting, only a majority of votes exercised, regardless of the number of shares represented at the meeting, is required to adopt the proposal. Management Board members are appointed for four-year terms and may be reappointed for additional terms not exceeding four years. The Supervisory Board may at any time suspend a Management Board member.

Remuneration

On April 17, 2013, Ahold's General Meeting of Shareholders adopted our current remuneration policy for Management Board members. You can find details of this policy in Remuneration. For detailed information on the individual remuneration of Management Board members, see *Notes 31* and *32* to the consolidated financial statements.

Governance structure



Possible reappointment schedule of Management Board

Name	Date of birth	Date of first appointment	Date of possible reappointment
Dick Boer	August 31, 1957	May 3, 2007	2015
Jeff Carr	September 17, 1961	April 17, 2012	2016
Lodewijk Hijmans van den Bergh	September 16, 1963	April 13, 2010	NA*
James McCann	October 4, 1969	April 17, 2012	2016

* Lodewijk Hijmans van den Bergh will step down from the Management Board as of March 1, 2015.

Supervisory Board

The Supervisory Board is responsible for supervising and advising our Management Board and overseeing the general course of affairs and strategy of the Company. The Supervisory Board is guided in its duties by the interests of the Company and the enterprise connected with the Company, taking into consideration the overall good of the enterprise and the relevant interests of all its stakeholders. The Supervisory Board is responsible for monitoring and assessing its own performance. Ahold's Articles of Association require the approval of the Supervisory Board for certain major resolutions proposed to be taken by the Management Board, including:

- Issuance of shares
- Acquisitions, redemptions, repurchases of shares, and any reduction in issued and outstanding capital
- Allocation of duties within the Management Board and the adoption or amendment of the Rules of Procedure of the Executive Committee and the Management Board
- Significant changes in the identity or the nature of the Company or its enterprise

Appointment

The General Meeting of Shareholders can appoint, suspend or dismiss a Supervisory Board member by an absolute majority of votes cast, upon a proposal made by the Supervisory Board. If another party makes the proposal, an absolute majority of votes cast, representing at least one-third of the issued share capital, is required. If this qualified majority is not achieved but a majority of the votes exercised was in favor of the proposal, then a second meeting may be held. In the second meeting, only a majority of votes exercised, regardless of the number of shares represented at the meeting, is required. A Supervisory Board member is appointed for a four-year term and is eligible for reappointment. However, a Supervisory Board member may not serve for more than 12 years.

You can find more detailed information on the Supervisory Board in the Supervisory Board report. The Rules of Procedure of the Supervisory Board can be found in the corporate governance section of Ahold's public website at www.ahold.com. The composition of the Supervisory Board, including its members' combined experience and expertise, independence, and diversity of age and gender, should reflect the best fit for Ahold's profile and strategy. This aim for the best fit, in combination with the availability of qualifying candidates, has resulted in Ahold currently having a Supervisory Board in which two members are female and six members are male. In order to increase gender diversity in the Supervisory Board in accordance with article 2:276 section 2 of the Dutch Civil Code, we pay close attention to gender diversity in the process of recruiting and appointing new Supervisory Board candidates.

Conflict of interest

Each member of the Management Board is required to immediately report any potential conflict of interest to the Chairman of the Supervisory Board and to the other members of the Management Board and provide them with all relevant information. Each member of the Supervisory Board is required to immediately report any potential conflict of interest to the Chairman of the Supervisory Board and provide him or her with all relevant information. The Chairman determines whether there is a conflict of interest. If a member of the Supervisory Board or a member of the Management Board has a conflict of interest with the Company, the member may not participate in the discussions and / or decision-making process on subjects or transactions relating to the conflict of interest. The Chairman of the Supervisory Board will arrange for such transactions to be disclosed in the Annual Report. No such transaction occurred in 2014. In accordance with best practice provision III.6.4 of the Dutch Corporate Governance Code, Ahold reports that no transactions between the Company and legal or natural persons who hold at least 10% of the shares in the Company occurred in 2014.

Shares and shareholders' rights

General Meeting of Shareholders

Ahold shareholders exercise their rights through annual and extraordinary General Meetings of Shareholders. We are required to convene an annual General Meeting of Shareholders in the Netherlands each year, no later than six months after the end of the Company's financial year. Additional extraordinary General Meetings of Shareholders may be convened at any time by the Supervisory Board, the Management Board, or by one or more shareholders representing at least 10% of the issued share capital. The agenda for the annual General Meeting of Shareholders must contain certain matters as specified in Ahold's Articles of Association and under Dutch law, including the adoption of our annual financial statements. Shareholders are entitled to propose items for the agenda of the General Meeting of Shareholders provided that they hold at least 1% of the issued share capital or the shares that they hold represent a market value of at least €50 million. The adoption of such a proposal requires a majority of votes cast at the General Meeting of Shareholders representing at least one-third of the issued shares. If this qualified majority is not achieved but a majority of the votes exercised was in favor of the proposal, then a second meeting may be held. In the second meeting, only a majority of votes exercised is required to adopt the proposal, regardless of the number of shares represented at the meeting (unless the law or Articles of Association provide otherwise). Proposals for agenda items for the General Meeting of Shareholders must be submitted at least 60 days prior to the date of the meeting. The General Meeting of Shareholders is also entitled to vote on important decisions regarding Ahold's identity or character, including major acquisitions and divestments.

Dutch law prescribes a record date to be set 28 days prior to the date of the General Meeting of Shareholders to determine whether a person may attend and exercise the rights relating to the General

Meeting of Shareholders. Shareholders registered at that date are entitled to attend and to exercise their rights as shareholders in relation to the General Meeting of Shareholders, regardless of a sale of shares after the record date. Shareholders may be represented by written proxy.

We encourage participation in Ahold's General Meetings of Shareholders. We use Deutsche Bank Trust Company Americas, the Depository for the Company's ADR facility, to enable ADR holders to exercise their voting rights, which are represented by the common shares underlying the ADRs.

Voting rights

Each common share entitles its holder to cast one vote. Subject to certain exceptions provided by Dutch law or our Articles of Association, resolutions are passed by a majority of votes cast. A resolution to amend the Articles of Association that would change the rights vested in the holders of a particular class of shares requires the prior approval of a meeting of that particular class. A resolution to dissolve the Company may be adopted by the General Meeting of Shareholders following a proposal of the Management Board made with the approval of the Supervisory Board. Any proposed resolution to wind up the Company must be disclosed in the notice calling the General Meeting of Shareholders at which that proposal is to be considered.

Neither Ahold nor any of its subsidiaries may cast a vote on any share they hold in the Company. These shares are not taken into account for the purpose of determining how many shareholders are represented or how much of the share capital is represented at the General Meeting of Shareholders. Holders of depositary receipts of cumulative preferred financing shares may attend the General Meeting of Shareholders. The voting rights on the underlying shares may be exercised by the Stichting Administratiekantoor Preferente Financierings Aandelen Ahold (SAPFAA), a foundation organized under the laws of the Netherlands.

Corporate governance (continued)

Cumulative preferred financing shares

All outstanding cumulative preferred financing shares have been issued to SAPFAA. Holders of depositary receipts can obtain proxies from SAPFAA. In accordance with its articles, the board of SAPFAA consists of three members: one A member, one B member and one C member. The A member is appointed by the general meeting of depositary receipt holders, the B member is appointed by the Company and the C member is appointed by a joint resolution of the A member and the B member. As of February 25, 2015, the members of the board of SAPFAA are:

Member A:	J.L. van der Giessen
Member B:	C.W. de Monchy
Member C:	H.J. Baeten, Chairman

Ahold pays a mandatory annual dividend on cumulative preferred financing shares, which is calculated in accordance with the provisions of article 39.4 of the Company's Articles of Association. For further details on cumulative preferred financing shares and the related voting rights, see *Note 22* to the consolidated financial statements.

Cumulative preferred shares

No cumulative preferred shares are currently outstanding. We entered into an option agreement with the Dutch foundation Stichting Ahold Continuïteit (SAC) designed to exercise influence in the event of a potential change of control over the Company. The purpose of SAC, according to its articles of association, is to safeguard the interests of the Company and all its stakeholders and to resist, to the best of its ability, influences that might conflict with those interests by affecting the Company's continuity, independence or identity.

As of February 25, 2015, the members of the board of SAC are:

Name	Principal or former occupation
W.G. van Hassel, Chairman	Former lawyer and former chairman Dutch Bar Association
G.H.N.L. van Woerkom	Former President and CEO of ANWB
J. van den Belt	Former CFO Océ
B. Vree	CEO APM Terminals Europe

SAC is independent from the Company. For details on Ahold's cumulative preferred shares, see *Note 20* to the consolidated financial statements.

Issue of additional shares and preemptive rights

Shares may be issued following a resolution by the General Meeting of Shareholders on a proposal of the Management Board made with the approval of the Supervisory Board. The General Meeting of Shareholders may resolve to delegate this authority to the Management Board for a period of time not exceeding five years. A resolution of the General Meeting of Shareholders to issue shares, or to authorize the Management Board to do so, is also subject to the approval of each class of shares whose rights would be adversely affected by the proposed issuance or delegation. The General Meeting of Shareholders approved a delegation of this authority to the Management Board, relating to the issuance and / or granting of rights to acquire common shares up to a maximum of 10% of the issued common shares through October 16, 2015, and subject to the approval of the Supervisory Board.

Upon the issuance of new common shares, holders of Ahold's common shares have a preemptive right to subscribe to common shares in proportion to the total amount of their existing holdings of Ahold's common shares. According to the Company's Articles of Association, this preemptive right does not apply to any issuance of shares to Ahold associates. The General Meeting of Shareholders may decide to restrict or exclude preemptive rights. The General Meeting of Shareholders may also resolve to

designate the Management Board as the corporate body authorized to restrict or exclude preemptive rights for a period not exceeding five years. The General Meeting of Shareholders has delegated to the Management Board, subject to the approval of the Supervisory Board, the authority to restrict or exclude the preemptive rights of holders of common shares upon the issuance of common shares and / or upon the granting of rights to subscribe for common shares through October 16, 2015.

Repurchase by Ahold of its own shares

Ahold may only acquire fully paid shares of any class in its capital for a consideration following authorization by the General Meeting of Shareholders and subject to certain provisions of Dutch law and the Company's Articles of Association, if:

- Shareholders' equity minus the payment required to make the acquisition is not less than the sum of paid-in and called-up capital and any reserves required by Dutch law or Ahold's Articles of Association; and
- Ahold and its subsidiaries would not, as a result, hold a number of shares exceeding a total nominal value of 10% of the issued share capital. The Management Board has been authorized to acquire a number of common shares in the Company or depositary receipts for shares, as permitted within the limits of the law and the Articles of Association and subject to the approval of the Supervisory Board. Such acquisition of shares, at the stock exchange or otherwise, will take place at a price between par value and 110% of the opening price of the shares at Euronext Amsterdam by NYSE Euronext on the date of their acquisition. The authorization takes into account the possibility to cancel the repurchased shares. This authorization is valid through October 16, 2015. Ahold may acquire shares in its capital for no consideration or for the purpose of transferring these shares to associates through share plans or option plans, without such authorization.

Major shareholders

Ahold is not directly or indirectly owned or controlled by another corporation or by any government. The Company does not know of any arrangements that may, at a subsequent date, result in a change of control, except as described under "Cumulative preferred shares" above.

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'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'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 25, 2015, that hold an interest of 3% or more in the share capital of the Company. For details on the number of outstanding shares, see *Note 20* to the consolidated financial statements. For details on capital structure, listings, share performance and dividend policy in relation to Ahold's common shares, see *Investors*.

The following disclosures were on record in the AFM register on February 25, 2015, of shareholders that hold an interest of 3% or more in the share capital of the Company¹.

Corporate governance (continued)

- Silchester International Investors LLP – 2.99% shareholding (3.58% voting rights) disclosed on January 21, 2015
- Blackrock, Inc – 2.88% shareholding (4.35% voting rights) disclosed on September 5, 2014
- Mondrian Investment Partners Limited – 4.26% shareholding (4.99% voting rights) disclosed on September 27, 2012
- ING Groep N.V. – 9.26% shareholding (4.92% voting rights) disclosed on April 8, 2008²
- DeltaFort Beleggingen I B.V. – 11.23% shareholding (3.82% voting rights) disclosed on August 23, 2007²
- Stichting Administratiekantoor Preferente Financieringsaandelen Ahold – 20.19% shareholding (6.55% voting rights) disclosed on July 13, 2012³

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.

2 The interest on record for ING Groep N.V. and DeltaFort Beleggingen B.V. includes both the direct and real interest from the common shares as well as the indirect and / or potential interest from the depository receipts.

3 SAPFAA holds all outstanding cumulative preferred financing shares and it issued corresponding depository receipts to investors that were filed under ING Group N.V. and DeltaFort Beleggingen B.V. Therefore, in relation to the outstanding cumulative preferred financing shares, disclosures are made by both SAPFAA (for the shares) and by ING Group N.V. and DeltaFort Beleggingen B.V. (for the corresponding depository receipts).

Articles of Association

Our Articles of Association outline certain of the Company's basic principles relating to corporate governance and organization. The current text of the Articles of Association is available at the Trade Register of the Chamber of Commerce and Industry for Amsterdam and on our public website at www.ahold.com.

The Articles of Association may be amended by the General Meeting of Shareholders. A resolution to amend the Articles of Association may be adopted by an absolute majority of the votes cast upon a proposal of the Management Board. If another party makes the proposal, an absolute majority of votes cast representing at least one-third of the issued share capital, is required. If this qualified majority is not achieved but a majority of the votes is in favor of the proposal, then a second meeting may be held. In the second meeting, only a majority of votes, regardless of the number of shares represented at the meeting, is required. The prior approval of a meeting of holders of a particular class of shares is required for a proposal to amend the Articles of Association that makes any change in the rights that vest in the holders of shares of that particular class.

Auditor

The General Meeting of Shareholders appoints the external auditor. The Audit Committee recommends to the Supervisory Board the external auditor to be proposed for (re)appointment by the General Meeting of Shareholders. In addition, the Audit Committee evaluates and, where appropriate, recommends the replacement of the external auditors. On April 16, 2014, the General Meeting of Shareholders appointed PricewaterhouseCoopers Accountants N.V. as external auditor for the Company for the financial year 2014.

Decree Article 10 EU Takeover Directive

According to the Decree Article 10 EU Takeover Directive, we have to report on, among other things, our capital structure, restrictions on voting rights and the transfer of securities, significant shareholdings in Ahold, the rules governing the appointment and dismissal of members of the Management Board and the Supervisory Board and the amendment of the Articles of Association, the powers of the Management Board (in particular the power to issue shares or to repurchase shares), significant agreements to which Ahold is a party and which are put into effect, changed or dissolved upon a change

of control of Ahold following a takeover bid, and any agreements between Ahold and the members of the Management Board or associates providing for compensation if their employment ceases because of a takeover bid.

The information required by the Decree Article 10 EU Takeover Directive is included in this *Corporate governance* section and under *Investors*, and the notes referred to in these sections or included in the description of any relevant contract.

Compliance with Dutch Corporate Governance Code

We apply the relevant principles and best practices of the Dutch Corporate Governance Code applicable to the Company, to the Management Board and to the Supervisory Board, in the manner set out in the Governance section, as long as it does not entail disclosure of commercially sensitive information, as accepted under the code. The Dutch Corporate Governance Code was last amended on December 10, 2008, and can be found at www.commissiecorporategovernance.nl.

Our shareholders consented to apply the Dutch Corporate Governance Code during the Extraordinary General Meeting of Shareholders on March 3, 2004. Ahold continues to seek ways to improve its corporate governance by measuring itself against international best practice.

Following Jan Hommen's appointment as CEO of KPMG the Netherlands, the Supervisory Board designated Rob van den Bergh as interim Chairman of the Supervisory Board to temporarily replace Jan Hommen as Chairman of the Supervisory Board as of June 14, 2014. Given his experience, Rob van den Bergh was the most obvious choice for the position, although his designation was in deviation from best practice III.5.11 of the Dutch Corporate Governance Code. The Supervisory Board endeavors to resolve this temporary non-compliance with section III.5.11 of the Dutch Corporate Governance Code shortly and with due care to the interests of the Company.

Corporate Governance statement

The Dutch Corporate Governance Code requires companies to publish a statement concerning their approach to corporate governance and compliance with the Code. This is referred to in article 2a of the decree on additional requirements for annual reports "Vaststellingsbesluit nadere voorschriften inhoud jaarverslag" last amended on January 1, 2010 (the Decree). The information required to be included in this corporate governance statement as described in articles 3, 3a and 3b of the Decree, which are incorporated and repeated here by reference, can be found in the following sections of this Annual Report:

- The information concerning compliance with the Dutch Corporate Governance Code (published at www.commissiecorporategovernance.nl), as required by article 3 of the Decree, can be found in the section *Compliance with the Dutch Corporate Governance Code*.
- The information concerning Ahold's risk management and control frameworks relating to the financial reporting process, as required by article 3a sub a of the Decree, can be found in the relevant section under *How we manage risk*.
- The information regarding the functioning of Ahold's General Meeting of Shareholders and the authority and rights of Ahold's shareholders, as required by article 3a sub b of the Decree, can be found in the relevant sections under *Shares and shareholders' rights*.
- The information regarding the composition and functioning of Ahold's Management Board and the Company's Supervisory Board and its committees, as required by article 3a sub c of the Decree, can be found in the relevant sections under *Corporate governance*.
- The information concerning the inclusion of the information required by the Decree Article 10 EU Takeover Directive, as required by article 3b of the Decree, can be found in the section *Decree Article 10 EU Takeover Directive*.

Supervisory Board report

The Supervisory Board is an independent corporate body responsible for supervising and advising our Management Board and overseeing the general course of affairs and strategy of the Company. The Supervisory Board is guided in its duties by the interests of the Company and the enterprise connected with the Company, taking into consideration the overall good of the enterprise and the relevant interests of all its stakeholders.

Composition of the Supervisory Board

Ahold's Supervisory Board determines the number of its members. The Supervisory Board profile is published on Ahold's public website at www.ahold.com. The composition of the Supervisory Board should match this profile in terms of combined experience and expertise, independence, and variety of ages and genders. The Supervisory Board is of the opinion that its composition is currently in accordance with the profile. The Supervisory Board profile is updated regularly.

The Rules of Procedure of the Supervisory Board state that if a member is concurrently a member of another company's Supervisory Board, the main duties arising from and / or the number and nature of any other supervisory board memberships must not conflict or interfere with that person's duties as a member of Ahold's Supervisory Board. On April 16, 2014, the General Meeting of Shareholders appointed René Hooft Graafland as a member of the Supervisory Board with effect from January 1, 2015, and reappointed Judith Spriesser for a third term. On April 15, 2015, Rob van den Bergh will be nominated for reappointment.

Induction

Ongoing education is an important part of good governance. New members of our Supervisory Board attend a multiple-day induction program at our businesses in the U.S. and the Netherlands and at Corporate Center in Zaandam at which they are briefed on their responsibilities and informed by senior management on the financial, social, corporate responsibility, human resources, governance, legal and reporting affairs of our Company and businesses. Throughout the year, all members of our Supervisory Board visit several of our businesses, operations and other parts of the Company to gain greater familiarity with senior management and to develop deeper knowledge of local operations, opportunities and challenges.

Diversity profile Supervisory Board

Name	Date of birth	American	Netherlands	International experience	Retail	Food industry	Finance	Social / employment	CR	Disclosure / communication	Marketing	Management experience	Gender
Rob van den Bergh	April 10, 1950		•	•						•		•	M
Judith Spriesser	August 3, 1953	•		•		•	•	•		•		•	F
Stephanie Shern	January 7, 1948	•		•	•		•			•	•	•	F
Jan Hommen	April 29, 1943		•	•			•	•	•	•		•	M
Derk Doijer	October 9, 1949		•	•	•	•						•	M
Mark McGrath	August 10, 1946	•		•	•	•					•	•	M
Ben Noteboom	July 4, 1958		•	•				•	•	•	•	•	M
René Hooft Graafland	September 24, 1955		•	•		•	•			•	•	•	M

Retirement and reappointment schedule

Name	Date of initial appointment	Date of reappointment	Date of possible reappointment
Rob van den Bergh	April 20, 2011		2015
Judith Spriesser	May 18, 2006	April 16, 2014	2018*
Stephanie Shern	May 18, 2005	April 17, 2013	—
Jan Hommen	April 17, 2013		2017**
Derk Doijer	May 18, 2005	April 17, 2013	—
Mark McGrath	April 23, 2008	April 17, 2012	2016
Ben Noteboom	April 28, 2009	April 17, 2013	2017
René Hooft Graafland (effective January 1, 2015)	April 16, 2014		2018

* Judith Spriesser will step down from the Supervisory Board following our 2015 annual General Meeting of Shareholders.

** Jan Hommen will not be available for reappointment in 2017.

Supervisory Board report (continued)

Meetings and activities of the Supervisory Board

In 2014, the Supervisory Board held six meetings in person and four meetings by conference call. The Chief Executive Officer, Chief Financial Officer and Chief Corporate Governance Counsel attended the meetings. The other members of the Executive Committee as well as other senior corporate, continental and local management were regularly invited to be present. The Supervisory Board held several private meetings without other attendees to independently review certain issues and to discuss matters related to the functioning of the Management and Supervisory Boards. The external auditor at the time attended the meeting on February 25, 2014, at which the 2013 Annual Report and financial statements were recommended for adoption by the annual General Meeting of Shareholders. The Supervisory Board assessed its own performance over 2014, that of its committees and its individual members, as well as the performance of the Management Board and its individual members through a survey, followed by one-on-one meetings with the Chairman and a private meeting (partly) attended by the CEO. The Supervisory Board was positive, overall, about its own performance as well as the performance of its committees and the Management Board. As part of the outcome of the assessment, the Supervisory Board will closely monitor the succession planning of both the Supervisory Board and the Executive Committee. The members of the Supervisory Board have regular contact with the members of the Management Board and other Company management outside of the scheduled meetings of the Supervisory Board. These informal consultations ensure that the Supervisory Board remains well-informed about the running of the Company's operations.

During 2014, the Supervisory Board reviewed matters related to all significant aspects of Ahold's activities, results, strategies and management. During its meetings throughout the year, the Supervisory Board reviewed reports from its various committees and regularly assessed the functioning of the Management Board, the organizational strategy, talent management and succession planning.

- In January 2014, the Supervisory Board held two conference calls: one to discuss the FY / Q4 2013 Trading Statement and the organizational changes in Ahold's European business and one to discuss and approve an offer to acquire SPAR's business in Czech Republic.
- In February 2014, the Supervisory Board met to discuss the FY / Q4 2013 results and the 2013 Annual Report and financial statements, including related reports from the internal and external auditors and a report from the Management Board on the Company's internal control system. The Supervisory Board supported the dividend proposal and approved the agenda and explanatory notes for the annual General Meeting of Shareholders in April 2014, including the proposal to appoint René Hooft Graafland as member of the Supervisory Board and the proposal for the nomination of the external auditor. The Supervisory Board established the annual compensation of the Management Board members in accordance with the Company's remuneration policy and with the assistance of the Remuneration Committee.
- Also in February 2014, the Supervisory Board appointed Judith Sprieser as Vice Chairman of the Supervisory Board and adopted the Rules of Procedure of the Supervisory Board as a replacement for the former charters of the Supervisory Board and its committees. The Board also reviewed Ahold's responsible retailing initiatives and approved its 2013 Responsible Retailing Report. Furthermore, the Supervisory Board received updates on the U.S., Netherlands, and Czech businesses, the functioning of

IT systems, the enterprise risk management of the Group and major legal proceedings with potential impact on Ahold.

- The successive 2014 quarterly results and related reports and updates were discussed in May, August and November 2014, respectively. Prior to the annual General Meeting of Shareholders on April 16, 2014, the Supervisory Board met to review updates on the Dutch and U.S. businesses and, in particular, Albert Heijn's strategic initiatives.
- In May, the Supervisory Board held a conference call to further discuss the intended settlement in the Waterbury class action in the U.S.
- Also in May, the Supervisory Board appointed Rob van den Bergh as interim Chairman of the Supervisory Board effective June 14, 2014, temporarily replacing Jan Hommen, in view of his appointment as CEO of KPMG the Netherlands.

- In July, the Supervisory Board met in the U.S. to visit the Ahold USA divisions and to review the Company's strategy as part of the annual strategic planning cycle, including specific reviews of several strategic initiatives.
- The Supervisory Board visited Ahold's Czech business during its meeting in August 2014.
- The Supervisory Board members attended the Company's leadership development program in the U.S. in October 2014 and held a meeting at which they reviewed strategic initiatives and market developments in Ahold's businesses in the U.S. and the Netherlands, including its online businesses.
- The Supervisory Board also reviewed and approved the Company's long-term business and finance plans.
- In November 2014, the Supervisory Board met to discuss and approve the annual budget for 2015 and to review annual updates on responsible retailing and product integrity.

Attendance, independence

Except on three occasions, and for valid reasons, all Supervisory Board members attended all Supervisory Board meetings in 2014. All Supervisory Board members made adequate time available to give sufficient attention to matters concerning Ahold. The Supervisory Board confirms that as of February 25, 2015, all Supervisory Board members are independent within the meaning of provision III.2.2 of the Dutch Corporate Governance Code.

Board Attendance	Number of meetings held	Number of meetings attended
Rob van den Bergh	6	6
Judith Sprieser	6	5
Stephanie Shern	6	5
Jan Hommen	6	6
Derk Doijer	6	6
Mark McGrath	6	6
Ben Noteboom	6	5

Supervisory Board report (continued)

Remuneration

The annual remuneration of the members of the Supervisory Board was determined by the General Meeting of Shareholders on April 16, 2014. Remuneration is subject to an annual review by the Supervisory Board.

Chairman Supervisory Board	€95,000
Vice Chairman Supervisory Board	€75,000
Member Supervisory Board	€65,000
Chairman Audit Committee	€17,500
Member Audit Committee	€12,000
Chairman Remuneration Committee	€12,000
Member Remuneration Committee	€9,000
Chairman Selection and Appointment Committee	€12,000
Member Selection and Appointment Committee	€9,000
Travel compensation intercontinental	€7,500
Travel compensation continental	€2,500

Travel compensation per round trip air travel.

Committees of the Supervisory Board

The Supervisory Board has three permanent committees to which certain tasks are assigned. The committees provide the Supervisory Board with regular updates on their meetings. The Chairman of the Supervisory Board attends all committee meetings. The composition of each committee is detailed in the following table.

	Audit Committee	Remuneration Committee	Selection and Appointment Committee
Rob van den Bergh, Chairman		Chairman	Member
Judith Sprieser, Vice Chairman	Member	Member	
Stephanie Shern	Chairman	Member	
Jan Hommen			Chairman
Derk Doijer	Member		Member
Mark McGrath		Member	Member
Ben Noteboom		Member	Member
René Hooft Graafland	Member		Member

Audit Committee

The Audit Committee assists the Supervisory Board in its responsibility to oversee Ahold's financing, financial statements, financial reporting process and system of internal business controls and risk management. The Chief Executive Officer, Chief Financial Officer, Chief Corporate Governance Counsel, Senior Vice President Internal Audit, Senior Vice President Accounting, Reporting, Risks & Controls and representatives of the external auditor are invited to and also attend the Audit Committee meetings. Other members of senior staff are invited when the Audit Committee deems it necessary or appropriate. The Audit Committee determines how the external auditor should be involved in the content and publication of financial reports other than the financial statements. The Management Board and the Audit Committee report to the Supervisory Board annually on their dealings with the external auditor, including the auditor's independence. The Supervisory Board takes these reports into account when deciding on the nomination for the appointment of an external auditor that is submitted to the General Meeting of Shareholders.

In 2014, the Audit Committee held six meetings in person and one conference call to review the publication of quarterly results.

Throughout the year, the Audit Committee closely monitored the financial closing process. Updates on internal controls were provided during all Audit Committee meetings. The Audit Committee was informed regularly on compliance and reviewed and received regular updates on Ahold's whistleblower program.

The Audit Committee was closely involved in the evaluation of Ahold's external auditor, in accordance with provision V.2.3 of the Dutch Corporate Governance Code.

The Audit Committee further discussed items including:

- Quarterly interim reports
- 2013 Annual Report including the financial statements
- Review and approval of the internal audit plan
- Review of and discussions on the findings in the internal audit letter and the management letter of the external auditor
- Ahold's finance structure
- Treasury
- Tax
- Pensions
- Guarantees
- Insurance
- Appointment of the external auditor
- Code of Conduct

The Audit Committee and the Chairman of the Audit Committee also held private individual meetings with the Chief Financial Officer, Senior Vice President Internal Audit and external auditor.

In a separate private meeting, the Audit Committee carried out a self-evaluation on the basis of written questionnaires, which provided the framework for discussions on its own functioning as well as that of its individual members. This review concluded that the Audit Committee's composition, its work processes, the scope and depth of its activities, its interfaces with the Management Board and the Supervisory Board, and the personal contribution of each individual committee member are satisfactory and adequately serve the Company's needs.

The Supervisory Board has determined that Stephanie Shern, Judith Sprieser and René Hooft Graafland are "Audit Committee Financial Experts" within the meaning of the Dutch Corporate Governance Code.

Supervisory Board report (continued)

Selection and Appointment Committee

In 2014, the Selection and Appointment Committee held four meetings, all of which the Chief Executive Officer was invited to attend. The Committee's main areas of focus were long-term succession planning for the Supervisory Board and management development. It was also involved in organizational and management changes at Ahold Netherlands and Ahold USA and discussed overall succession and management development processes at Ahold. During one of its meetings, the Selection and Appointment Committee evaluated its own functioning and concluded that its composition and activities are satisfactory and adequately serve the Company's needs.

Remuneration Committee

The main responsibilities of the Remuneration Committee include:

- Preparing proposals for the Supervisory Board on the remuneration policy for the Management Board, to be adopted by the General Meeting of Shareholders
- Preparing proposals on the remuneration of individual members of the Management Board
- Advising on the level and structure of compensation for senior personnel other than members of the Management Board

In 2014, the Remuneration Committee held three meetings, all of which the Chief Executive Officer was invited to attend. For more information on the remuneration policy, see *Remuneration*. During one of its meetings, the Remuneration Committee evaluated its own functioning and concluded that its composition and activities are satisfactory and adequately serve the Company's needs.

Conclusion

The Supervisory Board is of the opinion that during the year 2014, its composition, mix and depth of available expertise; working processes; level and frequency of engagement in all critical Company activities; and access to all necessary and relevant information and the Company's management and staff were satisfactory and enabled it to carry out its duties towards all the Company's stakeholders.

The Supervisory Board would like to thank Sander van der Laan and Lodewijk Hijmans van den Bergh for their highly valued contributions to the Company.

The Supervisory Board would like to thank Ahold's shareholders for the trust they have put in the Company and its management. The Supervisory Board also wishes to express its appreciation for the continued dedication and efforts of the Management Board and all Ahold's associates.

Supervisory Board

Zaandam, the Netherlands
February 25, 2015

How we manage risk

Having a structured and consistent approach to managing risks and uncertainties is key to being able to fulfill our stakeholders' expectations.

In order to meet our Reshaping Retail objectives, Ahold needs to be agile and entrepreneurial to respond quickly and effectively to rapid changes in the retail landscape. Having a well-established and embedded risk management approach benefits our decision making processes to create and preserve value. Managing risks and unpredictable conditions in a timely way increases the likelihood that we will achieve our business objectives, while ensuring compliance with internal and external requirements.

Ahold strives for a culture of openness and transparency in which identified risks are disclosed proactively and unexpected events are reported as soon as they occur. Risk management is an integral part of responsible leadership.

Risk management and internal control

Enterprise risk management

Ahold's enterprise risk management program is designed to provide executive management with an understanding of the Company's key business risks and associated risk management practices. Within each business, management identifies the principal risks to the achievement of important business objectives and the actions needed to mitigate these risks. Senior executives periodically review these risks and the related mitigation practices. The findings are aggregated into an enterprise risk management report that is presented to the Executive Committee and the Supervisory Board. Executive management is required to review the principal risks and risk management practices with the Executive Committee as a regular part of the business planning and performance cycle. In turn, the Executive Committee provides complementary insights into existing and emerging risks that are subsequently included in the program. Ahold's enterprise risk management program influences the formation of controls and procedures, the scope of internal audit activities and the focus of the business planning and performance process.

Risk appetite

Risk boundaries are set through our strategy, Code of Conduct, bill of authority, budgets and policies. Our risk appetite differs by objective category:

→ Strategic

In pursuing our strategic ambition to grow, Ahold is prepared to take risks in a responsible way that takes our stakeholders' interests into account.

→ Operational

The core promise of our Company: "better every day," applies to the day-to-day running of our businesses and describes our commitment to be a better place to shop, a better place to work, and a better neighbor. Risks related to our promises should be in balance with the related rewards.

→ Financial

With respect to financial risks, Ahold has a prudent financing strategy, including a balanced combination of self-insurance and commercial insurance coverage. The Company is committed to maintaining an investment grade credit rating.

→ Compliance

At Ahold, an essential part of responsible retailing is behaving according to our values. One of Ahold's values is "Doing what's right," which means that the Company and all its employees are responsible for acting with honesty, integrity, and respect for others. We strive to comply with applicable laws and regulations everywhere we do business.

Control framework

We maintain the Ahold Business Control Framework (ABC Framework), which incorporates risk assessment, control activities and monitoring into our business practices at entity-wide and functional levels. The aim of the ABC Framework is to provide reasonable assurance that risks to achieving important objectives are identified and mitigated. The ABC Framework is based on the recommendations of the Committee of Sponsoring Organizations of the Treadway Commission (COSO ERM).

We have developed uniform governance and control standards in areas such as ethical conduct, agreements, accounting policies and product integrity. These and other policies and procedures are incorporated into the ABC Framework as mandatory guidelines for all of Ahold's consolidated entities. Local management is responsible for business operations, including risk mitigation and compliance with laws and regulations. Authority limits have been established to ensure that all expenditures and decisions are approved by the appropriate levels of management.

How we manage risk (continued)

Our key control requirements are documented in Ahold Control Memoranda (ACMs). Compliance with the ACMs is mandatory for all of Ahold's fully-owned entities. The ACMs cover controls relating to financial reporting and various other business processes. They include the requirement for management to assess the operating effectiveness of all ACM key controls.

Our Global Code of Conduct (the "Code") focuses on Ahold's core value "Doing what's right" and establishes Group-wide principles and rules with regard to employee conduct. It is intended to help each employee understand and follow relevant compliance and integrity rules and know when and where to ask for advice or report a breach of the Code. The principles of the Code apply to all employees of Ahold and its operating companies. Employees of defined grade levels have been trained and acknowledge compliance with the Code on an annual basis. The full Code is available in the corporate governance section of Ahold's public website at www.ahold.com.

Monitoring and assurance

We use a comprehensive business planning and performance review process to monitor the Company's performance. This process covers the adoption of strategy, budgeting and the reporting of current and projected results. We assess business performance according to both financial and non-financial targets. In order to meet business needs and the requirements of the Dutch Corporate Governance Code, we have a Group-wide management certification process in place, which requires that the executive management team members at each of our reporting entities send letters of representation to the Chief Corporate Governance Counsel on a quarterly basis. These letters confirm whether the reporting

entities are in compliance with Ahold's global Code of Conduct, policies on fraud prevention and detection, accounting and internal control standards, and disclosure requirements. Compliance with Ahold's responsible retailing standards is confirmed through bi-annual letters of representation. Both our Internal Control and Internal Audit functions help to ensure that we maintain and improve the integrity and effectiveness of our system of risk management and internal control. Internal Audit undertakes regular risk-based, objective and critical audits. These functions also monitor the effectiveness of corrective actions undertaken by management, including significant audit findings.

Governance, Risk management and Assurance Committee

An ExCo sub-committee, the Governance, Risk management and Assurance (GRA) Committee, oversees governance, risk management and assurance processes. The GRA Committee is chaired by the Chief Corporate Governance Counsel and (i) advises the Executive Committee on matters concerning the GRA Framework, including an overall GRA vision and strategy, (ii) oversees activities to develop and maintain a fit-for-purpose GRA Framework and (iii) engages with Ahold's senior management on important developments in the context of GRA.

During 2014, the GRA Committee met three times. In addition to Ahold's Chief Corporate Governance Counsel (Chairman), the Chief Financial Officer sits on the GRA Committee, along with the heads of Finance of our main businesses and other members of management responsible for governance, risk management, compliance and assurance functions.

Declaration

Annual declaration on risk management and control systems regarding financial reporting risks
Ahold supports the Dutch Corporate Governance Code and makes the following declaration in accordance with best practice provision II.1.5:

The Management Board is responsible for establishing and maintaining adequate internal risk management and control systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve important business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

With respect to financial reporting, management has assessed whether the risk management and control systems provide reasonable assurance that the 2014 financial statements do not contain any material misstatements. This assessment was based on the criteria set out in COSO: Internal Control – Integrated Framework. It included tests of the design and operating effectiveness of entity level controls, transactional controls at significant locations, and relevant general computer controls. Any control weaknesses not fully remediated at year end were evaluated. Based on this assessment, management determined that the Company's financial reporting systems are adequately designed and operated effectively in 2014 and provide reasonable assurance that the financial statements are free of material misstatement.

Risk factors

The principal risk factors that may impede the achievement of Ahold's objectives with respect to strategy, operations, financial and compliance matters are described in the following section. The enterprise risk management system, the governance and control standards incorporated within our ABC Framework, and the monitoring systems described above are the principal means by which we identify and manage these risks. Management is not aware of any important failings in these systems as of yearend 2014.

The following overview of risks relating to Ahold should be read carefully when evaluating the Company's business, its prospects and the forward-looking statements contained in this Annual Report. Any of the following risks could have a material adverse effect on Ahold's financial position, results of operations and liquidity or could cause actual results to differ materially from the results contemplated in the forward-looking statements contained in this Annual Report.

The risks described below are not the only risks the Company faces. There may be additional risks that we are currently unaware of or risks that management believes are immaterial or otherwise common to most companies, but which may in the future have a material adverse effect on Ahold's financial position, results of operations, liquidity and the actual outcome of matters referred to in the forward-looking statements contained in this Annual Report. For additional information regarding forward-looking statements, see the *Cautionary notice*.

Ahold's principal risks and uncertainties

Description of risk	Strategy	Key risk drivers	Risk mitigating actions	Potential consequence
<p>Business continuity (O) Disruption of critical business processes may result in non-availability of products for customers</p>	Better place to shop	<ul style="list-style-type: none"> – Dependency on IT systems – Dependency on supply chain – Centralized facilities – Dependency on logistics service providers – Dependency on suppliers of strategic own-brand products and services – Cyber threats 	<ul style="list-style-type: none"> – Business continuity governance structure – Business continuity strategic guidelines and tactical policy – Business continuity framework with guidance, procedures and document templates – Business continuity management plans – Insurance program 	While Ahold continues to maintain and invest in business continuity management plans, business interruptions could have a material adverse effect on the Company's financial position, results of operations, liquidity, customer perception and reputation.
<p>Collective bargaining (O) Ahold's businesses might not be able to negotiate extensions or replacements on acceptable terms, which could result in work stoppages</p>	Better place to work	<ul style="list-style-type: none"> – Expiring collective bargaining agreements – Relationships with the relevant trade unions 	<ul style="list-style-type: none"> – Contract negotiation process – Human Resource functions to support relationships with trade unions – Contingency plans 	A work stoppage due to the failure of one or more of Ahold's businesses to renegotiate a collective bargaining agreement, or otherwise, could be disruptive to our business, lead to adverse publicity and have a material adverse effect on the Company's results of operations and financial position.
<p>Competitive advantage and economic conditions (S) A weak macro-economic climate and changes to the competitive landscape without appropriate response could threaten Ahold's ability to achieve its strategic business plan</p>	Business model	<ul style="list-style-type: none"> – Price perception – Consumer confidence and unemployment – Consumers' purchasing power under pressure – Changes in the retail landscape and competition – Lack of distinctiveness – Inflationary forces impacting cost of goods sold 	<ul style="list-style-type: none"> – Research and monitoring of consumer behavior – Price benchmarking competition – Analysis of economic developments – Promotional activities – Building more personalized customer relationships – Strengthening own brands 	<p>Ahold is focused on the execution of its strategic pillars and promises. Unforeseen effects could impair the effectiveness of Ahold's strategy and reduce the anticipated benefits of its price repositioning and cost savings programs or other strategic initiatives. These factors may have a material adverse effect on the Company's financial position, results of operations and liquidity.</p> <p>For more information see <i>Business review</i>.</p>

1 Risk objectives: strategic (S), operational (O), financial (F) and compliance (C) risks listed in alphabetical order.

Ahold's principal risks and uncertainties

Description of risk	Strategy	Key risk drivers	Risk mitigating actions	Potential consequence
<p>Information security (O)</p> <p>A lack of security around, or non-compliance with, privacy requirements for customer data might negatively impact strategic initiatives relating to customer loyalty</p>	Better place to shop	<ul style="list-style-type: none"> – Consumer confidence – Sensitivity of data – Changing privacy regulations – Use of third parties to process and store data – Global security threats – Growth of online sales 	<ul style="list-style-type: none"> – Strategic and tactical information security policy and guidelines – Information security governance – Control standards for information management and security – Payment Card Industry (PCI) and privacy compliant control framework – Information security capabilities – Information security awareness program – Cyber insurance coverage 	Ahold's business operations generate and maintain confidential commercial and personal information concerning customers, employees, suppliers and the Company. Disclosure of confidential information to unintended third parties may negatively impact Ahold's corporate reputation and competitive position or result in litigation or regulatory action. This could have a material adverse effect on Ahold's financial position.
<p>Legislative and regulatory environment (C)</p> <p>A changing legislative and regulatory environment increases the cost of doing business, tax levels and the complexity of our operations</p>	Simplicity	<ul style="list-style-type: none"> – Compliance deadlines – Increased and targeted enforcement – Government budget deficits – Public opinion / pressure – International Tax Developments (e.g. OECD and EU regulations) 	<ul style="list-style-type: none"> – Knowledge and awareness of regulations – Monitoring, review and reporting on changes – Operational procedures and guidance 	Ahold's activities are subject to various laws and regulations in each local market where it operates. The cost of compliance with any of these laws could impact Ahold's operations and reduce its profitability. See further discussion of consequences of the legislative and regulatory risks below.
<p>Product safety (O, C)</p> <p>The consumption of own-brand products or other food or non-food products, or food fraud in the supply chain could result in our customers' injury, illness or death</p>	Responsible retailing	<ul style="list-style-type: none"> – Internationalization of the supply chain – Incidents across the world – Increased number of own-brand products – Speed of communications (social media) 	<ul style="list-style-type: none"> – Product safety policies – Control standards for food and non-food products – Standard operating procedures – Dedicated product integrity departments at Group level and in the business – Monitoring of performance in the business – Third-party certification 	Though it has mitigating actions in place, Ahold may face product safety problems, including disruptions to the supply chain caused by food-borne illnesses and negative consumer reaction to incidents, which may have a material adverse effect on the Company's reputation, results of operations and financial position.

1 Risk objectives: strategic (S), operational (O), financial (F) and compliance (C) risks listed in alphabetical order.

Ahold's principal risks and uncertainties

Description of risk	Strategy	Key risk drivers	Risk mitigating actions	Potential consequence
<p>Pension plan funding (F) Ahold is exposed to the financial consequences of a number of defined benefit pension plans covering a large number of its employees in the Netherlands and in the United States, as well as multi-employer plans (MEP) covering both pensions and other benefits</p>	<p>Business model</p>	<ul style="list-style-type: none"> – Insolvency or bankruptcy of MEP participants – Decreasing interest rates – Poor stock market performance – Changing pension laws – Longevity – Increasing U.S. healthcare costs 	<ul style="list-style-type: none"> – Governance structure – Yearly MEP risk assessment study – Monitoring MEPs / participants 	<p>A decrease in equity returns or interest rates may negatively affect the funding ratios of Ahold's pension funds, which could lead to higher pension charges and contributions payable. According to Dutch law and / or contractually agreed funding arrangements, Ahold may be required to make additional contributions to its pension plans in case minimum funding requirements are not met. In addition, a significant number of union employees in the United States are covered by MEPs. An increase in the unfunded liabilities of these MEPs may result in increased future payments by Ahold and the other participating employers. The bankruptcy of a participating MEP employer could result in Ahold assuming a larger proportion of that plan's funding requirements.</p> <p>In addition, Ahold may be required to pay significantly higher amounts to fund U.S. employee healthcare plans in the future. Significant increases in healthcare and pension funding requirements could have a material adverse effect on the Company's financial position, results of operations and liquidity.</p> <p>For additional information, see <i>Note 23</i> to the consolidated financial statements</p>
<p>Strategic projects (S) Activities are increasingly undertaken in the form of projects. Ahold might not be able to deliver on the objectives of its strategic projects</p>	<p>Our promises and pillars</p>	<ul style="list-style-type: none"> – Changing retail environment – Dependencies between projects and operational activities – Availability of required capabilities 	<ul style="list-style-type: none"> – Ahold's Executive Committee (ExCo) governance structure – Program and project management – Promises reporting – Embedding pillars and promises in the business 	<p>Ahold is continuing with its strategy to reshape the way we do business and drive growth.</p> <p>If the Company is not able to deliver on the objectives of its underlying strategic projects, the realization of key elements of its strategy may be at risk. This could have a material adverse effect on Ahold's financial position, results of operations and liquidity.</p>

¹ Risk objectives: strategic (S), operational (O), financial (F) and compliance (C), risks listed in alphabetical order.

How we manage risk (continued)

In addition to the principal risks and uncertainties as linked to our strategy above, the Company has risks in the following areas:

Responsible retailing (S, O)

Increased regulatory demands, stakeholder awareness and the growing sentiment that large retailers must address sustainability issues across the entire supply chain mean that Ahold's brands and reputation may suffer if it does not adequately address relevant corporate responsibility issues affecting the food retail industry. Ahold has integrated responsible retailing into its Reshaping Retail strategy to ensure that responsible retailing is part of the daily business. For more information see Ahold's Responsible Retailing Report 2014.

Insurance programs (F)

Ahold manages its insurable risks through a combination of self-insurance and commercial insurance coverage. Our U.S. operations are self-insured for workers' compensation, general liability, vehicle accident and certain health care-related claims. 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. It is possible that the final resolution of some claims may require us to make significant expenditures in excess of our existing reserves. In addition, third-party insurance companies that provide the fronting insurance that is part of our self-insurance programs require us to provide certain collateral. We take measures to assess and monitor the financial strength and credit-worthiness of the commercial insurers from which we purchase insurance. However, we remain exposed to a degree of counterparty credit risk with respect to such insurers. If conditions of economic distress were to cause the liquidity or solvency of our counterparties to deteriorate, we may not be able to recover collateral funds or be indemnified from the insurer in accordance with the terms and conditions of our policies.

Other financial risks (F)

Other financial risks include foreign currency translation risk, credit risk, interest rate risk, liquidity risk and contingent liabilities to third parties relating to lease guarantees.

For information relating to these financial risks, see *Note 30* and *Note 34* to the consolidated financial statements.

Unforeseen tax liabilities (C)

Because Ahold operates in a number of countries, its income is subject to taxation in differing jurisdictions and at differing tax rates. Significant judgment is required in determining the consolidated income tax position. We seek to organize our affairs in a tax-efficient and balanced manner, taking into account the applicable regulations of the jurisdictions in which we operate. As a result of Ahold's multi-jurisdictional operations, it is exposed to a number of different tax risks including, but not limited to, changes in tax laws or interpretations of such tax laws. The tax authorities in the jurisdictions where Ahold operates may audit the Company's tax returns and may disagree with the positions taken in those returns. An adverse outcome resulting from any settlement or future examination of the Company's tax returns may result in additional tax liabilities and may adversely affect its effective tax rate, which could have a material adverse effect on Ahold's financial position, results of operations and liquidity. In addition, any examination by the tax authorities could cause Ahold to incur significant legal expenses and divert management's attention from the operation of its business.

Risks related to the legislative and regulatory environment and litigation (C)

Ahold and its businesses are subject to various federal, regional, state and local laws and regulations in each country in which they operate, relating to, among other areas: zoning; land use; antitrust restrictions; work place safety; public health including food and non-food safety; environmental protection; alcoholic beverage, tobacco and pharmaceutical sales; and information security. Ahold and its businesses are also subject to a variety of laws governing the relationship with employees, including but not limited to minimum wage, overtime, working conditions, health care, disabled access and work permit requirements. The cost of compliance with, or changes in, any of these laws could impact the operations and reduce the profitability of Ahold or its businesses and thus could affect Ahold's financial condition or results of operations. Ahold and its businesses are also subject to a variety of antitrust and similar laws and regulations in the jurisdictions in which they operate, which may impact or limit Ahold's ability to realize certain acquisitions, divestments, partnerships or mergers.

From time to time, Ahold and its businesses are parties to legal and regulatory proceedings in a number of countries, including the United States. Based on the prevailing regulatory environment or economic conditions in the markets in which Ahold businesses operate, litigation may increase in frequency and materiality. These legal and regulatory proceedings may include matters involving personnel and employment issues, personal injury, antitrust claims, franchise claims and other contract claims and matters. We estimate our exposure to these legal proceedings and establish accruals for the estimated liabilities where it is reasonably possible to estimate and where the potential realization of a loss contingency is more likely than not.

The assessment of exposures and ultimate outcomes of legal and regulatory proceedings involves uncertainties. Adverse outcomes of these legal proceedings, or changes in our assessments of proceedings, could potentially result in material adverse effects on our financial results. For further information, see *Note 34* to the consolidated financial statements.

Remuneration

Ahold's remuneration policy is prepared in accordance with the Dutch Corporate Governance Code and was adopted at the General Meeting of Shareholders on April 17, 2013.

Remuneration policy

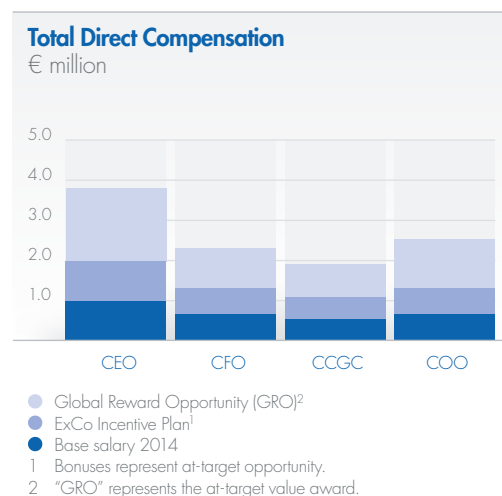
Ahold's remuneration policy aims to attract, motivate and retain the best-qualified workforce, in a cost-effective way. The policy is reviewed annually. The current policy, which was adjusted to be simpler and more transparent than the previous policy, was submitted and approved in the 2013 annual General Meeting of Shareholders. It aligns with our Reshaping Retail strategy and better supports the Company's pay-for-performance culture.

Further details on the Management Board members' employment agreements, individual remuneration, pension, shares, and other interests in Ahold are outlined in *Notes 31* and *32* to the consolidated financial statements.

Total Direct Compensation

Three elements of remuneration – a base salary, an annual cash incentive and a long-term equity-based component – are collectively referred to as Total Direct Compensation.

Although an important component of the overall remuneration package, the pension benefit is not part of Total Direct Compensation. Further details on Ahold's pension benefit are outlined in the chapter *Pensions and other contract terms*.



Benchmark

The competitiveness of the Management Board remuneration is benchmarked annually. The remuneration packages are benchmarked against the same peer group used to benchmark the performance of Ahold (see table below).

Wal-Mart Stores	Costco	Supervalu
Carrefour	Kroger	Delhaize Group
Metro	Target	Staples
Tesco	Safeway	

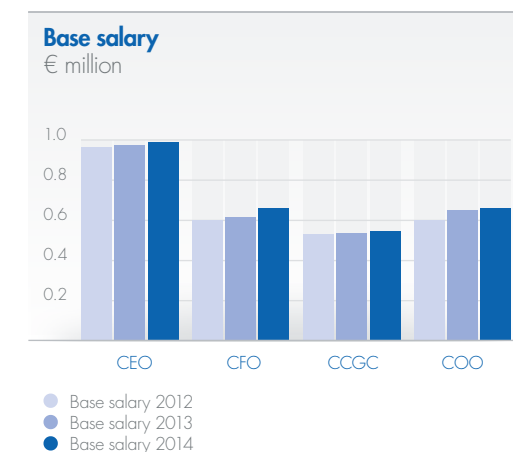
The peer group reflects Ahold's geographic operating areas and the markets most relevant to the recruitment and retention of top management. In addition, AEX market practice in the Netherlands is also taken into consideration. In addition to the level of overall remuneration, Ahold evaluates the composition of the Total Direct Compensation, including the risk profile and the level of fixed (base salary) and variable (annual and long-term incentives) components, on an annual basis.

The target Total Direct Compensation level is typically around the median of the peer group.

In anticipation of potential changes to the peer group due to de-listing, mergers and / or other extraordinary circumstances, the Supervisory Board has defined a short list with substitutes. At the Supervisory Board's discretion, companies in the main peer group can be replaced by companies from the substitute list. In general, geographical spread is leading so, if a U.S.-based peer drops out, it is replaced by a U.S.-based company from the substitute list. For benchmarking purposes, from 2015 onwards, Casino will be the substitute for Safeway in the Ahold peer group. For relative TSR measurement, this substitution comes into effect for all unvested and to-be-granted GRO performance shares.

Base salary

The level of the base salary of the members of the ExCo is derived from the benchmarking of Total Direct Compensation. Adjustment of the base salary is at the discretion of the Supervisory Board.



Annual cash Plan; ExCo Incentive Plan

The Management Board members participate in the ExCo Incentive Plan (EIP). The EIP uses three equally weighted financial measures: net sales growth (30%), operating margin (30%) and operating cash flow (30%) and one non-financial performance measure (10%) that relates to Responsible Retailing as described below.

The at-target payout of the EIP as a percentage of base salary is 100%, contingent on full achievement of the objectives, with a cap at 150% of the base salary.

Ahold does not disclose the actual targets per performance measure, as this is considered commercially sensitive information.

The EIP also includes a non-financial performance measure in addition to the quantitative financial performance measures. This non-financial measure relates to our Responsible Retailing strategic ambitions. Targets set under this non-financial performance measure are qualitative. The score under the non-financial component is linked to the performance of the financial components. If the financial multiplier is zero, the score on the non-financial component will also be zero (regardless of the achieved score on the non-financial component), resulting in no payout.

Equity-based program: Global Reward Opportunity (GRO)

Global Reward Opportunity (GRO) is Ahold's broad-based, long-term equity incentive program, offered to approximately 5,000 associates globally. Under the GRO program, shares are granted through a three-year program. Participants in the GRO program benefit when the value they have created is reflected in the Company's share price.

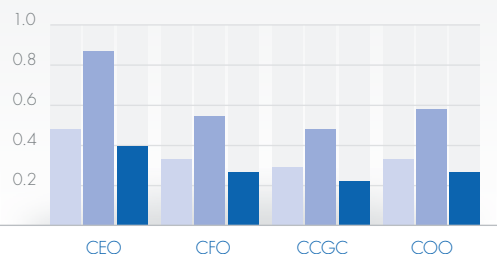
Under the GRO program, three types of shares are granted: one type of conditional share and two types of performance shares.

Conditional shares are shares awarded with a performance hurdle at grant and no performance hurdle at vesting. Performance shares are awarded with either a Return on Capital performance hurdle at vesting or with a Total Shareholder Return hurdle at vesting.

The at-target value of the shares to be granted is divided by the average share price over the six-month period preceding the grant date to calculate the number of shares to be granted.

Scenario analyses are prepared regularly to estimate possible future payout levels.

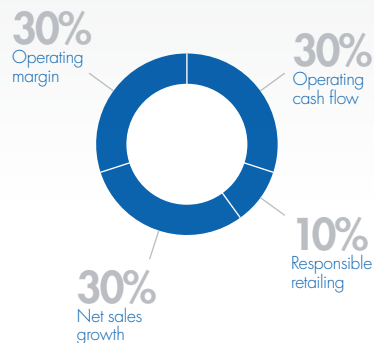
Actual EIP
€ million



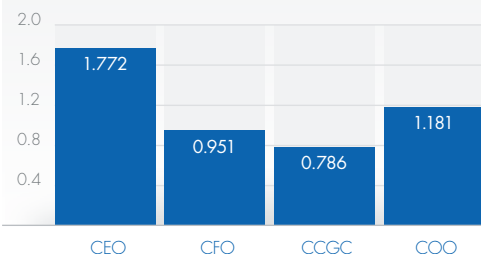
● Actual EIP 2012
● Actual EIP 2013
● Actual EIP 2014¹

¹ 2014 EIP represents accrued bonuses to be paid in 2015 and subject to shareholder approval.

2014 EIP Performance measures
%



2014 Management Board GRO Grant Value
€ million



The 2014 GRO grant value consists of a one-third conditional grant value with an 89% multiplier plus the at-target RoC and TSR performance grants.

Remuneration (continued)

Conditional share grant

The target value to be granted under the conditional share grant component for the Management Board is 50% of base salary. The actual value of the conditional share grant is subject to a performance condition at grant. The performance condition is the EIP multiplier of the preceding year (with a range between 0% and a maximum of 150%). The maximum conditional share grant value is 75% of base salary.

Timeline for 2014 conditional GRO grant

Performance period for EIP	April grant			April vesting
2013	2014	2015	2016	2017

Performance share grant

The target value to be granted under the performance share grant is different for each Management Board position to align this component with market practice. For the CEO and the U.S.-based COO, the target grant value is 135% of base salary and for the CFO and the CCGC the grant value is 100% of base salary. The vesting of the performance shares is subject to a performance hurdle at vesting after a performance period of three years.

Half of the performance share grant is linked to a three-year return on capital target. The number of shares that eventually vest depends on RoC performance and can range between 0% and a maximum of 150% of the number of shares granted.

For the other half of the performance grant, the performance at vesting is measured using relative total shareholders return (TSR). Relative TSR measures share price growth plus dividends paid over the performance period benchmarked against the TSR performance of Ahold's peer group (see table under *Benchmarking*). The number of shares that will vest depends on Ahold's relative ranking in the peer group. An independent external advisor determines the ranking. The table below indicates the percentage of performance shares that will vest based on Ahold's ranking. No shares will vest to Management Board members if Ahold ranks below the sixth position.

2013-2014 GRO program rank	1	2	3	4	5	6	7	8	9	10	11	12
Percentage of performance shares vesting	175%	150%	125%	100%	75%	50%	0%	0%	0%	0%	0%	0%

Remuneration (continued)

At-target grant and maximum vesting (conditional and performance shares)

The at-target grant and maximum vesting (conditional and performance shares) per Management Board member can be summarized as follows:

	At-target grant conditional shares	At-target grant performance shares		Total at-target grant conditional and performance	Maximum vesting conditional shares	Maximum vesting performance shares	Total maximum vesting
		RoC	TSR				
CEO	50%	67.5%	67.5%	185%	75%	219.37%	294.37%
CFO	50%	50.0%	50.0%	150%	75%	162.50%	237.50%
CCGC	50%	50.0%	50.0%	150%	75%	162.50%	237.50%
COO	50%	67.5%	67.5%	185%	75%	219.37%	294.37%

All percentages constitute a percentage of base salary.

2014 GRO share grant calculation

CEO example¹

	At-target share grant (% of base salary)	Multiplier (conditional shares only)	Grant value (base salary x at-target grant x multiplier)	Number of shares granted (award value divided by six-month average)
Grant conditional shares	50.0%	89%	€439,299	32,860
Grant performance shares (RoC)	67.5%	NA	€666,352	49,844
Grant performance shares (TSR)	67.5%	NA	€666,352	49,844
Totals	185.0%		€1,772,002	132,548

¹ Base salary €987,188

Six-month average share price preceding the date of grant of €13.37

Annual incentive multiplier for the preceding year of 0.89

CFO example²

	At-target share grant (% of base salary)	Multiplier (conditional shares only)	Grant value (base salary x at-target grant x multiplier)	Number of shares granted (award value divided by six-month average)
Grant conditional shares	50%	89%	€292,866	21,907
Grant performance shares (RoC)	50%	NA	€329,063	24,614
Grant performance shares (TSR)	50%	NA	€329,063	24,614
Totals	150%		€950,991	71,135

² Base salary €658,125

Six-month average share price preceding the date of grant of €13.37

Annual incentive multiplier for the preceding year of 0.89

History of grant vesting

Analysis shows that the GRO program rewards “pay for performance,” as the value of the grants increased in the case of an above-target performance and decreased in the case of a below-par performance.

Before 2013, the EIP multiplier was applied over the total GRO grant. A low EIP multiplier resulted in a lower GRO grant, a higher multiplier resulted in a higher GRO grant. The EIP multiplier had an amplifying effect on the total GRO grant.

Under the new program, introduced in 2013, the EIP multiplier is only applied over the conditional shares; the performance shares are granted at target. As a result, the amplifying effect of the EIP multiplier has been reduced.

Share holding requirements and ownership guidelines

Management Board members must retain the shares awarded under the GRO program for a period of at least five years from the grant date. A portion of the shares is allowed to be sold to finance tax payable at the date of vesting. All members of the Management Board are required to hold shares in the Company with a value equal to 150% of their base salary before they are allowed to sell shares (other than for paying for taxes due). The holding may be built up by retaining all after-tax shares from the GRO program and does not require additional purchases. The year-end shareholdings of the Management Board are summarized in the paragraph Shares and other interests in Ahold in Note 31.

Claw-back

A claw-back clause is applicable to the Management Board members’ annual cash incentive plan and GRO program.

Pension and other contract terms

Pension

The pension plan for Management Board members is identical to that of all other Ahold associates in the Netherlands and is referred to as a defined benefit plan, based on career average salary (at Ahold). From January 1, 2015 onwards, the normal retirement age is 67 (previously 65). Under this plan, each Management Board member pays a pension premium contribution of approximately 4.2% (2014) of his or her pension-bearing salary. The pension accrual for future benefits has been lowered from 2.25% to 2% as of January 1, 2014; contributions from participants will be gradually increased and the income offset component will be gradually lowered. The employer contribution and the conditional additional funding rules remained the same.

As of January 1, 2015, the pensionable salary has been capped at €96,500 and the income offset component has been lowered again. For salaries over €96,500, a new arrangement will be implemented, which is currently under discussion.

Loans

Ahold does not provide loans or advances to members of the Management Board or the Supervisory Board. There are no loans or advances outstanding. Ahold does not issue guarantees to the benefit of members of the Management Board or the Supervisory Board. There have been no such guarantees issued.

Additional arrangements

In addition to the remuneration of the Management Board members, a number of additional arrangements apply. These include expense allowances, medical insurance and accident insurance, and are in line with standard practice in the Netherlands.

Employment agreements

The term of appointment for all Management Board members is four years, while the term of employment is indefinite. If the Company terminates the employment agreement of any member of the Management Board, the severance payment is limited to one year's base salary. The same applies if an initial employment agreement for four years is not continued because the Management Board member is not reappointed. The employment agreements may be terminated by Ahold with a notice period of 12 months and by the Management Board member with a notice period of six months.

Future outlook

For 2015, no adjustments to the remuneration policy are expected.

Vesting of shares under the GRO plan

On April 16, 2015, a maximum of 0.2 million conditional shares granted in 2012 to members of the Management Board under the mid-term component of the GRO plan and 0.1 million performance shares granted in 2010 to members of the Management Board under the long-term component of the GRO plan are expected to vest with continuing and retired Board members who received the grants. Except to finance tax due on the vesting date, members of the Management Board cannot sell shares for a period of at least five years following the grant date, or until the end of their employment, if this period is shorter.

On February 27, 2015, a maximum of 2.6 million conditional shares granted in 2012 to Ahold associates under the mid-term component of the Global Reward Opportunity (GRO) equity-based long-term incentive plan, 1.2 million performance shares granted in 2010 to Ahold associates under the long-term component of the GRO plan, and 40,000 matching shares granted in 2010 to Ahold associates under the mid-term component of the GRO plan are expected to vest. Vesting is subject to the participant being employed by the Company on the applicable vesting date. On the vesting date, participants are allowed to sell all or part of the shares vested.

The Company will use treasury shares for delivery of the vested shares.

Declarations

This is an extract, please refer to the full copy of the Annual Report 2014