Ahold

Responsible retailing

In this year's report

Welcome!

Welcome to Ahold's 2015 annual Responsible Retailing Report. In this report, we show you how we create a positive impact for our stakeholders and our business, while managing the economic, environmental, and social challenges we are facing. Throughout our businesses and operations, we take full responsibility for our actions and the effect they have on the world around us.

We invite you to explore our ambitions, successes and challenges in 2015, and over the past five years of our Responsible Retailing strategy. Looking ahead, we will also introduce our strategy for the next five years.

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We are Ahold...

We are an international retailing group based in the Netherlands and serving customers in the United States and Europe.

Our strong and trusted local consumer brands, millions of loyal customers, and dedicated associates make us leaders in our markets. Selling great food has been our core business for 129 years.

Today, we have evolved to meet the changing preferences of shoppers through our omni-channel offering. Customers can shop whenever and however is most convenient for them – by means of our great network of stores and market-leading online businesses. In every channel, we offer them all the right choices, with great quality and value and an easy and inspiring shopping experience.

We are committed to being a responsible retailer and an even better neighbor by making meaningful contributions in all our communities. We support the health and well-being of our customers, associates and local communities, source our products responsibly and care for the environment.

Our people make it possible for us to do all this. They are passionate about serving our customers and work hard to get better every day. The relationships they develop with customers build their loyalty and are an important part of why they keep coming back to shop with us.

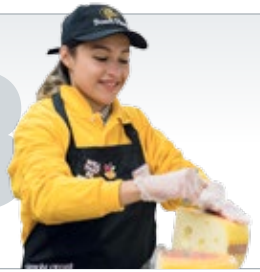
Our proposed merger with Delhaize Group will enable us to create an even better and more innovative retail leader for our customers, associates and shareholders worldwide.

Read more detail:
See the Annual Report

Our scale and reach

Stores serving customers in five countries

3,253



Serving a trade area population of around

90m+

Associates

236,000

Strong and trusted omni-channel retailer, with net consumer online sales

€1.8bn

Our markets and brands

Ahold USA

Stop&Shop
MARTIN'S
Peapod
Giant
GIANT
bfresh

The Netherlands

Albert Heijn
Gall&Gall
Etos
bol.com

Belgium
Germany

Czech Republic

albert

Joint venture

Portugal
pingo doce

Group financial highlights

Net sales
€ million
€38.2bn

Underlying operating income
€ million
€1.5bn

Free cash flow
€ million
€1.2bn

Dividend per common share
€
€0.52

Message from our CEO

Dear stakeholders,

By 2050, the global population is expected to rise more than 25% to around nine billion people, all of whom will need sustainable, safe, affordable, nutritious food and other items, produced and supplied using fewer resources on the same amount of land or less. As a health-conscious and environmentally-focused food retailer, Ahold has the scope – and the commitment – to help create a resilient society that is fit for the future.

A society fit for the future

Helping to make our planet a better, healthier and more resilient place is a commitment we take seriously and a responsibility we embrace. We are working hard to make healthy and more sustainable products more accessible to our customers, and are one of the largest grocery providers of food to those in need in our local communities. We have taken significant steps to ensure responsible sourcing practices throughout our supply chain and are driving significant reductions in carbon emissions and solid waste throughout our operations. At the same time, we remain committed to being a great place to work, supporting our dedicated associates to become the best they can be.

For Ahold, being successful and responsible go hand in hand. In 2011, we introduced our 2011-2015 Responsible Retailing strategy, outlining a set of targets to make sure our stores became a better place to shop, a better place to work and a better neighbor.

I am pleased to report that we have achieved nearly all of our targets and am proud to share some specific results in our priority areas: healthy living, community well-being, our people, responsible products and care for the environment.

Performance highlights 2011-2015

To deliver on our ambition to make it easy for our customers to make healthy food choices we expanded our range of healthy products. We also established ourselves as a source of inspiration for busy families looking for delicious, nutritious meals. 25.0% of our total food sales already come from healthier products, and in many of our markets, we are seen as the number one mainstream retailer for healthy choices.

In our communities, we strive to be a catalyst for positive change. As a major retailer we continue to make fresh, nutritious and affordable food available to people in underserved neighborhoods. We also continuously expand our support to food banks, donating over $10 million of protein-rich food via our "Meat the Need" program in 2015.

Our workforce is a community, too, of skilled, dedicated and caring men and women driven to make a difference for our customers. We recognize that by creating a culture that fosters initiative and facilitates development we will strengthen our competitive edge. These past few years, we have piloted and rolled out innovative performance management programs that allow associates to explore their career interests and manage their progression. We also expanded our healthy living programs with associate-initiated events.

Behind every product we sell there is a story: where the raw materials are grown; what resources are needed to create them; how we buy, move and sell them. Between 2011 and 2015 we worked hard to increase visibility of our own-brand supply chain and I commend our sourcing and quality departments on the progress we have made. We mapped the last production stages of our own-brand suppliers, enhanced the quality of our products and gave customers more insight into the origin and ingredients of the food they buy from us. In seeking to protect the resources we depend on, we have ramped up our efforts in sourcing critical commodities such as palm oil, soy, seafood, coffee, tea and cocoa. While we have more to do, I am proud to be one of the few retailers to tackle all six of these commodities simultaneously.

At last year's historic Paris climate conference, 195 countries adopted the first-ever universal, legally binding climate agreement. We are pleased with this global push. In 2015, we reduced the carbon footprint of our operations by 25.8% against our 2008 baseline. As we drive to achieve "zero-waste-to-landfill" by 2020, we have spearheaded a number of groundbreaking new initiatives, including our very first anaerobic digester system in the U.S. that turns food waste into energy.

Looking forward to our future

Our achievements are helping us lay the foundation for our 2020 ambition to "make a positive impact on the lives of millions." To deliver on this ambition, we will show leadership and vision in the areas of health, community well-being and responsible sourcing. We will step up our efforts to improve and reformulate our offerings, introduce new healthy and sustainable product innovations at affordable prices, increase our support to local communities and further reduce the environmental footprint of our operations. We envision that our proposed merger with Delhaize – which we expect to be completed by mid-2016 – will encourage innovation and a competitive advantage that will benefit our customers, associates, shareholders and communities. Furthermore, we are committed to the UN Global Compact, and this report includes an update of our performance against these principles.

Thank you

Finally, none of this would be possible without our 236,000 dedicated associates who care for customers and put our commitments into practice every day. Their hard work and commitment are what make Responsible Retailing possible.

Dick Boer
Chief Executive Officer

Zaandam, March 2, 2016

Our company strategy – Reshaping Retail framework

How are we reshaping retail at Ahold?

Our strategic ambitions, how we operate and what we want to be as a company are outlined in our Reshaping Retail framework.

All of our businesses share a common vision for the future, and a common set of values. Our successful business model enables us to keep investing in our customer offering, and our promises help us get better every day. Through our strategic pillars, we are accelerating our growth so we will be competitive in years to come.

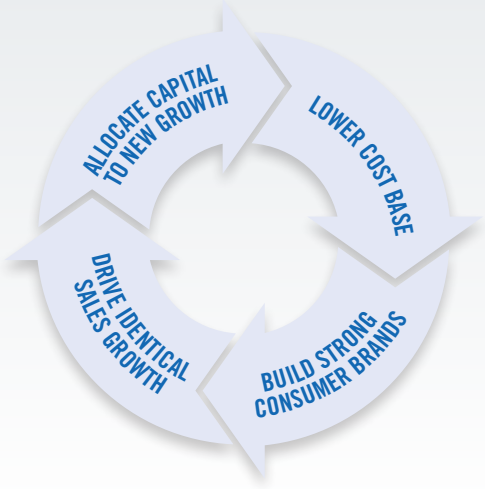
Responsible retailing is one of our pillars to enable growth. Here, we concentrate our efforts on five priority areas: healthy living choices made easy, contribution to community well-being, responsibly sourced products, care for the environment, and our people. In all these areas, we strive to act with integrity and responsibility.

In 2015, we took a momentous step to further improve our strategic position, with the announcement of our intended merger with Delhaize Group. The scale, diversity and expertise we will add to our business through this merger will enhance our ability to deliver on our promises to our stakeholders and generate new growth.

We have a robust **business model**, built on strong local brands…

we are keeping our **promises**…

and we have the ambition to drive performance and go for **growth**.



Ahold is becoming a better place to shop, a better place to work, and a better neighbor.

Creating growth:

- Increasing customer loyalty
- Broadening our offering
- Expanding geographic reach

Enabling growth:

- Simplicity
- Responsible retailing
- People performance

Our values

Putting the customer first; Doing what's right; Winning together; Making ideas happen; Getting better every day

Our vision

Better choice. Better value. Better life. Every day.

Creating value for society

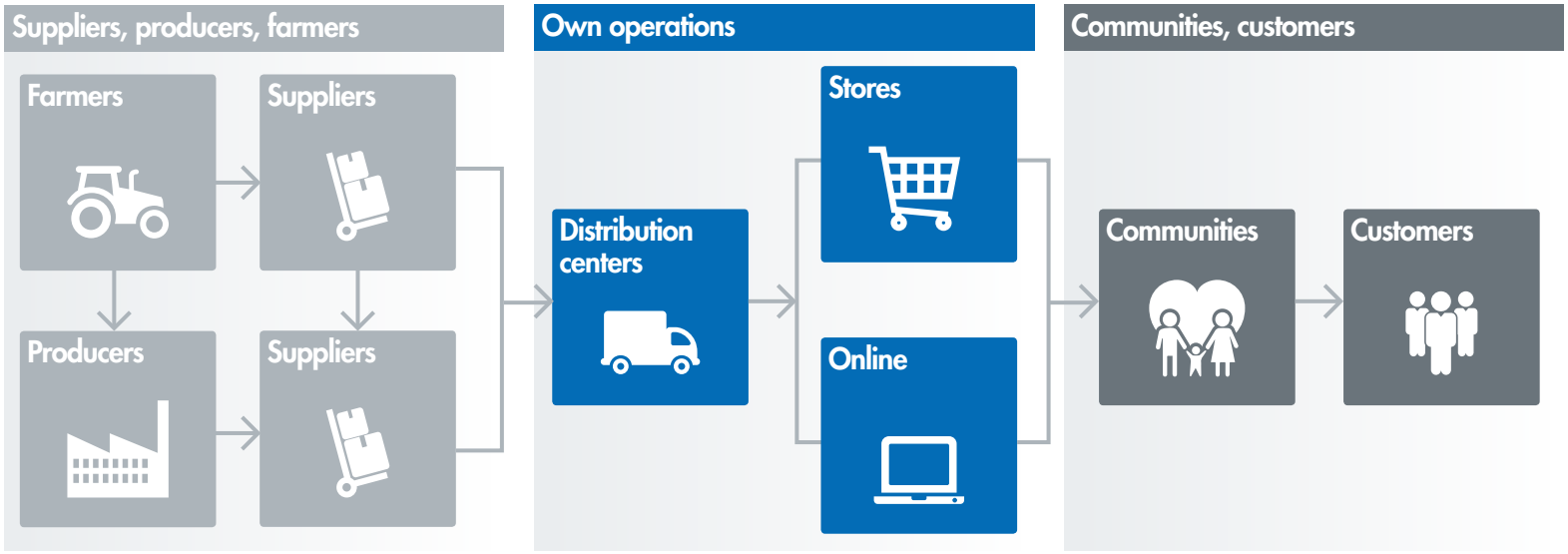
We care about our communities, and the people in them. Committed to making a meaningful contribution to their health and well-being, and creating a society fit for the future, we have made three promises – to be a better place to shop, a better place to work, and a better neighbor. To make this happen, we are endeavoring to build and maintain a responsive value chain that creates real value for everyone involved and that supports our future growth.

Through our Reshaping Retail strategy, we continuously improve our supply chain. We have improved our own operations – cutting costs and eliminating inefficiencies – and enhanced the visibility of our own-brand supply chain. This is a considerable challenge, since our suppliers span the globe.

Our Responsible Retailing strategy in action

Of course, our actions in the areas of healthy living, community well-being, our people, responsible products, and care for the environment have impact on our value chain. For more details, see the "Our performance" section on page 16.

Our supply chain



The three phases of our supply chain:

We buy products

All products start with raw materials. The first phase of our value chain starts with the farmers who grow the raw materials; they then sell these for further processing, or, in the case of fresh produce such as vegetables and fruits, to distributors.

Read more detail

For more information on how we work with suppliers, please see the "Responsible products" section on page 32.

We move products

Our suppliers deliver finished products – packaged and ready for sale – to one of our distribution centers from which they are distributed to our more than 3,200 stores or directly to our customers homes. Our 236,000 associates handle the products in the distribution centers, make sure the shelves of our stores are filled, enabling our customers to buy them.

Read more detail

For more information on how we enhanced our own operations, please see the "Our people" and "Care for the environment" sections on pages 26 and 37.

We sell products

We sell our products through our stores, our online home delivery service and our pick-up points, meeting customers' diverse shopping needs.

Read more detail

For more information on how we serve our customers and communities, please see the "Healthy living" and "Community well-being" sections on pages 17 and 21 .

Our 2015 results

Our scorecard shows our performance in the five key priority areas of our Responsible Retailing strategy against our Group-wide targets and commitments at the end of 2015, which is also the end of our 2011-2015 strategy.

The status column indicates whether we met (green) or missed (red) our target or commitment at the end of 2015.

For 2011-2015 highlights, see the infographic on page 09.

Read more detail:
See pages 16-41

- Completed or on track
- Not met

1 2 3 4 5

Healthy living

Ambition:
Make healthy living choices easy

Target/commitment	Progress	Status
Increase the sale of healthy products to at least 25% of total food sales by 2015 across the Group[1]	**25.0%** healthy products	●
Report on customers' perception of Ahold's businesses as leading healthy retailers	**100%** of our businesses are perceived to be the first or second healthy retailer in their region	●

1 Healthy products are identifiable in-store and online through the use of healthy-choice logos and shelf tags. Products featuring these logos and shelf tags comply with strict criteria that are developed by leading health authorities. For more information see page 45.

1 2 3 4 5

Community well-being

Ambition:
Contribute to the well-being of our communities

Target/commitment	Progress	Status
Measure and report on the number of children educated as part of our healthy living programs	**946,000** children educated	●
Measure and report on our donations	**€68 million** donated	●
Measure and report on food donations to food banks	**€32 million** of food donated	●
Measure and report on the number of stores participating in at least one community well-being event	**1,392** stores participated in community well-being events	●

1 2 **3** 4 5

Our people

Ambition:
Provide a better place to work, and support our associates in living healthier lives

Target/commitment	Progress	Status
Report on our progress on associate engagement	**68%** of associates feel engaged	
Report on our progress on associate participation in healthy living programs	**30,000** participants took part in healthy living programs	
Report on our progress on rolling out sustainability programs	**11** sustainability programs rolled out	

1 2 3 **4** 5

Responsible products

Ambition:
Source our products – including their packaging – with respect for people, animals and the environment

Target/commitment	Progress	Status
Ensure that 80% of our own-brand food suppliers are certified against GFSI-recognized standards	U.S.: **93% suppliers certified** Europe: **96% suppliers certified**	
Ensure that 100% of our own-brand suppliers in high-risk countries[1] are audited on social compliance	U.S.: **70% suppliers audited** Europe: **88% suppliers audited**	
Source 100% of the six critical commodities for own-brand products in accordance with industry certification standards	Coffee: **99%** Tea: **83%** Cocoa: **85%** Palm oil: **100%** Soy: **100%** Seafood: **73%**	
Report on the number of products reviewed against our 4R packaging guidelines	**3,470** products reviewed	

1 The classification of a high-risk country is based on the Human Development Index of the United Nations and the Corruption Perceptions Index of Transparency International.

1 2 3 4 **5**

Care for the environment

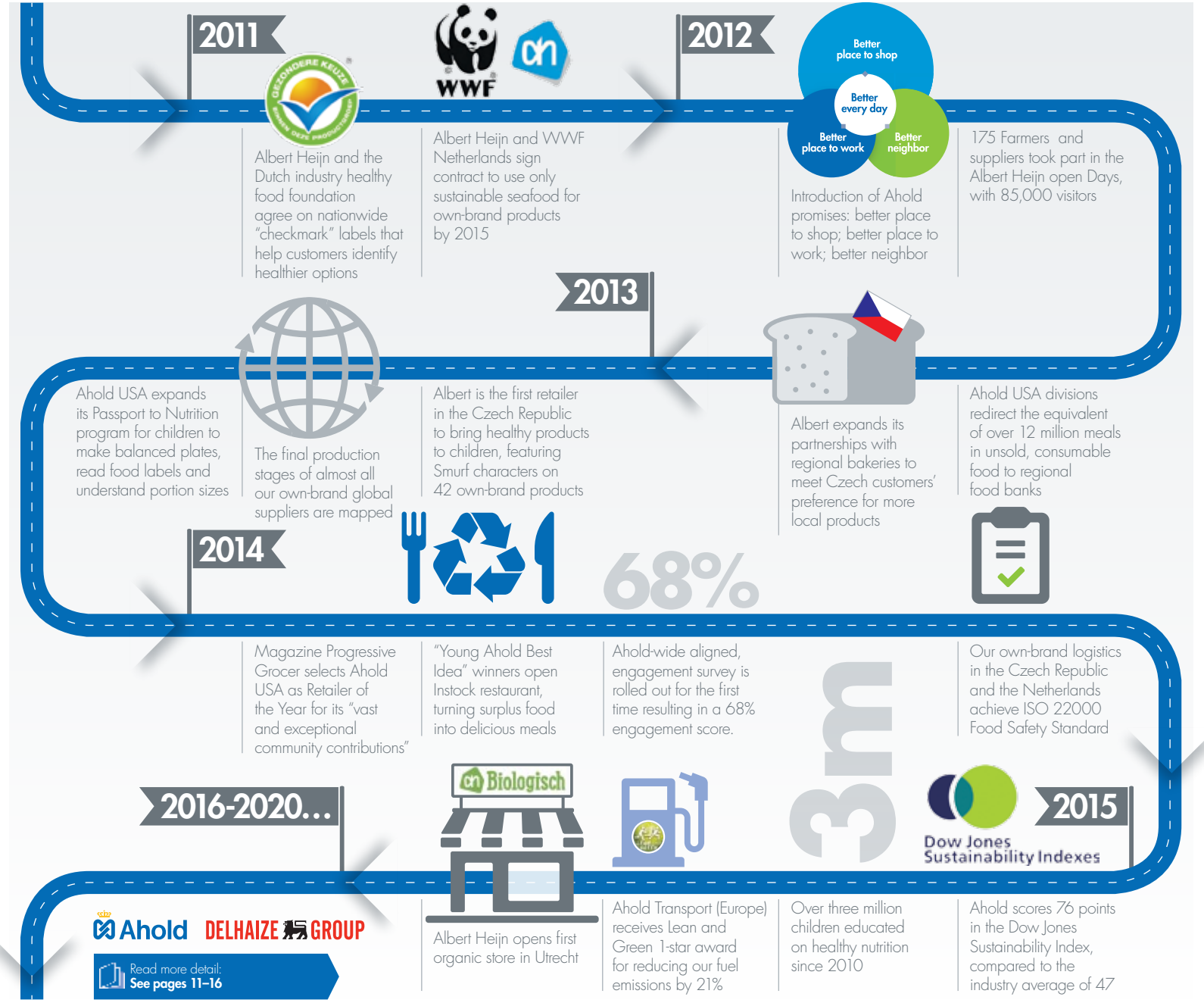
Ambition:
Reduce our environmental footprint

Target/commitment	Progress	Status
Reduce CO_2 per square meter of sales area by 20% in our operations by 2015 against our 2008 baseline	**25.8%** reduction	
Report on the percentage of food waste compared to total food sales	**1-2%** of total food sales wasted	
Reduce the amount of disposable bags at the checkout in the U.S. by one billion bags since 2011	**853 million** bags reduced at our U.S. businesses	
Eliminate landfill as a disposal method by 2020	**11%** landfill globally	
Ensure that all businesses have implemented a communication policy to encourage customers to reduce, re-use and recycle	Communication policies in place at all our businesses	

Responsible retailing strategy: 2011-2015 highlights

Responsible Retailing is a journey and much has been achieved over the past five years. At the same time there are always next steps to take to make sure we get better every day.

This page contains an overview of some of our highlights, including further expansion of our healthy product offering, our local community support programs as well as highlights in our Responsible products, Our people and Care for the environment priority areas.



Read more detail:
See pages 11–16

Looking forward: **Responsible Retailing 2020**

2016-2020

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The bigger picture

We are a company built on integrity, driven by the desire to help people live longer, healthier and happier lives and build stronger communities. As a food retailer we play a key role in our customers' lives. By providing them with opportunities to adopt healthy eating habits and choose more sustainable products, we can make a difference to their well-being.

At the same time the journey from farm to fork is an intricate one, influenced by global and local elements. Also, as a global company with local brands, we must constantly balance differences in regulations, local laws, regulations, preferences, cultures and tastes.

Also the launch of the Sustainable Development Goals (SDG's) will challenge companies to go the extra mile. We will look at how we can work on delivering on these goals in our organizations.

This page contains the key trends and challenges we are facing as we move towards 2020:

Health

While customers are increasingly preferring healthful products, factors such as price, time and lack of inspiration can keep them from choosing healthier options. We are keen to remove these 'barriers' while continuing to meet their expectations on taste. Therefore, we are slowly reducing sugar and salt content, so customers can get used to the new taste gradually. We must also regularly review our processes around alcohol and tobacco, to make sure we are selling alcohol responsibly, and are addressing concerns linked to tobacco sales. In the Netherlands, for instance, we are running pilots in 15 Albert Heijn stores where tobacco displays are kept out of sight.

Transparency and trust

Driven to do what's right, and meet customers' concerns, we strive to communicate openly and clearly on the ingredients and origin of our products. To be able to do this, we are continuously working to enhance our nutritional labeling, and to obtain insight into the origin, processing and handling of our products. Obtaining visibility over the production stages of our suppliers is one of our biggest challenges in this area and requires substantial investments.

Food security

By 2050, the global population is expected to rise to nine billion. This growing population will need sustainable, safe, affordable and nutritious diets, produced and supplied from the same or less land and fewer resources. It's a challenge that directly touches the food industry. At the same time, as a good neighbor we must help make sure that everyone in our communities has access to nutritious food at affordable prices. To accomplish this, and secure our bottom line, we must increase the efficiency of our procurement practices, achieve economies of scale and ensure we reduce food waste by making food that hasn't been sold available for donation.

Diversity and equality

Demographics are changing in all of our markets. At the same time, customers say that they feel more comfortable shopping in stores that reflect their communities. Ahold values diversity and inclusion at every level of our organization, but also recognizes the challenge to keep up with these dynamic shifts in demographics. One example of Ahold's initiatives is the World Café organized by Ahold USA's ALANA: a multicultural business resource group.

Sourcing

With raw materials becoming increasingly scarce and environmental concerns growing, we must take a responsible approach to sourcing. We strive to source the right products, at the right time, and with the right terms and conditions.

Our customers and other stakeholders expect us to deliver products and services that take into account all dimensions: quality, sustainability, innovation availability, social responsibility and price. It's not "either-or," but "and-and."

Because our customers and other stakeholders may have conflicting expectations when it comes to sourcing, we must carefully balance their interests. Moving forward we will continue to build our skills in this area.

Animal welfare

We, and our customers, are increasingly aware of, and concerned about, how animals raised for food are treated. Therefore, we will give preference to suppliers that observe the highest standards in animal welfare. Our Better Life ("Beter Leven") pork and "New AH Chicken" are proof of this commitment. At the same time local laws and regulations impact our product assortment and how we work with suppliers. We recognize the impact higher animal welfare standards can have on the prices of our products, and on the environment.

Global warming

Providing food to consumers when, how and where they want it requires resources that have a substantial impact on the environment. For instance, every year, thousands of miles of rainforest are destroyed for agricultural use. We recognize that one of the biggest contributors to global warming is meat production. That is why we offer many options that make it easier for customers to choose alternative proteins. To minimize the impact of food production in our supply chain, we strive to manage the resources we use wisely.

At the Paris climate conference (COP21) in December 2015, 195 countries adopted the first-ever universal, legally binding global climate agreement to limit global warming to well below 2° Celsius by 2020. We are pleased with this global push, and are ready to do our part. In fact, we've already made great strides reducing our carbon footprint in our own operations – see the "Care for the environment" section. Towards 2020, we will drive further improvements, internally, and with our suppliers.

Food waste

We strive to offer customers the choice they are looking for when they come to our stores. However, not all products are sold before the end of their shelf life. To avoid food going to waste, we must balance the volumes we purchase and the volumes we sell, and have the right procedures and logistics in place to minimize food waste. Food waste, especially in view of global hunger, remains top of mind for us.

We are constantly thinking of better and more innovative ways to ensure that food is used in the most valuable way possible. This includes working with food bank partners to increase the share of food that can be donated. Other innovative ideas include restaurant Instock, an idea of Albert Heijn associates, where surplus food is turned into delicious meals.

Why and how we engage with our stakeholders

Our stakeholders are the individuals and organizations most affected by Ahold's activities, whether in our role as grocer, employer or revenue-creating business supporting local economies.

Our stakeholders include our customers, associates, communities (including governments, NGOs, academic and research institutes, and industry bodies), shareholders and suppliers.

Engaging with our stakeholders enables us to identify issues, respond to changing needs, observe best practices and reflect different views and feedback on how we operate our business. Staying connected is vital to ensuring that our approach to sustainable business is relevant and effective.

Our customers

How we engage

We stay tuned into customers' needs and wishes through surveys, consumer studies, focus groups and panels, and through immediate feedback from customers in our stores, via service departments, our websites, social media and other correspondence.

What they have told us

Our customers are increasingly interested in healthy eating, product quality, food safety and food security (access to nutritious food for all). They look to us for nutritious and affordable products, sourced with respect for people, animals and the environment, and for clear and simple food labeling.

Our response

Our business is all about shopping – which is why we want to be a better place to shop for our customers, every day. We concentrate our efforts on enhancing the health and sustainability of our own-brand products, especially by reducing salt, sugar and saturated fats. We also expanded our fresh produce assortment at more affordable prices, increased the visibility of healthy products considerably, and introduced "Front of Pack" labeling.

Our associates

How we engage

We engage with our associates through various touch points, including regular performance review meetings and our annual associate engagement survey. In 2015, our survey achieved a global participation rate of 88%, a considerable increase over the 81% rate in 2014.

What they have told us

Through the survey, our associates told us we have room for improvement in the tools and resources we provide to help them do their jobs, including clarity on strategic goals, in how we communicate with them, and in our ability to provide healthy living options for associates and their families.

Our response

Our better place to work promise helps us take a holistic approach to our associates' health and well-being, creating a workplace that empowers our people to explore, use and develop their talents and that contributes to good physical health. This includes management support and encouragement, on-the-job training and executive education programs.

Read the Our people section at page 27 for more information on programs we implement for our associates.

Our communities

How we engage

As a local "community hub," we touch the lives of millions of people every day. We are in constant dialogue with local governments, schools, charities and civil society organizations.

What they have told us

Because of our scope and reach, and the food-related nature of our business, our local communities expect us to make a direct contribution to the well-being of local residents, helping to provide an environment that supports those in need. They also expect us to source our product with respect for people, animals and the environment.

Our response

Our better neighbor promise is our commitment to strengthening the communities in which we operate: we do this through, for example, financial and product donations, nutrition awareness programs in schools and employment of local people. We also support our suppliers and their local communities overseas through the Albert Heijn Foundation and other targeted initiatives.

To improve the sustainability of our own-brand products we focus on food safety, social compliance and critical commodities to improve the sustainability of our own-brand products.

Engaging with our stakeholders

Our shareholders

How we engage

We communicate with our shareholders through quarterly disclosures and financial performance briefings, annual shareholder meetings, and ad-hoc meetings with specific shareholder interest groups.

What they have told us

Our shareholders are mainly concerned with our financial performance, transparency, stability and future returns. They expect us to keep our commitments and targets, both financially and in terms of responsible retailing. For instance, in 2015, we received more questions related to responsible retailing.

Our response

Every year, our shareholders are invited to our Annual General Meeting (AGM) where we present updates on our performance and strategy. Shareholders with voting rights can vote on current issues including appointments, compensation and dividend payments.

Our suppliers

How we engage

A flexible, healthy and sustainable supply chain demands transparency, efficiency and strong relationships. With our suppliers scattered across the globe, we connect via multiple channels, including face-to-face meetings, online communication, and supplier events.

What they have told us

Our suppliers identify our mutual business relationships, product quality and safety, and compliance with laws and regulations as most important to them. Some suppliers in high-risk countries say they cannot afford to meet the product safety and social compliance requirements needed to comply with our standards.

Our response

Our Standards of Engagement are part of our buying agreement, and make our expectations in terms of quality, safety and working conditions clear and equitable. We have various introduction programs for suppliers who have difficulty meeting our expectations, including our "Stepping Stone" program. If a supplier – despite our support – fails to meet the required standards, we terminate the relationship.

All food retail activities of Ahold in the Netherlands, Belgium, the Czech republic and Germany have signed up to the European Supply Chain Initiative, as launched in 2013.

In focus

Albert Heijn hosts dialogue on responsible products

On March 9, 2015, Albert Heijn hosted an event at Instock restaurant in Amsterdam. Over 60 participants from the scientific community, government and civil society organizations discussed Albert Heijn's progress on improving the sustainability of its own-brand products.

Thanks to the continued efforts of colleagues from its Sourcing, Merchandising and Quality departments, in close collaboration with suppliers, we are proud to report that 94% of Albert Heijn's own-brand products are more sustainable compared to 2010. Naturally, Albert Heijn will continue to take steps to improve the sustainability of its own-brand range in the coming years.

To learn more about Albert Heijn's sustainable range, download the leaflet "Step-by-step to a more sustainable range (in Dutch)" here. www.ah.nl/over-ah/meer-doen

Shaping our approach

What is a materiality matrix?

In a materiality matrix, social, environmental and economic topics are plotted along two dimensions: their importance to stakeholders, and their importance to the company in terms of the impact these topics have on its reputation, operations and finances.

We recognize that our activities – and the way we carry them out – impact our stakeholders and affect our business performance. A materiality matrix helps us identify the topics that matter most to Ahold and to our stakeholders, so we can align our strategy, performance and reporting and remain successful in the long term.

How did we collect materiality data?

We carried out a thorough materiality analysis, involving customers, associates, investors, suppliers and community representatives. We presented them a survey of 30 topics based on information from sources like the Global Reporting Initiative (GRI), the Dow Jones Sustainability Index, outcomes from investor meetings, our current Responsible Retailing strategy and stakeholder interviews. These topics were rated by each stakeholder on a scale from one to 10 and plotted on the Y-axis of the matrix. Finally our Executive Committee (ExCo) plotted the topics on the X-axis, which resulted in the final matrix.

What does this mean for our 2020 strategy?

The results from the materiality matrix have enabled us to refine our strategy to meet real needs and trends. On the following pages, we highlight our key focus areas for the next five years. The proposed merger with Delhaize will certainly impact our company strategy, and therefore our responsible retailing strategy. We will come back with an update after completion of the merger.

Very high impact

1 Product safety
2 Ethical behavior and integrity
3 Compliance with laws & regulation
4 Product quality
5 Supplier Code of Conduct
6 Associate engagement
7 Healthy products sales & assortment
8 Food security (access to nutritious food for all)
9 Affordable healthy products
10 Responsible product sales
11 Financial performance

High impact

12 Supply chain transparency
13 Associate equality, diversity and development
14 Product transparency
15 Environmental performance suppliers
16 Environmental performance company
17 Clean/safe store environment
18 Customer satisfaction and loyalty
19 Innovation
20 Business continuity
21 Responsible alcohol and tobacco sales
22 Supporting children on healthy lifestyles

Medium impact

23 Company waste management
24 Packaging
25 Responsible marketing to kids
26 Supplier relationship management
27 Animal welfare
28 Customer waste management
29 Donations (product/financial)
30 Health support (nutrition advice)

Legend:

- Business drivers
- Healthy living
- Responsible products
- Care for the environment
- Our people
- Community well-being

Making a positive impact on the lives of millions

In 2011, we made responsible retailing one of our six strategic pillars in our Reshaping Retail strategy. Since then, we have made tangible progress in sourcing our products more sustainably, and helping customers and associates improve their health and well-being. And now we want to make the next step.

Our 2020 strategy

In the global drive to create a healthier society for future generations, we have prioritized three areas where we feel we can make the biggest impact: Community well-being, Healthier lives and Responsible products. This does not mean that we will abandon the other two key areas of our 2011-2015 strategy: Care for the environment and Our people; see "Our essentials". The material topics as laid out in the materiality matrix on the previous page are covered by our Reshaping Retail and or Responsible Retailing 2020 strategy. In the coming period we will further investigate if additional programs should be developed.

The proposed merger with Delhaize will no doubt impact the content of our strategy. For now, we are clear on where to start – realizing the potential for our positive impacts. We will work with our customers, associates, suppliers and other stakeholders, and report our progress annually, as we make our journey to 2020.

Responsible Retailing

Our plan to make a positive impact on the lives of millions by 2020

Community well-being	Healthier lives	Responsible products
Inspiring kids to create a healthier tomorrow.	Healthier lives. Healthier food. Within reach for all.	Good products, sustainably sourced.

Our essentials

CO_2 reduction, zero waste to landfill, social compliance, critical commodities, associate well-being and transparent reporting

Inspire children to create a healthier tomorrow

Healthy communities start with healthy children, so what better group to focus on? In spite of a relatively low score in our materiality matrix, many studies have shown that developing healthy eating habits early in life encourages healthy eating as an adult. These past few years, we have run several better neighbor initiatives, such as school education programs, in-store tours and workshops to let children experience how easy and fun it is to make healthier food choices.

Towards 2020, our focus will be on further increasing nutrition awareness in schools and at home, building on the programs mentioned above, and introducing new and exciting initiatives that will help instill healthier eating habits for a lifetime. While our focus will be on inspiring children, we will continue to meet the dietary needs of our older customers, and our food donations to people in need.

Healthier lives. Healthier food. Within reach for all

As a food retailer, we aim to make the healthy choice the easy choice for our customers. We continue to improve our perception as a healthy retailer in most of our markets, thanks to our healthful and affordable products, nutritional knowledge, and inspirational recipes that save time and money.

However, being perceived as a healthy retailer is not enough. Currently our healthy food sales are 25% of total food sales. And there is potential to increase this number.

In the next five years, we will expand our healthy product range, drive further reformulation of our existing products and find new and creative ways to make it even easier for families to choose healthier alternatives, at an affordable price.

Good products, sustainably sourced

Consumers are increasingly interested in the integrity of the food they buy. We have made great efforts to ensure all our food products are safe and sustainably sourced.* Over the past five years we have increased the visibility and transparency of our supply chain considerably, increasing the sustainability of our own-brand products.

Towards 2020, we will further increase the number of sustainably sourced products and expand our product range of Free From products. To achieve this, we will continue to work with suppliers on sustainability topics.

*Products that benefit our customers and the communities they are sourced from, and have been produced with respect for people, animals and the environment.

Our performance in 2015

Healthy living 17
Community well-being 21
Our people 26
Responsible products 32
Care for the environment 37

Healthy living

Food plays an important role in people's health and if we want to deliver a healthy future, society must take a comprehensive approach to shifting people to healthier habits. Today, non-communicable or chronic diseases such as heart attacks, strokes, asthma and diabetes are responsible for more than 63% of deaths per year, globally. Insufficient nutrition, lack of physical activity, use of tobacco and harmful use of alcohol lie at the heart of these conditions.

As a food retailer, it is our ambition to make the *healthier* choice the *easy* choice – with healthy and affordable products, nutritional knowledge, and inspirational recipes that save time and money. We also play an active role in the Consumer Goods Forum, where retailers and manufacturers combine efforts and expertise to improve health and wellness for consumers worldwide.

Healthy living

Our ambition

Make healthy living choices easy

How did we deliver on our ambition to make healthy living choices easy for our customers? As part of our 2011-2015 strategy we set ourselves the following targets:

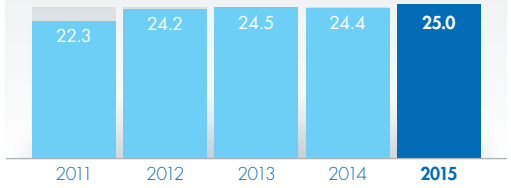
- → Increase the sale of healthy products (as defined by criteria from leading health authorities) to at least 25% of total food sales by 2015 across the Group
- → Report on our customers' perception of Ahold's businesses as leading healthy retailers

Target

25% of our total food sales comes from healthy products

Last year, we reported 24.4% healthy product sales across the Group. This year, we drove growth by increasing the number of healthy products, reducing the price of fruit and vegetables, and reducing salt, saturated fats and sugar in products. We also made it easier for customers to find the healthy options they were looking for. As a result we achieved 25.0% healthy product sales.

Sales of healthy products
percentage of total food sales



Ahold supports the Consumer Goods Forum's resolution to provide transparent, fact-based information that will help consumers and shoppers make informed product choices. The resolution is focused on ensuring that energy and nutrient information is included on the front of packages, and on providing logos that make it easier to identify healthier options.

Below are examples of our 2015 health initiatives:

"Front of Pack" (FOP) nutritional labeling

In 2013, all four divisions of Ahold USA implemented a "Front of Pack" nutritional labeling initiative to provide clear guidance on the nutritional attributes of foods, such as calories and other important dietary components, for many of its own-brand products. Albert Heijn has been doing this too, with new "Front of Pack" labels on its own-brand range. The labels are easier to read, and include nutritional values per portion size. They enable customers to understand what is in the food they are buying, helping them make better food choices.

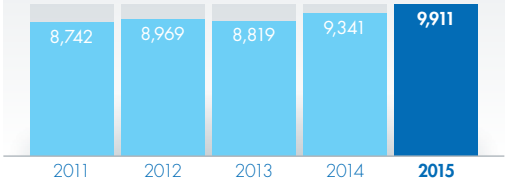
Making conscious decisions

Along with the Dutch industry healthy food foundation "Ik kies bewust," and the Dutch government, Albert Heijn agreed on nationwide food choice logos in 2012. These logos replaced the former clover logos Albert Heijn developed to highlight healthy products. In 2014, Albert in the Czech Republic rolled out the label as well.

The labels help customers compare options quickly, and decide which product fits their dietary needs best. For instance, essential products carrying the green checkmark label are healthy alternatives to comparable items in the same category. Non-essential products such as snacks, sauces and drinks are branded with a blue checkmark, indicating that they are the "healthier" alternative in that category – containing less saturated fat, salt and/or sugar, and more fibers.

In our stores in the U.S., healthy products can be identified through the Healthy Ideas® program that was initially created in 2008 by a team of health experts and nutritionists to help customers find healthy food items. All Healthy Ideas® products have no artificial trans-fats, and are limited in total fats, saturated fats, salt and sugar. In 2016, these criteria will be reviewed following the release of the U.S. Dietary Guidelines 2015 report.

Number of healthy products



In focus

Famous for Fresh

Achieving our ambition to become "famous for fresh" and deliver healthy produce at an affordable price is an important part of our program to improve the overall customer proposition at Ahold USA. This includes refurbishing the fresh produce department, delivering better produce quality, revamping our fresh produce offering, and reducing prices. Produce sales have gone up considerably, and we foresee another sales lift when the new concept has been deployed across our U.S. banners and all stores.

Reformulating our own-brand products

Concerned with our customers' health, we are pushing forward in reformulating our own-brand products, enhancing their nutritional value. Towards 2020, we will continue to improve the nutritional properties of our own-brand ranges, reducing salt, sugar, additives and trans-fats. We had our first results in 2015, as Albert Heijn reduced the salt content of its own-brand bread by 13 to 22.5%, and revised its bread labels to clearly indicate the fiber content. We also updated the labels on the Nature's Promise line of products in the U.S. In the Czech Republic, we updated the labels on the FreeFrom products to clearly indicate which additives or ingredients have been eliminated.

Target

Ahold, the leading mainstream healthy retailer

We aim to be the leading mainstream healthy retailer, in all our markets. We are passionate about health and well-being of our associates and that of our customers.

To ensure that we hear our customers' voices, we work with independent market research agencies in all our regions, carrying out surveys on consumer demands and evolving shopping behavior.

Please see the reporting process section at page 45 for more information on the market research agencies we use.

In 2015, Albert Heijn and both Giant divisions scored number one among consumers for being healthy retailers, while our Stop & Shop divisions both scored number two, and Albert in the Czech Republic moved up from number five to number two. These are very encouraging results. We are pleased that our investments in energy, time and money these past years are bearing fruit.

Customer perception as a leading healthy retailer – by rank

Here are some examples of what we have provided in 2015:

Allerhande Box: fresh and easy meals made simple
The Allerhande Food team in the Netherlands continues to find new ways to make it easier for families to eat fresh meals.

Filled with the ingredients and recipes for preparing fresh and tasty meals within 30 minutes, the meal box takes the pressure off busy families.

Each week, customers receive their meal box with fresh ingredients including vegetables, fruits, meats, poultry, fish and vegetarian dishes for two or four people. The box can be purchased via Albert Heijn Online and either delivered to the home or collected at a nearby pick-up point, at no extra charge. Customers can order other groceries at the same time for the same free delivery or pick-up.

By introducing the Allerhande Box, Albert Heijn is making online grocery shopping more accessible, and fresh and varied cooking easier.

Ahold USA introduces *Savory Fast, Fresh and Easy*™.
Our Ahold USA divisions are also helping customers include more fresh meals in their busy schedules. They launched a new print and online platform across its divisions called *Savory Fast, Fresh and Easy*™. The platform is based on Albert Heijn's *Allerhande* magazine adapted to U.S. tastes, habits and holidays. Its aim is to inspire customers to save time, and money, and eat well.

In focus

Involving children

Children represent the next generation of customers, and governments and organizations are increasingly recognizing the importance of involving them in developing solutions to social issues.

Albert Heijn established its own Kids' Council ("Raad van Kinderen") towards the end of 2015, to brainstorm solutions for strategic health dilemmas. Albert Heijn invited children to be agents of change for healthy eating. Albert Heijn works with a team of adult experts to guarantee quality throughout its products, packaging and promotions. With the Kids' Council, another group of experts has been added. They are straightforward, curious and offer fresh perspectives, welcome qualities.

raad van kinderen

Going green

Fruits and vegetables are an essential part of any healthy diet. With over 900 stores in the Netherlands, Albert Heijn offers one of the biggest assortments in the market. In 2015, Albert Heijn introduced its "Salad & Lettuce World" section with a wider choice – including more than 100 new items – and more convenience and inspiration. In the fresh deli department, new products were introduced, including ready-made meals with improved packaging and taste, but with less food additives, fats and salt. In 100 stores around the country, Albert Heijn added fresh fruit and vegetable snacks such as tomatoes and cucumbers at the check-out.

Personal nutrition advice: in-store and at home

In 2015, Ahold USA helped around 100,000 customers with nutrition / health advice by providing individual consultations, in-store classes, store tours and community events across the four divisions. Among the many health topics, the major customer concerns focused on diabetes management, weight management, eating healthy on a budget, heart health, and food allergies / intolerances including gluten free.

Our nutritionists are committed to supporting our customers' health and nutrition through local community programs including Passport to Nutrition, A+ Program and Communities in Schools, to name a few. Our Annual Healthy Kids Summits bring together community groups to inspire kids and families towards living a healthy and balanced lifestyle (e.g., nutrition, exercise, healthy routines including hygiene and sleep, etc.).

Additional guidance and recommendations on health and wellness are available through our nutritionist's YouTube videos, Twitter parties, circular baseline messages and other social media networks.

In 2015, Albert Heijn provided individualized nutrition advice in 200 stores. For 4 weeks, customers could consult in-store nutritionists to help them make the best choices for their families. The service was also made available through Albert Heijn's online community, which provided advice from nutrition experts. The initiative is a joint collaboration with the Dutch affiliate of the Choices International Foundation ("Stichting Ik kies bewust"), and the Dutch Society of Dieticians ("Nederlandse Vereniging van Diëtisten").

Community well-being

We all benefit from a strong community: as individuals, as a collective, and as a society. Strong communities create a more stable and supportive environment, where people of all ages feel happier and healthier.

Unfortunately, economic hardship and food insecurity are putting pressure on communities. Unemployment rates, combined with cuts in welfare benefits and local services, mean more people are relying on community support and food donations. Because of their reach and scope, businesses are playing a larger role in meeting social needs.

Our wide reach, and our presence at the heart of communities, enable us to touch the lives of millions of people every day. We are committed to using that position to make a positive impact in our communities. We make both financial and product donations to food banks and charities.

To go further and help build stronger, thriving communities where everyone can benefit. We partner with national and local organizations, schools and charities to help people adopt a healthy, active lifestyle and to make choices that will help sustain our planet for generations to come.

Our ambition

Contribute to the well-being of our communities

How did we deliver on our ambition to contribute to the well-being of our communities? We measure the progress of our community support through the following metrics:

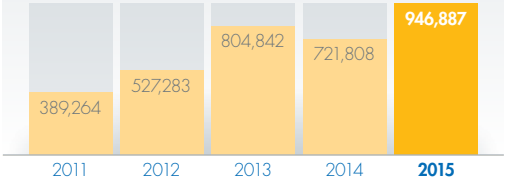
- → The number of children educated as part of our healthy living programs
- → Financial donations
- → Food donations to food banks
- → The number of stores participating in at least one community well-being event per year

Target

Number of children educated

Learning healthy eating habits at a young age can benefit children for a lifetime. Our educational programs are aimed at helping parents and children adopt healthier eating habits. In 2015 we reached over 946,000 children with our programs, an increase of more than 200 thousand compared to 2014.

Number of children educated in healthy living



Making healthy eating fun

The Albert Heijn healthy eating program "I eat better" (Ik eet het beter) aims to inspire children between eight and 12 years old to lead a healthy lifestyle, both at school and at home. Developed in collaboration with the Dutch Nutrition Center ("Voedingscentrum"), the campaign includes workshops at schools, plus an entertaining and interactive website that offers teachers weekly tips and fun exercises for the whole year. An example of an exercise is "Over the tongue" ("Over de tong"), which helps children discover different tastes through experiments such as mixing flavors in a delicious smoothie that gets senses tingling. This year, over 542,000 children took part.

Did you know? The "I eat better" program is called "Ik eet het beter" in Dutch, which is a play on the Dutch phrase "Ik weet het beter" ("I know better").

Ahold USA continues with "Passport to Nutrition" program

Geared to children ages eight to 12, Ahold USA's Passport to Nutrition kit features student workbooks and a teacher guide. The material helps teachers develop lessons that inspire children to make small changes every day for better health.

Through its interactive "Passport to Nutrition program" and Kid Healthy Ideas magazine, Ahold USA enables the "Passport Kids" to get moving and eat right with interactive games and activities, so they can learn all about good health, healthy foods and how to help out in the kitchen.

Albert Heijn supports the national school breakfast

The Dutch National School Breakfast is the biggest educational breakfast event in the Netherlands. Each year during one week breakfasts are organized in schools throughout the country. Together with the Dutch Nutritional Center (Voedingscentrum) children receive healthy breakfasts.

New online materials are used to educate the children on the importance of a healthy breakfast. This makes the event not only the most fun, but also the healthiest and most educational breakfast!

In 2015 over 400 thousand children participated in the event where Albert Heijn supported by providing participating schools with fruit for the breakfast.

In focus

Nutrition education

Children are always on the move; they continuously grow and develop, so they need the right combination of calories and nutrients to keep them going.

To help parents make smart choices for their growing children, Albert in the Czech Republic developed the "Healthy Five" program, both in-store and online. Based on the food pyramid, the program includes fresh food promotions, quick and easy recipes, and personal support from in-store nutritionists who help parents select and prepare balanced and tasty meals.

While mothers and fathers share the challenges of parenting and cooking, an in-store play area keeps their children amused and safe. Following a successful pilot in two of Albert's larger format stores in 2015, the program will be rolled out in all Albert Compact Hyperstores in 2016.

Target

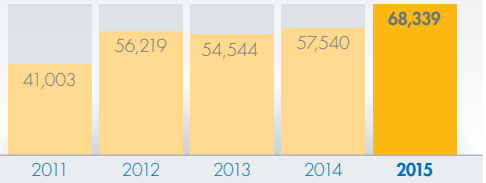
Financial and food donations

As a food retailer, we believe everyone should have access to sufficient, safe and nutritious food. Therefore, we provide comprehensive support, including financial donations, food donations and our time and leadership where needed.

In 2015, Group-wide, we generated donations of over €68 million to food-related and charitable causes, which is more than last year's €57 million. However at constant exchange rates the increase is 0.4%. 42% of our donations are made by third parties which include customers, suppliers and associates.

Contributions and donations

€ thousands



47%
of our total donations are to food banks

42%
Third party donations

58%
Own donations

Fighting hunger with "Meat the Need"

Obtaining high-protein foods for those in need is one of the biggest challenges for food banks.

In 2009, the Giant Carlisle division of Ahold USA began work with the Central Pennsylvania Food Bank and the U.S. Department of Agriculture to develop a program to redirect meat that would otherwise go unsold to vulnerable families. Titled Meat the Need, this innovative program helps local hunger relief efforts and removes food from the waste stream. Since Meat the Needs was launched, Giant Carlisle has donated over two million pounds of meat to the Central Pennsylvania Food Bank alone.

This successful program expanded to all Ahold USA divisions over the past five years, and in 2015, over $10 million worth of nutritional protein was donated to families and children in need.

Fueling children for growth and learning

An important component of education for students is having enough nutritious food to fuel their bodies and minds so that they can learn, grow and move. In New York, the Summer Food Service Program (SFSP), an initiative from the Island Harvest Food Bank, ensures that low-income children continue to receive nutritious meals during the summer months when school is not in session. Since 2013, Stop & Shop's New York Metro division has supported the program with nutritious lunches. In 2015, the business provided over 68,000 lunches – 16,000 more than in 2014. Stop & Shop also donated 5,000 of the lunches as a charitable contribution.

Albert Heijn expands annual food donations

In September 2015, Albert Heijn signed an agreement with the national food bank organization of the Netherlands ("Voedselbanken Nederland") anticipating to donate 1.2 million products a year. Under the agreement, an Albert Heijn team and foodbank volunteers will improve the logistics processes between the organizations, to ensure more products find their way to food bank customers.

Despite our best efforts to reduce food waste to an absolute minimum we still have surplus food. By working together with Voedselbanken Nederland, we can put that food to good use and contribute to a fairer distribution of food in the Netherlands.

With these efforts we not only help those in need, but also reduce our food waste, which is one of our key environmental targets. For more details, see the "Care for the environment" section on page 37.

In focus

Helping our communities through donations

In 2015, our Ahold USA divisions generated donations of over €63 million to charitable causes. They support a range of organizations in our local markets focusing on helping children, fighting hunger and building healthy communities. Donations included products and money from customers, suppliers and associates, as well as food and funds donated directly from our company.

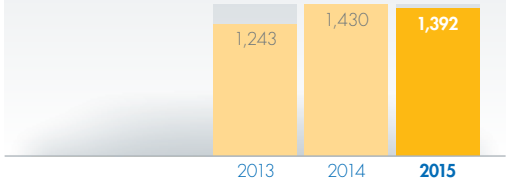
Target

Community well-being events

Keeping the neighborhood clean

Every year, people across the Netherlands get together to participate in the nation's largest volunteer clean-up event: the Annual Clean-Up Day ("Landelijke Opschoondag"). On March 28, 2015, more than 95,000 volunteers participated. In our ambition to be a better neighbor, 284 Albert Heijn stores took part in the event. Supported by locals and customers, Albert Heijn associates cleaned the neighborhood around their stores, removing trash and recyclables. The result: many filled bin bags, pleased customers and happy locals.

Number of stores participating in community events



In focus

Working miracles

Healthy communities start with healthy kids. Therefore, Ahold USA proudly supports Children's Miracle Network Hospitals.

Since its inception in 1983, this organization has raised more than $5 billion – most of it $1 at a time – for 170 children's hospitals across the U.S. and Canada, which, in turn, use the money where it's needed the most. Ahold USA's donations have gone to providing life-saving medical care that helps millions of kids overcome disease and injury.

Albert inspires young entrepreneurs

Over the Easter holidays, the Albert Foundation in the Czech Republic invited children from twelve children's homes to sell their handmade products to Albert associates. The Easter Bazaar gave the associates the opportunity to be a better neighbor, and the children the opportunity to learn the basics of entrepreneurship. Producing, marketing and selling their own handmade products. The initiative was tied into Albert's "Healthy Five" program; with every purchase, people received a healthy snack.

Every year around Christmas, Albert organizes its popular Christmas Bazaar, in collaboration with charity organization "Together for children". In 2015, the event proved more successful than ever, with a record 40 stores welcoming children from more than 60 homes. For the first time, the children organized promotion and media coverage themselves. Thanks to their creativity and commitment they raised an impressive €15,000.

Albert Heijn Amsterdam Healthy Living

The city of Amsterdam works hard to create a healthy and strong community within its borders.

In 2014, the city launched Amsterdam's Approach for Healthy Weight ("Amsterdamse Aanpak Gezond Gewicht") and in 2015, it partnered with Albert Heijn and researchers to pilot initiatives to support health in the city. The first pilots included a healthy check-out area (fruit and vegetable snacks instead of sweets) in the stores, and an in-store shopping coach: an Albert Heijn associate specially trained to inspire customers and colleagues to make healthier food choices.

"I strongly support Albert Heijn's ambition to help Dutch people improve their health. We look forward to seeing the impact of the programs that Albert Heijn is involved in on the health of children in Amsterdam."

Paul van der Velpen,
Managing Director Public Health Service (GGD) Amsterdam

Our Tax Policy

We recognize that one of our obligations is to contribute to the communities we operate in. While meeting this obligation, we also have the responsibility to our shareholders to control our tax costs. Our overall tax approach is in line with Ahold's overall business principles and code of conduct.

Tax Control Framework and Oversight

To assess and control tax risks we have a "Tax Control Framework" in place. For a summary of the main tax risks we refer to page 76 of our 2015 Annual Report. Effectiveness of this framework is regularly reviewed by the internal audit function.

The tax function reports to Ahold's CFO. At least once a year a tax risk update is presented by Tax to the Audit Committee of the Supervisory Board.

Tax Authorities

Ahold communicates with the tax authorities in a transparent way based on mutual trust. In the USA we participate in the IRS Compliance Assurance Program/CAP and in the Netherlands we signed a transparency agreement with the Dutch tax authorities. The annual objectives for Ahold's tax department are shared with the Dutch tax authorities.

Government Relations

Being a company close to society we value a constructive dialogue regarding many aspects of taxation with the government in the countries we operate and to respond to government consultations on proposed changes to legislation with the aim to achieve sustainable legislation. We are also active members of industry bodies and chambers of commerce.

Compliance to Tax Regulations

We aim to file our tax compliance complete and timely and to discuss possible uncertainties about the tax treatment upfront with the tax authorities. This helps Ahold to comply with local and international tax regulations. Ahold does not operate in countries which qualify as a tax haven according to the European Union world tax havens blacklist.

Tax in the Annual Reports and Accounts

Our effective corporate tax rate over the past year was 21.3% (24.4% in 2014) and we paid €227 million of corporate income tax, including €111 million in the U.S. and €108 million in the Netherlands.

In addition, Ahold paid and collected many other local taxes like value added tax, payroll tax and social security premiums, property tax, sales and use tax, real estate tax, packaging tax, excise tax, customs duties etc. The total amount of these taxes exceeds €2 billion.

Ahold ranked 20th in tax transparency benchmark

Following the introduction of the Good Tax Governance Principles in 2014, the VBDO, a Dutch investor organization, launched a tax transparency benchmark in 2015. The benchmark examined to what extent Dutch listed companies are transparent about their responsible tax strategy and tax payments. The methodology of the Tax Transparency Benchmark is based on the Good Tax Governance Principles.

The study ranked 64 Dutch listed multinational companies on the transparency that they provide into their responsible tax policy and its implementation.

Ahold was ranked at a 20th place and scored relatively high in the area of knowing and managing its tax risks.

Our people

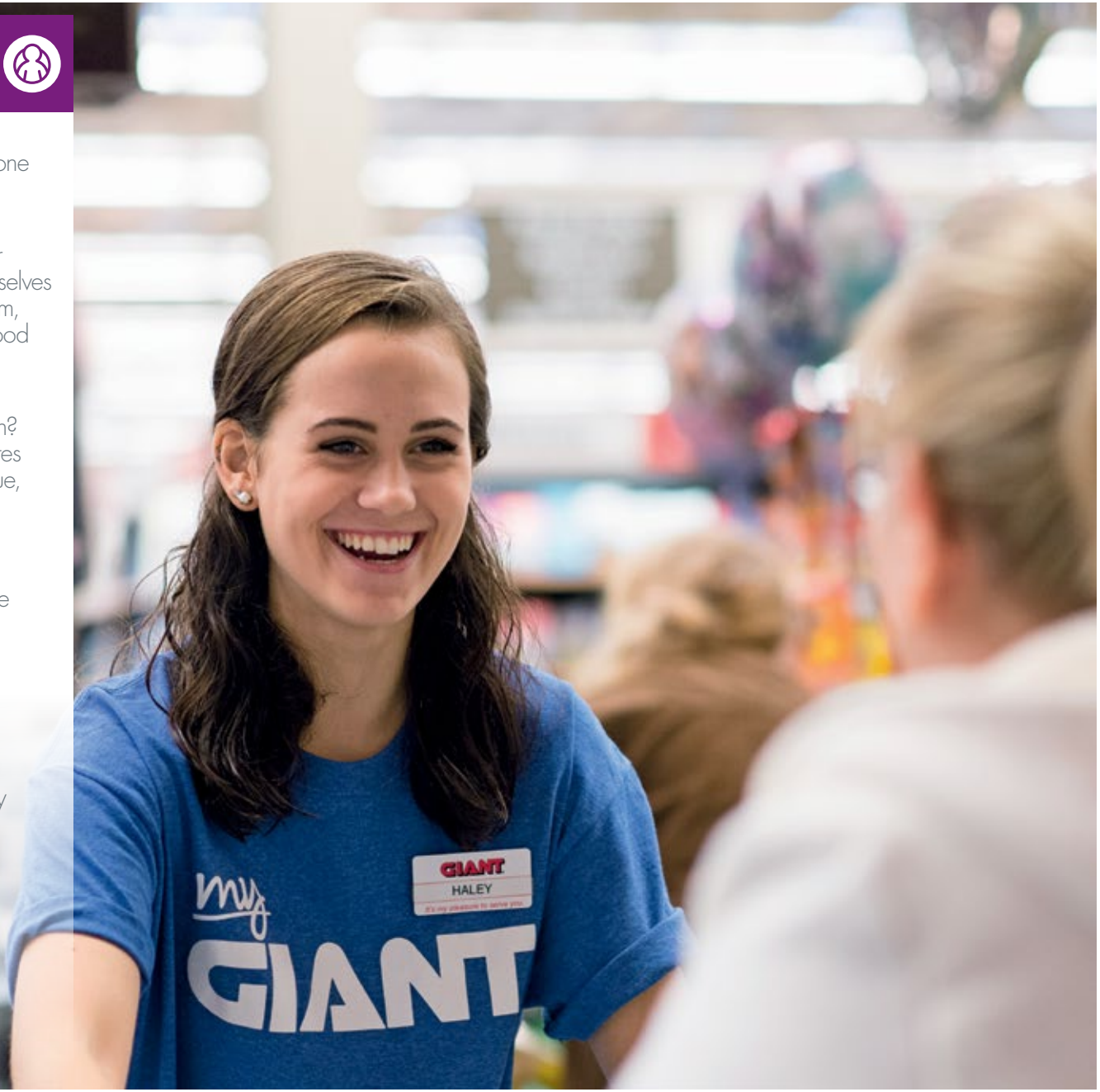
Strong communities need people with the drive to help create a healthier, more active and more resilient environment where everyone can thrive.

As a food retailer, we are a community, too. One made up of a skilled, healthy and caring workforce that is eager to develop their talents and take initiative. When associates feel good about themselves and their contributions, it has a positive effect on those around them, including our customers. And what is good for our customers is good for our business.

Nurturing this type of dedicated workforce requires support, encouragement and leadership. So how do we make this happen? By creating a culture that fosters curiosity and initiative, and facilitates development and growth. Of course this requires ongoing dialogue, active listening and acting on our promises.

This doesn't mean we ignore the needs of the larger community of which we are a part such as, unemployment, a lack of skills in demand, at-risk groups looking to find a way to add value and be valued. We are taking a driving role in helping overcome these challenges, by creating initiatives that change the nature of work, and offer opportunities to those who want and need them.

We are convinced that by truly taking care of our people – internally and externally – we build physical energy, mental focus and emotional drive. This lets us create exciting opportunities for ourselves, our company and our communities, so we make society fit for the future.



Our ambition

Provide a better place to work, and support our associates in living healthy and sustainable lives

Our "better place to work" promise

Our people are right at the heart of our Reshaping Retail strategy, as we lead the way forward to become the best employer we can be.

Our better place to work promise aims to foster an environment where colleagues respect each other, have good working conditions, get opportunities to develop, can count on support from their manager and get recognition for performance.

To embed this in our organization we have identified three key areas: best in place, best in people and best in performance. We measure our progress through the following metrics:

- → Associate engagement rating
- → The level of associate participation in healthy living programs
- → The number of active sustainability programs

Be the best

To make all Ahold businesses a better place to work, our strategic actions focus on becoming best in place, best in people and best in performance. On the following pages, you can read what this means for us and how we intend to deliver on these goals.

Best in place

Best in place for us means fostering a working environment where associates feel free to voice their opinions and ideas, and are inspired to be the drivers of their own careers, working together with us and with their colleagues.

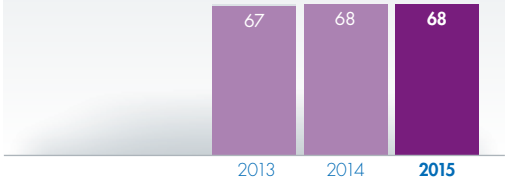
Associate engagement

In 2015, and over the past five years of our 2015 strategy, we worked hard to increase the level of conversation with our associates. We understand that even the most engaged associates can become disillusioned if we do not pick up on the issues confronting them. So Group-wide, we took more time to listen and build trust.

Visualizing our strategy

Many associates expressed a need to better understand the company strategy and their role in it. We launched a campaign introducing visual maps of our local strategies. First, the maps were launched at Group level; then the businesses took them to their top leadership, followed by associates working at our offices, distribution centers and stores. Towards the end of last year, the maps were shared with the entire workforce, helping associates engage more in their local strategy, to better help carry it out.

Percentage engaged associates



Straight Talks: taking time to listen

In 2015, we started organizing one-hour face-to-face dialogue sessions at the Ahold headquarters between members of the Executive Committee and associates across the organization. The objective is to listen to and learn from each other. These Straight Talks have no agenda but what associates bring to the table. Based on the first, very positive results (a score of 8.5 out of 10), we will broaden the scope to include more locations and more leaders.

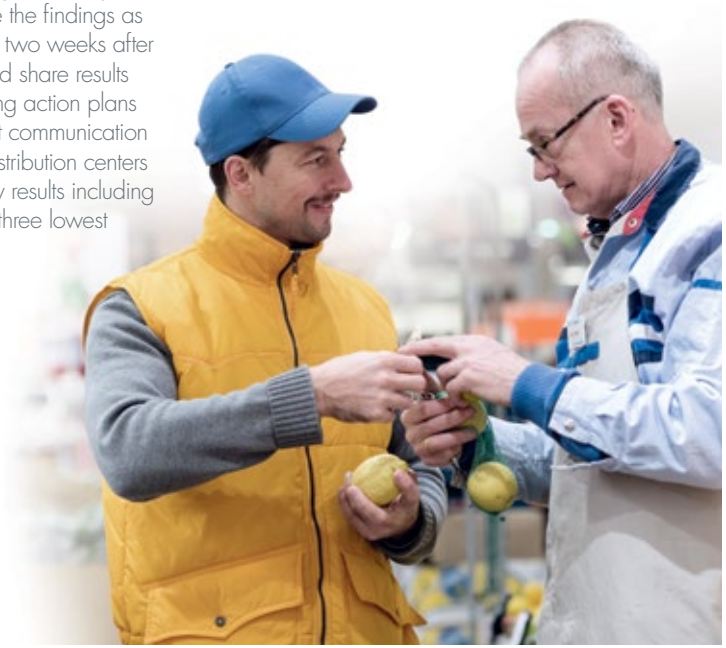
Associate engagement survey

In 2015, we invited all our 236,000 associates to participate in our annual global associate engagement survey. We are proud of the response rate: a record-breaking 88% – an increase of 7% over 2014 – took the time to complete the survey and provide us feedback on how we are doing. The overall results of the survey were encouraging; despite changes in our company in 2015, our engagement remained a stable 68%.

To show our appreciation for the time and effort our associates had put into completing the survey, we made it a priority to communicate the findings as quickly as possible. In fact, within two weeks after the survey closed, managers could share results with their teams, to start developing action plans early. We also launched a robust communication campaign to all our stores and distribution centers across the company, showing key results including the three highest scoring and the three lowest scoring questions.

"Over the last few years I have engaged with Ahold in my APG Asset Management role and on behalf of the PRI collaborative investor group on topics linked to their employees. I am pleased to see the progress they have made; introducing an annual cross-company engagement survey and publicly sharing the result. In the future we will continue our dialogue to encourage Ahold for more disclosure on human resource metrics and holding management to implement its commitments in practice."

Anna Pot
All Pensions Group (APG)



Diversity and inclusion

Our stores are at the core of the diverse communities we serve. Embracing differences is essential to our success as a leading global retailer; bringing people from varied cultures and backgrounds together gives us a better understanding of the needs of our entire customer base. Diversity and inclusion are closely tied to our core values and to our strategic business goals. Throughout our businesses, we welcome and promote the recruitment, retention and growth of a diverse workforce.

For example, the 1,000 "Wajongers" – young adults with disabilities – who are part of the Albert Heijn workforce are very committed and proud of their work. By the end of 2016, Albert Heijn plans to employ up to 2,000 "Wajongers".

Whistleblower line

While we keep an open dialogue with all our associates and other stakeholders like suppliers and customers, it is not physically feasible to be aware of every incident in the workplace. Therefore we installed a whistleblower line. Via a local, toll-free number, people can express ideas and concerns, and report incidents, 24/7, 365 days a year.

All calls are confidential, so callers can feel comfortable providing useful information without fear of reprisal.

Calls are registered in order of priority. Priority A calls require immediate review and action. Examples include theft in progress, threats of physical harm or weapons on company property. Priority B calls require prompt review and/or action and include ongoing drug abuse, safety issues, and theft. Priority C calls require no immediate action. Examples are complaints about company policies, scheduling or requests for guidance. In 2015 we received 2291 calls. By the end of 2015 over 94% of all the cases were closed.

	Priority		
Number of whistleblower line calls in 2015	**A**	**B**	**C**
Financial Misconduct	0	8	1
Business Ethics/ Code of Conduct	1	11	118
Theft/Fraud	0	8	50
Legal & Regulatory	2	188	191
Employee Relations	5	77	1522
Customers, Vendors, Business Partners	0	1	108

Collective bargaining

We respect and protect the rights of associates: we are committed to the principles of equal employment opportunities, freedom of association, and respecting the legal rights to collective bargaining. In the U.S. nearly 78,000 Ahold associates – or 66% of all associates in the U.S. businesses – are members of unions. Over 99% of our Netherlands-based associates are covered by collective bargaining agreements ("CAOs").

Best in people

We are a people company, and having the right people is crucial to our success. We strongly believe that we can bring out the best in people by fostering their curiosity and initiative, and facilitating their development. Ongoing dialog, Individual Development Plans (IDPs) and innovative, ground-breaking employment initiatives help our people develop so they can make a real difference in our workplace, and in the communities they serve.

As you can see from the following examples, we have achieved a lot in 2015. We are particularly proud to share some great examples of associate-driven health and community-support initiatives.

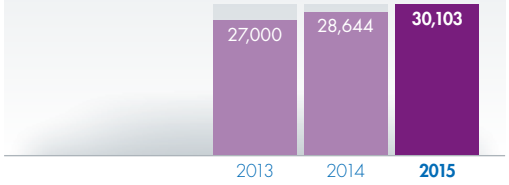
Healthy living programs

In 2015, over 30,000 associates participated in our healthy living programs; similar to last year. This is an example of how we are "walking the talk". We are impressed with how well our associates are supporting our healthy living philosophy: in fact, many of our health programs were initiated and developed by associates.

Benefits and Wellness Fair

Associates in the Giant Carlisle office in the U.S. attended the 2015 Benefits and Wellness Fair. As part of the fair, 37 vendors provided information on cancer, blood pressure and blood sugar screenings, home/child safety, credit reports, massages, cooking demonstrations, yoga, Zumba, Crossfit, fitness clubs, and children's fitness. Associates attending the Wellness Fair had the opportunity to receive a free flue shot.

Number of participants in healthy living programs



In focus

Nation's biggest running event

As part of our "Better place to work" strategy we encourage our associates to lead healthy, active lifestyles. And successfully. In 2015, a record-breaking 3,100 Ahold colleagues participated in the hugely popular Dam to Dam run ("Dam tot Dam loop").

The Dam to Dam run is the biggest running event in the Netherlands and is famous among professional and recreational runners. In 2015, it was a big spectacle with entrants running 10 English miles (16.1 kilometers) from Dam square in Amsterdam to Dam square in Zaandam. In addition to the main 10-mile race, the event hosted shorter races for children, a five-mile race by night through the streets of Zaandam, and several business team competitions. The event attracted 88,000 people from all over the world.

"Running the Dam to Dam run with so many colleagues was a fantastic experience!," says Nic Brassey, SVP HR Albert Heijn. Nic ran the 10 miles and was hugely impressed with the atmosphere and the professional organization. "I loved the atmosphere; the support of the group and the crowd really kept me going. The event was superbly organized too; no doubt an event of this scope took months of careful preparation."

Fresh Fruit Program – eating fresh made easy

For 1,835 Ahold USA associates, Wednesdays just got a little healthier. In 2015, Ahold introduced an exciting Fresh Fruit delivery program; every Wednesday morning, Peapod delivers fresh fruit to the Ahold USA support offices on a weekly basis.

A holistic approach to feeling great

In the Netherlands, Albert Heijn associates keep moving – at work and at home. Besides the long-running program, Fit&Fun, the company fitness plan and workout clinics, associates take part in a wide variety of sporting events throughout the year – from the annual Amsterdam Dam to Dam run, to company soccer games, golf tournaments and cycling competitions. Many of these events are initiated by associates, and sponsored by Albert Heijn.

Performance management

By fostering initiative, naturally we create a hunger for development and growth. Because our ambitions for the years to come require new skills and management capabilities, we introduced a new performance management program globally in 2013, rolling it out across all stores and department heads in 2014-2015. This program includes career development tools that enable associates to clearly express their career ambitions, build on their talents and progress towards their full potential.

Individual Development Plans

As part of our performance management program, we encourage our associates to create Individual Development Plans (IDPs). An IDP is a structured plan focused on keeping associates' skills up to date for their current role, adopting new skills for a special project, or preparing them for a new position. IDPs help associates identify aspirations, describe goals, choose activities that will help meet them, set key milestones and create a timeline for the completion of their goals.

Our step by step guidelines help our associates create realistic and robust IDPs and take a 70-20-10 approach:

- → 70% of developmental activities should be challenging, work-related assignments to develop necessary skills
- → 20% of developmental activities should be through developmental relationships where they can develop through coaching and feedback from others
- → 10% of developmental activities should be invested in coursework and training

In focus

Albert Heijn hires 1,000th "Wajonger"

It's February 8, 2016, and Sanne Jans has just signed her employment contract with Albert Heijn. This officially makes Sanne the 1,000th "Wajonger" – young adult with a disability – employed by Albert Heijn.

Jetta Klijnsma, State Secretary for Social Affairs, congratulates Sanne on her contract: "It's so encouraging that Albert Heijn has already 1,000 'Wajongers' working for them, providing these young people with an irreplaceable opportunity."

With over 900 stores and some 100,000 associates, Albert Heijn is a major employer in the Netherlands, and takes its responsibilities seriously. "Our goal is to employ 2,000 "Wajongers" by the end of 2016," says Cees van Vliet, Albert Heijn EVP Stores & Distribution. This is an ambitious target that requires commitment and close cooperation with our partners. To accelerate the process, Albert Heijn has set up a dedicated team of motivated associates – regional coordinators and job coaches – from all over the organization.

Succession planning

Our global management development initiative supports the organization by maintaining pools of talented people who are eager to grow and gain responsibility, to fill key positions. At Ahold, our management development starts with listening to our associates' career ambitions. Then we align human resources activities with business objectives, ensuring we always have a pool of qualified and engaged people ready for management opportunities.

Throughout the year, we organize four management development meetings to review successors for key executive positions, key retail positions and other key continental positions. We then coordinate and align individual development plans, identify key positions and appoint successors for these positions. During the rest of the year, management development is an ongoing process that monitors and controls how effectively we manage succession within Ahold.

Managing My Career site

At Ahold, we want our associates to continue to develop and help us to win in our marketplace.

Managing My Career – a new web-based tool was built to help associates feel empowered in taking ownership of their career and can help to identify opportunities for development and designing a career path. It is also a great resource for developing Individual Development Plans (IDP).

The Managing My Career tool was originally rolled out in Ahold USA to support associates, managers and the business with the career development process. It provides a career development framework that gives associates the ability to explore career interests and understand requirements that will help prepare them for their next move.

The tool highlights key roles by function, provides the recommended skills and experience, and shares success stories of associates working in those roles who have built a career with the organization.

The web tool is supported by printed materials, including posters and pamphlets, specifically for store associates.

Following its success in the U.S., the tool is planned to be rolled out in Albert Heijn in 2016.

Progressive employer: changing the nature of work

Our communities today face many challenges including unemployment with young graduates and other workers lacking the right skills for today's economy. As a leading employer in our communities, we are not only taking responsibility for our own workforce, but are also introducing new employment initiatives that change the nature of work.

For instance, bringing education, training, and the labor market closer together, Albert Heijn is the first retailer in the Netherlands to run several initiatives – local and national -, that enable scholars and students to combine their studies with a part-time or temporary job at Albert Heijn.

We believe that young people cannot prepare for the labor market by studying only; they must be able to discover their talents and gain real experience in a proper working environment. Our programs offer flexible scheduling, internships on several education levels, and plenty of opportunity to discover and develop basic management skills. We are proud to provide them with a great way to start to their career, in retail or elsewhere.

In focus

Rising stars help Stop & Shop shoot up from good to great

In the U.S., Stop & Shop launched a new comprehensive associate sustainability program in which management, District Centric Teams (DCTs) and support staff take ownership of actions, results and their own personal development.

The program is open to associates interested in advancing their careers, and who are willing to take on additional responsibilities including traveling and working nights. Once accepted into the program, the associate is challenged to own a process or area within the store, receiving detailed learning objectives and providing continuous updates to management. Rising Star candidates wear pins on their name badges so they can be easily identified.

The Rising Stars support personnel and store associates on a day-to-day basis, and the DCTs when they visit the store. Their successes are recognized, with personal stories and pictures communicated throughout the business. By investing in our associates' personal and professional growth, we help position our organization for future growth. We have expanded the program to other U.S. divisions, where qualified, well-trained associates will ensure we continue our journey from good to great.

Best in performance

To support our growth ambition, we challenge ourselves and our associates to be better every day. Performance management is crucial to this. What are we doing to become 'best in performance'? We have an excellent performance management cycle in place, designed to support managers and associates in measuring, recognizing and encouraging performance. Throughout the cycle, ongoing dialog keeps us tuned in with expectations and goals, regular evaluations, personal development and career planning.

Making every Albert store a favorite of customers and associates alike

In 2015, Albert rolled out its "Favorite store" concept to its Albert supermarkets in the Czech Republic. This concept combines format improvements with new ways of working that give associates more autonomy to solve problems.

Albert involved its associates to help create a more pleasant shopping experience for customers and a better place to work for themselves. Over 20 store associate ideas were implemented: in the stores, distribution centers and support offices.

Many of the improvements were communications-related, including the "Happy Cars" project. As part of this project, associates from the different part of the organization will frequently visit each other to share ideas and concerns on how new initiatives impact their work.

With positive customer reactions and sales uplifts in the stores, the concept has been so successful that Albert is now also rolling it out to its larger-format former SPAR stores.

Training and development

Our commitment to helping our associates fulfill their full potential starts at the very top of the organization. Our executive board members and management have a strong commitment to our philosophy that leadership development should be leader led. Not only do they play an active role in helping define training topics and material, but also in leading sessions themselves. They take great pride in sharing their knowledge and expertise with our next generation of leaders. They believe 100% in the potential and future of our company and our workforce – and it shows!

Ahold Retail Academy

The annual Ahold Retail Academy (ARA) brings together leaders from across Ahold's businesses, for a program that focuses on our Reshaping Retail strategy and in particular our values of making ideas happen and winning together. The ARA has been Ahold's cornerstone program for talent development since 1999. Talented managers around Ahold together take part in an intensive one-week course of study around retailing processes and strategy, Ahold's Reshaping Retail pillars and promises, retail best practices and industry trends, and to build their own Ahold-wide network.

The program includes presentations, discussions and working sessions led by senior management and colleagues from across Ahold as well as external speakers from Cornell University. Participants looked at the retail trends facing our company today, and at how to bring our Reshaping Retail strategy to life so we can stay ahead of our customers' expectations. The experience was rounded out with a visit to the new AH XL store in Eindhoven that truly reflects Albert Heijn's passion for fresh and healthy eating, and is a testing ground for concepts for other stores.

In focus

Building new leaders

The sixth annual Ahold Leadership Academy (ALA) took place in October 2015 at Harvard Business School in Boston.

Participants had spirited discussions with members of the ExCo. Dick Boer outlined Ahold's performance, leadership, culture and direction for the future; Chief Commercial Officer Hanneke Faber provided insight into our price/value equation; Chief Human Resources Officer Abbe Luersman spoke on the role of leaders, and Chief Legal Officer Jan Ernst de Groot gave an update on our Responsible Retailing strategy. The participants also worked on case studies, using best practices from companies such as Costco, HEB, Unilever and Home Depot, inspiring them to think about how to solve strategic issues, taking advantage of our collective strengths and capabilities.

Responsible products

Years ago, food retailers simply sold food, but the world has changed. In the face of media reports on product recalls, depletion of natural resources, deforestation and questions about working conditions, consumer expectations have changed. They look to retailers to provide high-quality products, sourced with respect for the environment and the communities they come from, and clearly labeled so they can make well-informed choices.

As a food retailer serving customers for 129 years, we are committed to sell safe, high-quality products that benefit everyone in our value chain – from farmer to customer. Therefore, we are continuously analyzing our supply chain to obtain maximum visibility of what's involved in growing, producing and shipping our products, and are driving improvements where we can.

Over the past few years, we have identified and addressed risks, further rolled out Global Food Safety Initiative (GFSI) standards to ensure the safety of our products and pushed responsible sourcing of critical commodities.

Our ambition

Source our products – including their packaging – with respect for people, animals and the environment

As part of our 2011-2015 strategy we set ourselves the following targets:

- → Ensure that 80% of our own-brand food suppliers meet Global Food Safety Initiative (GFSI)-recognized standards by 2012
- → Ensure that 100% of our own-brand food suppliers in high-risk countries are audited on social compliance by 2012
- → Source 100% of the six critical commodities for our own-brand products in accordance with industry certification standards by 2015
- → Perform an annual risk assessment to identify hot-spots in our own-brand supply chain
- → Report on the number of products reviewed against 4R packaging guidelines

Target

80% GFSI standards

We require all our own-brand food suppliers to meet the food safety requirements as laid out by any of the Global Food Safety Initiative (GFSI) standards. At the end of 2015, 96% of our own-brand food suppliers serving the European market, and 93% serving the U.S. market had been GFSI-certified.

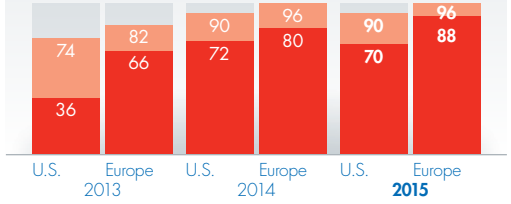
Food safety (GFSI)
percentage of own-brand food suppliers GFSI certified

Target

100% social compliance

In recent years, we have committed significant resources to selecting our suppliers, monitoring their performance and supporting them in making improvements to their processes and working conditions. Our goal was to have all suppliers in high-risk countries audited by the end of 2012. Despite our Stepping Stone program (that gives selected suppliers up to one year to comply with our regulations), we have come in just under our target, achieving 96% of suppliers serving our European market and 90% serving the U.S. market.

Social compliance percentage of suppliers in high-risk countries audited on social compliance



Informed managers

To ensure our success in driving supplier compliance, we train our quality and sourcing managers on our social compliance and sustainability requirements. They play a key role in our responsible sourcing efforts, and are in charge of negotiating prices and agreements. A strong supply chain is built on solid and mutually beneficial relationships. The following examples show how we work together with suppliers and partners.

Supporting Fair Food tomatoes

Last year, Ahold USA became the first of America's major grocers to join the Coalition of Immokalee Workers' (CIW) Fair Food Program, the widely-acclaimed partnership dedicated to delivering responsibly sourced tomatoes and improving the lives of the country's farmworkers. Ahold USA's support for the Fair Food Program extends its long track record on responsible product sourcing.

Ahold USA is the first major grocer in the U.S. to join the program, and its participation will increase the number of U.S. grocery stores carrying Fair Food tomatoes by approximately 75%.

Ahold USA companies will support CIW to ensure timely inspections and audits of the participating farms. Ahold USA has committed to continue to purchase Florida tomatoes only from growers participating in the program, and to support the Fair Food Program with expanded marketing and advertising, including in-store displays, online visibility and education materials for associates at the Ahold USA divisions.

"We are truly proud to welcome Ahold USA into the Fair Food Program and are excited about the opportunity to work with an industry leader like Ahold. Ahold USA is the first of the country's major grocers to join the program and, as such, not only will its partnership help propel our efforts to protect farmworkers' rights, but we believe its market leadership will send an invaluable message to the rest of the grocery industry that social responsibility is greatly strengthened when workers, suppliers and retailers work together toward a more modern, more humane agricultural industry."

Gerardo Reyes
of the CIW

In focus

Supporting Ghana and its children to grow

Children in Obodan, Ghana, are excited: a brand new building with three classrooms and plenty of space has replaced the site of their former derelict school building. Obodan is a small village with only about 1,500 residents, many of whom are pineapple farmers. Their pineapples are processed at Blue Skies, a local fresh fruit production facility that also has operations in South Africa, Senegal and Egypt.

Having the fruit grown, cut and wrapped at the facility helps the local economy thrive. All the fruit cut at the Ghanaian production facility ends up on Albert Heijn shelves, with the Albert Heijn own-brand label. Harvested yesterday, the fruit is cut and wrapped today, then flown to the Netherlands, ready for our customers tomorrow morning. For more information on projects we do with the AH foundation please read the report which can be downloaded here.

Using our global reach

As a global, forward-looking company, we also work with industry stakeholders, NGOs, governments and other partners, including the Consumer Goods Forum (CGF), the Food Marketing Institute (FMI) and the Dutch Food Retail Association ("Centraal Bureau Levensmiddelen" (CBL)).

Together, we strive to improve sustainability, transparency, empower workers and drive compliance worldwide.

Target

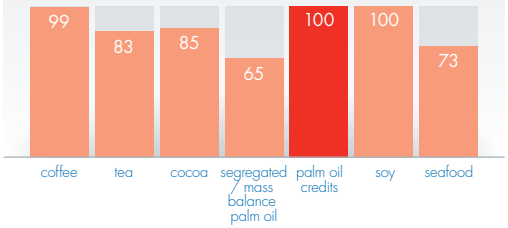
100% of six critical commodities

The production of commodities such as coffee, tea, cocoa, palm oil, soy and seafood can have a big impact, environmentally and socially. We partner with organizations like UTZ to support sustainable farming, creating better opportunities for farmers, their families and our planet.

We have set ourselves a target to source tea, coffee, cocoa, palm oil, soy and seafood 100% in accordance with credible sustainability standards by 2015. Credible sustainability standards are multi-stakeholder initiatives or supported by multiple stakeholders. They include third-party verification, and focus on mitigating the main environmental and social issues associated with a commodity's production. Credible standards are science-based, globally consistent and focus on continuously improving production and supply chain practices.

Critical commodities

percentage of sales certified against industry standards



Coffee, tea and cocoa

We made great strides in coffee, tea and cocoa. 99% of Albert Heijn and 100% Albert own-brand coffee is sustainably sourced. We have one remaining non-certified product at Ahold USA but this will be replaced with a certified alternative in 2016. For tea, Albert Heijn and Albert achieved 100% certification. All of Ahold USA's newly sourced tea is 100% sustainable and existing stock will be depleted soon. In cocoa, we came under target at 85%.

Palm oil, soy and seafood

For palm oil, soy and seafood, we dedicated considerable efforts to better understand the challenges involved in reaching our 100% certified targets on all three commodities. We are well underway towards achieving these targets. Also, as a partner in several initiatives, we are influencing and even leading the retail industry in driving positive change.

Palm oil

The use of unsustainable palm oil is an ongoing concern and focus area for Ahold. To feed growing demand, tropical forests may be converted provide land for oil palm plantations, endangering wildlife habitats and emitting carbon. Our target is 100% certified, segregated and mass balance palm oil.

Globally, by the end of 2015, 65% of our total palm oil usage was physically certified; 17% of which is certified segregated palm oil and 48% of which is certified mass balance. To meet our 100% target, we bought palm oil credits to cover the remaining volume. In 2015, we also reviewed our palm kernel oil use and bought book and claim credits to cover this volume.

Ahold has been working closely with each of its suppliers – both large and small – to report their palm oil footprint, and check their sustainability status. For those suppliers who aren't certified yet, we work together to set a timeline towards sustainable palm oil. Many suppliers, especially the smaller ones, find the steps to becoming certified quite overwhelming, so we've introduced them to group certification – which makes the process more accessible for small users.

"Ahold is making sustainable palm oil a reality for many companies that would otherwise dismiss the idea because of complexity or cost," says Björn Wevers, CEO of Alioth, an RSPO Group Manager. "Ahold not only educates, but works with suppliers by providing direction and tools enabling them to achieve certification."

Soy

To grow soybeans, vast expanses of land are needed. Production in South America is overtaking large areas in fragile ecosystems, threatening wildlife and biodiversity and adversely affecting people, the global climate and water reserves.

In Europe, we are working with industry-wide groups to increase the demand for sustainable soy, pushing meat, dairy and egg producers to respond to that need. We have calculated our annual soy footprint, and have asked our Dutch animal products suppliers to either purchase Round Table on Responsible Soy (RTRS) or equivalent certified soy, or offset their annual volumes of by purchasing RTRS credits. We are getting a good response from our suppliers. By the end of 2015, 100% of soy embedded in simple animal products in the Netherlands was covered by RTRS credits as a minimum.

Our U.S. suppliers use domestic soy that is not linked to deforestation in sensitive South American regions, like the Amazon or Cerrado, and are therefore exempted from this target.

In focus

Smallholders

Smallholders, or small farmers, play a vital role in palm oil production. They may each plant on small plots of land, but combined, they can have a considerable impact on the environment.

Smallholders often face significant challenges implementing more sustainable farming and management practices needed to achieve RSPO certification. These practices can bring higher yields and better market access, resulting in a higher turnover, and an income that they can use to obtain better healthcare or education for their families.

Although Ahold does not directly source from smallholders, we do want to support them in achieving certification. In 2015, Ahold purchased a number of Book & Claim credits from companies that have a track record of helping smallholders achieve certification.

Responsible products

Seafood

We strive to buy as much seafood as possible from sustainable sources that meet Marine Stewardship Council (MSC), Aquaculture Stewardship Council (ASC) standards and Best Aquaculture Practices (BAP). By the end of 2015, our Group-wide percentage of sustainable seafood was 73%, a tremendous improvement over last year's 44%.

It is important to us that all our seafood suppliers are MSC-, ASC- or GAA 2 star certified. However, some suppliers find it difficult to become certified, and use standards that are not (yet) considered equivalent to MSC or ASC. To help our suppliers achieve sustainability, we have set up a stepping stone approach.

Ahold USA offers 76 own-brand seafood species of which all but 4% are considered sustainable according to our approved certification standards. Ahold USA is working with the New England Aquarium to transition the last 4% to sustainable programs.

Albert Heijn continues to concentrate its efforts on research and collaboration as a founding member of the Global Sustainable Seafood Initiative, a global platform that aims to make more sustainable seafood available to everyone.

We consider seafood produced locally in the Czech Republic to be sustainable. However, as this seafood is not certified to a credible standard, we do not include it in our numbers.

Pick the "tick"

From 2015, all of Albert Heijn's own-brand wood and paper products are FSC-certified. FSC certification is issued by the Forest Stewardship Council (FSC) and ensures that products come from well-managed forests that are evaluated to meet FSC's strict environmental and social standards.

Albert Heijn sells a range of FSC-certified products, including cocktail picks and skewer sticks, rolling pins and wooden spoons, and a range of paper and cardboard products such as napkins, plates, tissues, toilet paper and office paper. All products carry the green FSC "tick-tree" logo, making it easier for customers to to choose products that support forest conservation.

Albert Heijn's popular magazine Allerhande – with a circulation of over 2 million – is now also printed on FSC paper.

"Ahold has shown leadership in how it has tackled the sourcing of critical commodities and engaged in international platforms that are changing the way global retail operates on sustainability. Although Albert Heijn's performance in the area of seafood, coffee and cacao, have made the headlines, I believe its efforts to move the entire sector towards sustainable sourcing of soy and palm oil – for example through the Consumer Good Forum – deserve recognition.

Finally, I am pleased to see Albert Heijn is increasingly adopting FSC-certified paper for its products. This is an area where WWF challenged the leading Dutch supermarket to raise its game."

Richard Holland
Global Director, Market Transformation World Wildlife Fund

In focus

ASC-certified salmon

Albert Heijn has made great progress in making its own-brand sea food products more sustainable. From 1 June, 2015, the bulk of Albert Heijn's fresh and frozen salmon is ASC-certified and labeled so customers can easily identify the responsibly sourced sea food products.

Albert Heijn is the first supermarket in the Netherlands to offer ASC-certified salmon on this scale. This is remarkable, considering most of the fish is sourced from Norway where only a very small percentage is actually ASC-certified.

Albert Heijn promotes the newly certified salmon products both inside and outside the stores. For instance, customers can read the story behind the products online, and win a visit to supplier Marine Harvest in Norway, where they can see for themselves how ASC-certified salmon is farmed.

Target

Sustainability hot-spots

As reported last year, we no longer report on our target to map 50% of our own-brand suppliers environmental footprint. When this target was set in 2011, we were looking at ways to map the footprint of our suppliers in detail. We recognize that we can have a greater impact if we focus on so-called "hot-spots" linked not only to environmental but also to social and animal welfare issues.

We now conduct an analysis of our own-brand assortment, screening any potential risks related to environmental, social and animal welfare issues in our own-brand supply chain. This analysis helps us set policies and improve the sustainability of those products.

Own-brand risk analysis

In 2010, we began conducting an annual analysis of our own-brand assortment to identify sustainability issues in our supply chain, such as climate, biodiversity, water, land, social conditions and animal welfare. Based on the results of the risk analysis, we set policies to address the sustainability issues identified.

In 2015, we carried out a risk analysis at all our operating units, and at Group level. Input for the risk analysis was provided by associates from our Quality, Responsible Retailing and Product Integrity departments, and external sources, including The Sustainability Consortium (TSC).

Animal welfare

Supporting the globally recognized Five Freedoms of animal welfare, we are committed to working with supply chain partners to implement practices consistent with the Five Freedoms. These are:

- → Freedom from hunger, thirst and malnutrition
- → Freedom from fear and distress
- → Freedom from physical and thermal discomfort
- → Freedom from pain, injury and disease
- → Freedom to express normal patterns of behavior

While we know we still can improve, we do have some best practices to share:

Responsibly produced chicken guaranteed

By the end of 2015, Albert Heijn had replaced its existing "Dutch chicken" with the "New AH chicken," a Hubbard breed. The new chicken grows more slowly, lives longer and is raised with more space and a natural day/night rhythm, and needs fewer antibiotics.

To communicate the advantages to our customers, the "New AH chicken" label highlights the vitality of the Hubbard breed and refers customers to the Albert Heijn website for more information. In addition, Albert Heijn offers the largest assortment of sustainable chicken in the Netherlands, making up 77% of all organic chicken and 62% of all free range chicken.

"We are glad that Albert Heijn took a serious step to improve the living conditions of the broiler chicken. For example, Albert Heijn's New Chicken has a healthier growth cycle and more living space, both of which are very important for its well-being. Albert Heijn took its responsibility as a market leader by being the first supermarket to take this step. We hope that Albert Heijn will also be the first to take the next step: to chicken with one "Beter Leven" (Better Life) star of the Dutch Association for the Protection of Animals. Just like Albert Heijn did with pork."

Hanneke van Ormondt
Wakker Dier

Ahold USA commits to sell only cage-free own-brand shell eggs

In February 2016, and as part of its responsible retailing efforts, Ahold USA announced that its companies will sell only cage-free own-brand shell eggs by 2022. Cage-free means the hens laying the eggs are able to roam freely within an open barn and utilize nesting boxes. This method enables a more natural behavior and full movement of the hens to spread their wings rather than being restricted within a cage.

Ahold USA and its retail divisions will continue to work with the most reputable suppliers to source cage-free eggs produced with respect for the animal.

Packaging

We follow our Group-wide 4R packaging guidelines to: *reduce* the amount of packaging in both weight and volume, develop *reusable* packaging and use *recycled* material where possible, and use *renewable* content like certified materials such as Forest Stewardship Council (FSC) certified paper. In 2015, Group-wide, we reviewed 3,470 of our own-brand products. This is considerably more than last year, when we achieved a Group total of 1,704 products.

In focus

Giving customers more choice in organics

Three out of four Dutch households buy organic food, and the number is increasing.

To serve their needs, Albert Heijn introduced "AH Biologisch": a new, organic own-brand line of nearly 500 products. To mark the launch, an organic food pop-up store was opened for a week in Amsterdam, letting people see, experience, taste, and, of course, buy a wide range of organic products. Following this success, a permanent, small-scale Albert Heijn organic store was opened in Utrecht. As a result, in 2015 sales of organic products at Albert Heijn were more than 3% as part of total sales.

Care for the environment

Today, some seven billion people live on our planet. Together, each year, we consume more natural resources than the earth can regenerate. With a growing population, if consumption follows the scale predicted by the United Nations, we will need 2 Earths worth of resources per year by 2030. Clearly, we must take action.

Our planet is facing the impact of climate change driven by emissions of greenhouse gases, much of it caused by inefficient energy usage and packaging and food waste.

At Ahold, we take our responsibility for using the planet's resources sustainably very seriously. As a food retailer, we can make a difference by reducing waste – of energy, food and non-food materials – directly in our own operations and through actions with partners and suppliers. To protect the very resources we depend upon we are adopting fresh perspectives, new technologies and eco-friendly business processes throughout our operations. This ensures our sustained growth, gives our customers a more positive shopping experience and makes us a better neighbor in our community.

Our ambition

Reduce our environmental footprint

As part of our 2011-2015 strategy, we identified four key action areas for improvement: electricity, refrigeration, transport and gas, and (food) waste. We set ourselves the following targets:

- → Reduce CO_2 emissions per square meter of sales area by 20% in our operations by 2015 against our 2008 baseline
- → Eliminate landfill as a disposal method by 2020
- → By 2015, reduce the number of disposable bags at the checkout in the U.S. by one billion
- → Report on the percentage of food waste compared to total food sales

Target

Reduce CO_2 emissions per square meter of sales area by 20% in our operations by 2015 against our 2008 baseline

Electricity

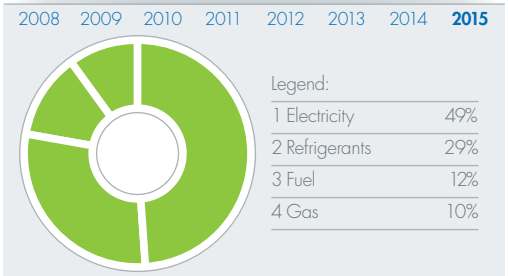
Grid electricity accounts for 49% of our overall CO_2 footprint, so by using less energy, we decrease our greenhouse gas emissions. We are reducing our electricity consumption in a number of ways. In 2015, we:

- → Implemented low-energy LED lighting systems in all remodeled and new stores, reducing our energy bill by approximately 41%
- → Became the first retailer in the Netherlands to install fully-closable refrigerator doors, saving us around 25% in electricity for cooling
- → Installed high-efficiency heat pumps, which uses waste heat from the refrigerators to heat the stores

Our initiatives resulted in a CO_2 reduction of 25.8% per square meter of sales area compared to our 2008 baseline.

CO_2 emissions

kg per square meter of sales area



In focus

LEED and LED

In the U.S., we continue to be leaders in green retailing. In 2013, we had already reported that a total of 56 U.S. stores received Leadership in Energy and Environmental Design (LEED)-certification from the U.S. Green Building Council (USGBC).

LEED-certified buildings save money and resources, have a positive impact on the health of occupants and promote renewable, clean energy. This year, we can report that 74 of our stores are now LEED-certified and that all our distribution centers and stores have LED lighting systems. With this new total, we have the largest fleet of LEED-certified stores among grocery retailers in the U.S.

In October 2015, Ahold USA received a Green Power Leadership Award from the U.S. Environmental Protection Agency (EPA). The award recognizes EPA Green Power Partners who distinguish themselves through purchases of green power from a utility green power product, a power purchase agreement or a renewable energy certificate product.

Ahold USA businesses are purchasing nearly 350 million kilowatt-hours (kWh) of green power annually and are buying renewable energy certificates from 3Degrees. In addition, Ahold USA is generating nearly nine million kWh annually from an on-site solar energy system.

"We congratulate and commend Ahold for its leadership as a LEED Volume Partner. With each new LEED-certified building we get one step closer to USGBC's vision of a sustainably-built environment within a generation. With these certifications, Ahold USA has demonstrated its commitment to the green building movement and working toward a better future for everyone in the neighborhoods and communities in which these stores will be a part of daily life." Rick Fidrizzi, president, CEO and founding chair of the USGBC.

Albert Heijn XL – LED there be light!

With an innovative and extensive fresh food selection, it is clear that the Albert Heijn XL store in Eindhoven offers customers a shopping experience that appeals to all four senses. But what is perhaps less obvious is the sustainable design of the store that enables Albert Heijn to reduce its carbon footprint and protect its bottom line.

The store features a mix of sustainable materials, while 1,200 solar roof panels generate sufficient green energy for everyday operations. A new low-energy LED lighting plan adjusts intuitively throughout the course of the day; when the sun is high, the light intensity is 100%; at dusk it lowers to 60%; and in the evening it dims further, to 30%. So whatever time of day, fresh food products are always shown in their best light. What's more, LEDs have a 50,000-hour life, compared to halogen's 3,000 hours, and require less maintenance. It is proving to be a great return on investment, with an expected pay-back period of only three years.

The Albert Heijn XL store in Eindhoven is one of the 126 Dutch stores that have already fully switched to LED lighting. With the proven savings, Albert Heijn has made the LED smart lighting system the standard for all new and remodeled stores.

In focus

Refrigeration update

Albert Heijn was the first of our businesses to pilot eco-friendly refrigerant in 2010, installing three trans-critical refrigeration systems that use CO_2 for both cooling and freezing.

By the end of 2010, Albert Heijn measured 2.2 metric tons of refrigerant substance leakage, equaling 8.3% of its total installed base. In 2015, after further rollouts, refrigerant leakage had decreased by 48% compared to 2010, to a total of 4.3% of the total installed base.

In 2015, over 350 stores in the Netherlands and Belgium were also running on hybrid CO_2 systems, while more than 60 stores had been fitted with full CO_2 refrigeration installations. What's more, in June 2015, the new Giant store in Springfield, Virginia, running a full trans-critical CO_2 refrigeration installation, received the EPA GreenChill Platinum level certification, awarded to stores that are leading in dramatically reducing their impact on climate change.

Refrigeration

As a member of the Consumer Goods Forum (CGF) Sustainability Steering Committee we are committed to reducing the environmental impact of our refrigeration systems. Refrigerant leakage accounts for 29% of Ahold's carbon footprint. We are running a global program to phase out HFCs in large-scale refrigeration, and replace them with eco-friendly CO_2 refrigerants. CO_2 refrigerants are highly efficient, reduce energy costs and increase the operational lifetime of the installation.

CO_2 refrigeration eliminates the need for gas

In the Netherlands, we are working hard to reduce our gas consumption. Since 2010, we have installed integrated heating and cooling systems in new and existing stores, using "waste" heat from refrigeration systems that use CO_2 as a refrigerant for freezing. The waste heat from this process now heats the stores, eliminating the need for gas altogether. So far, over 380 stores in the Netherlands have been retrofitted with the heat booster system, and are no longer connected to the local gas mains.

Transportation and gas

Fuel consumption is responsible for another 12% of our overall carbon footprint. To cut greenhouse gas emissions from transportation, we enhanced our loading and route planning procedures, installed side skirts on our trucks and started to switch to natural gas. This resulted in achieving a reduction of 14% globally in exhaust emissions compared to 2010.

Our efforts have already been recognized by the Lean and Green program that inspires companies to reduce their CO_2 emissions as Ahold Transport in the Netherlands received a lean and green star in 2015.

Target

Eliminate landfill as a disposal method by 2020

Across Ahold, we aspire to achieve "zero-waste-to-landfill" by 2020, diverting 90% to other uses. It's a bold ambition, but we have made good progress.

Internally, we are increasing awareness, training associates on how to properly sort waste materials such as paper and plastics. Results on sorting are monitored, and we saw a reduction in our overall waste by 3% per square meter sales area compared to last year.

In the U.S., organic waste is the second highest component of landfills, which are the largest source of methane emissions. During the year, Ahold USA diverted 88% of its total waste from landfills and 73% from landfill and incineration. Over 20% of this total waste represented organic waste diverted through composting, animal feed and digestion processes (see "Food waste").

Landfill as % food waste
percentage of total waste

In focus

Turning waste into energy

Food that is no longer edible can still be put to use. In 2016, we are taking a major step forward in diverting zero waste to landfill by opening our very first anaerobic digester system.

Anaerobic digestion is a carbon-neutral technology that produces biogas that can be used for heating, generating electricity, mechanical energy, or for supplementing the natural gas supply. The system will be based in Freetown Massachusetts in the U.S. All our local New England stores will divert their food waste to the system, which we expect to supply up to 40% of our local distribution center energy needs.

Target

By 2015, reduce the number of disposable bags at the checkout in the U.S. by one billion

Our target in the U.S. was to reduce shopping bags by one billion compared to 2011, our baseline year. While we didn't meet that target, we did give out 853 million fewer single-use shopping bags, by making staff aware that "more is less." By putting more products in a single bag, we help ensure that fewer bags end up in landfill.

Care for the environment

Target

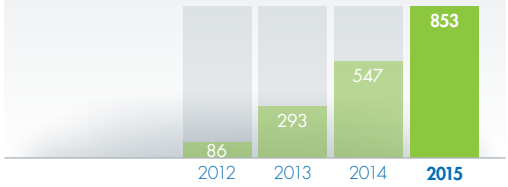
Report on the amount of food diverted from waste in 2015

Every year, around the world, 1.3 billion tons of food is wasted, at the farm and production level as well as the retail, manufacturing and consumer levels. As a responsible food retailer, we are committed to eliminating food waste going to landfill, and to finding the right outlet for any unavoidable waste.

Reducing

Company-wide, our food waste currently equals 1-2% of our total food sales, which is lower than the industry average. We attribute this to our targeted actions, such as offering a 35% end-of-shelf-life discount for perishable food at our Albert Heijn stores, and offering on-pack storage guidance. In addition, we continue to inform our customers of the latest packaging innovations and designs that help keep food fresher for longer.

Cumulative bags saved
millions



Re-using

Increasingly, we are donating surplus food to food banks and charities. Food that isn't suitable for human consumption is diverted to livestock. In 2015, these simple actions saved over two million food products from the Albert Heijn stores and distribution centers alone.

Recycling

Food that is no longer edible can still be put to good use. We strive to divert it to anaerobic digesters, where it can be converted into usable energy. In spring 2016, we will open our very first anaerobic digestion system in Freetown, Massachusetts, in the U.S.

In focus

Instock Restaurant

What can we do with food that is going to waste? At Instock, the answer is: use it to make delicious, nutritious meals.

At this restaurant, the brainchild of four Albert Heijn associates, food products that would otherwise go to waste are given new life. Every morning, the Instock team collects its "harvest," (which changes every day) from Albert Heijn stores.

So the menu is always a surprise: for the chefs as well as the customers. For breakfast, lunch and dinner; Instock chefs "turn a brown banana into ice cream, and a misshaped Brussels sprout into kimchi for your burger."

Sponsored by Albert Heijn, but operated independently as a foundation and as they point out, "Throwing away food is not only about money; it is also about the waste of energy spent on packaging, transporting, cooling and preparing the food."

Performance and approach

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Our governance structure

Koninklijke Ahold N.V. 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.

The governance of Ahold's responsible retailing (RR) activities applies to all Ahold's financially consolidated operations in both Europe and the United States, as defined in our Scope of reporting. RR at Ahold is managed at all levels of the organization, from a designated Executive Committee (ExCo) member to individual leads for each of the five priority areas at each of our businesses. Within the ExCo, Chief Legal Officer (CLO) Jan Ernst de Groot is responsible for RR and Product Integrity (PI). The Vice President Responsible Retailing (VP RR) is responsible for Ahold's Group-wide RR Strategy, for global reporting against Ahold's RR Strategy internally and externally, for engaging external stakeholders on Ahold's RR strategy and for monitoring RR-related trends and managing RR-related issues and risks.

The Vice President Product Integrity (VP PI) is responsible for product safety and our responsible products activities. Globally, reporting on our progress is managed by our finance function.

Within our businesses, the CEO is responsible for RR. In each business a dedicated RR team manages the RR strategy, activities and programs.

Reporting in our businesses is managed by their finance function. We also have designated reporting leads who are responsible for coordinating the reporting process and gathering the information for our RR Reports. Specific data (e.g. electricity consumption, number of healthy living products sold, etc) are collected by designated content owners working within our businesses.

We have established two steering committees to manage Responsible Retailing. The Responsible Retailing steering committee and the Product Integrity steering committee. For more information on the members and roles and responsibilities of these committees please see the graph on the right.

Responsible Retailing steering committee

Responsible retailing is managed globally through the RR steering committee which is chaired by the CLO and includes the VP RR, VP PI, RR leads, and commercial representatives from our businesses. This committee meets four times a year to review progress against our targets, to review any proposed revisions to the strategy, including new or modified targets, and to provide recommendations to the ExCo.

Topics discussed in this committee include our materiality matrix, 2020 strategy, quarterly data and reporting and our responsible retailing governance.

Product Integrity steering committee

The Product Integrity Steering Committee meets each quarter to review product-related policies, and to provide recommendations to the ExCo. It is chaired by the CLO, and includes the VP PI, VP RR, PI leads, and commercial representatives.

Topics discussed in this committee include food safety, social compliance, critical commodities, animal welfare policies and outcomes of our global product risk analysis.

Scope of reporting

This report covers Ahold's responsible retailing (RR) strategy, practices and performance during the period December 29, 2014 to January 3, 2016.

In it, Ahold reports progress on the targets set for each of the five RR priority areas: healthy living, community well-being, our people, responsible products and care for the environment. The report has been compiled in alignment with the Global Reporting Initiative (GRI) G4.0 Sustainability Reporting Guidelines, including relevant aspects of the accompanying Food Processing Sector Supplement. This report qualifies for GRI Core, which indicates the number of GRI G4.0 disclosures and indicators that have been reported, and against which the report has been assured. (https://www.globalreporting.org/standards/g4/Pages/default.aspx). Ahold has been publishing RR Reports since 1998; these reports have been published on an annual basis since 2007.

The scope of the 2015 report was determined based on Ahold's RR priority areas and the principles of materiality and completeness. Our priority areas were selected according to their relevance to the Ahold business model, our stakeholders and areas in which Ahold can make a meaningful difference. The sustainability topics covered in this report were identified through ongoing engagement with our businesses, stakeholders, international associations and roundtables.

Information relating to our RR strategy and our progress against the targets is reviewed for significance and materiality from an economic, environmental, and social perspective. The report therefore features information that is relevant to our total revenue, our environmental footprint, and social impact and sustainability issues.

When reporting on our targets, the inclusion (or exclusion) of specific businesses is based on a materiality assessment of the companies, with all excluded companies producing less than 2% of Ahold's total sales. The segments and businesses included in the data of this report – Ahold USA (Giant Carlisle, Giant Landover, Stop & Shop New England, and Stop & Shop New York Metro), the Netherlands (Albert Heijn), and Czech Republic (Albert) – account for 94% of our total sales. The Netherlands-based Etos, Gall & Gall, albert.nl, bol.com and Ahold Coffee Company, and U.S.-based Peapod were excluded, as they each account for less than 2% of total sales.

From an operational scope perspective, the RR Report includes the following parts of the business:

- All stores, regardless of whether they are owned by Ahold or are franchises
- Ahold-owned distribution centers, including all transportation from distribution centers to stores, regardless of whether the transportation companies are owned by Ahold or are outsourced

The scope of this RR Report excludes:

- Direct store deliveries, business travel and offices, due to their limited materiality to our overall performance in our care for the environment priority area
- Outsourced distribution centers, which do not qualify for inclusion according to the GRI criteria of control, influence and impact
- Results from Ahold's joint venture with Jeronimo Martins (JMR). JMR delivers its own report, including references to its corporate and social responsibility strategies and policies
- Production facilities

Reporting process

In order to provide our stakeholders comfort over our Responsible Retailing information Ahold's 2015 Responsible Retailing Report was reviewed by our external auditor PricewaterhouseCoopers Accountants N.V. ('PwC'). Our RR Reports between 2009 and 2012 were reviewed by our former external auditor Deloitte Accountants B.V.

The following conditions per priority area apply to the data in this report.

Healthy living

Ahold measures sales of healthy products as a percentage of the total food sales. Healthy products are identifiable in-store and online through the use of healthy-choice logos and shelf tags. Products featuring these logos and shelf tags comply with strict criteria that are developed by leading health authorities. The criteria are available on our company websites, accessible via www.ahold.com. Non-food sales were excluded, to avoid distortion from category changes that have no influence on Ahold's performance as a healthy retailer. For the healthy sales and product data, 100% completeness and accuracy cannot be guaranteed due to the manual data gathering process.

Customer perception scores are based on research by independent market research agencies (SIRS Inc. in the U.S., TNS Nipo for the Netherlands, and g82 in the Czech Republic) that conduct surveys of both our brands and our main competitors in the regions where we operate.

Community well-being

100% completeness on the contributions and donations cannot be guaranteed due to the manual data gathering process.

Our people

The score and participation rate of our engagement survey include also the businesses that account for less than 2% of total sales as explained in our Scope of reporting section.

100% completeness of the participants in healthy living programs cannot be guaranteed due to the manual data gathering process.

Responsible products

All data provided for the targets on food safety and social compliance are for production sites that have been mapped as part of the process of mapping our own-brand supply chain.

ICTI-CARE is an Ahold-accepted standard (even though it is not BSCI equivalent) because it is the best practice in the toy industry.

For critical commodities, the percentage of sales of each commodity used in the production of our own-brand products that has been sustainably sourced is based on the key product categories for which these commodities are relevant. The product categories included are:

- coffee: all products based on coffee beans
- tea: all products based on tea (black tea, green tea) and on rooibos tea, including all infusions.
- cocoa:
  - chocolate bars, tablets and candies
  - seasonal products
  - bakery: chocolate muffins
- seafood: fresh and frozen seafood
- palm oil: all own-brand products containing palm oil
- soy: all own-brand products. Ahold USA is not included as North American soy, used primarily by its supply chains, is not causing deforestation issues

For all own-brand products, 100% completeness cannot be guaranteed due to the manual data gathering process.

Care for the environment

In relation to our CO_2 reduction target, the majority of the data reflect current consumption. Where possible, this is an automated process; however, if actuals are not available we use extrapolations. In other cases, where actuals and extrapolations could not be applied, best estimates were used. To report on leakage of refrigerant substances, waste types and waste disposal methods, data were provided by third-party service providers, on whose data we rely for our monitoring and reporting. Food waste data include extrapolations from one division to the total Ahold USA data. The 2015 efficiency measures are adjusted to a 52-week period in order to be consistent with previous years.

CO_2 conversion factors

The total CO_2 emissions calculation is the sum of the CO_2 emissions resulting from fuel, electricity, district heating, gas and leakage of refrigerant substances. Since the consumption of those elements is not measured in CO_2 kilograms, conversion factors from other units of measurement are applied. For electricity, each country has its own conversion factor, which is updated each year. The sources of the electricity conversion factors are the International Energy Agency for Europe and the Environmental Protection Agency for the United States. Each year, the 2008 baseline year is re-calculated using the latest electricity CO_2 conversion factors. Sources for conversion factors are from the 2015 Defra report.

- Sources for converting fuel and gas: 2015 Guidelines for Defra Greenhouse Gas Conversion Factors for company reporting and Handboek CO_2 prestatieladder 2.1.
- Sources for converting electricity: International Energy Agency (IEA), 2009 and Environmental Protection Agency (EPA), eGrid2012, version 1.0.
- Sources for converting refrigerant substances: Climate Change 2007 – The Physical Science Basis, Contribution of Working Group I to the fourth assessment of Report of the Intergovernmental Panel Climate Change (IPCC) and 2015 Guidelines for Defra Greenhouse Gas Conversion Factors for company reporting

Data revisions

The historic CO_2 data have been adjusted based on the updated conversion factors as mentioned in the previous section. This had no material impact on the data from previous years.

No other data revisions were applicable in 2015.

The 2015 data for Czech Republic includes the former SPAR stores which were acquired in 2014.

Awards and external benchmarks

- Ahold scored 76 out of 100 in the Dow Jones Sustainability index world ranking, only 1 point below the sector leader.
- Ahold achieved Silver Class rating in the RobecoSAM ranking of sustainability leaders 2016 in the Food and Staples category.
- Ahold ranked 1st retailer and 35th overall (out of 435 companies) in the Dutch Transparency benchmark conducted by the Dutch government.
- Ahold pension fund ranked 9th for sustainable investments in the VBDO pensionfund benchmark
- Ahold ranked 20th in the VBDO tax transparency benchmark
- Ahold USA ranked in the top 50 multicultural opportunities by diversitybusiness.com
- Ahold USA was awarded the Green Power Leadership Award by the EPA
- Gall & Gall, Etos and Albert Heijn online were awarded best retail chain and best webshop respectively by the Best Retail Chain awards in the Netherlands.
- Albert won the EXCELLENCE category for the second time, as well as a two star rating for its sustainability strategy from the European Foundation for Quality Management
- Albert received a two star rating for its sustainability strategy from the European Foundation for Quality Management.

Global Reporting Initiative

The Global Reporting Initiative (GRI) is a global, multi-stakeholder network of business professionals, representatives from labor organizations, investors, accountants and others, who work together to develop an internationally accepted framework for sustainability reporting. Ahold has been reporting according to the GRI sustainability reporting guidelines since 2006, as it is recognized as the most comprehensive and widely used sustainability reporting system.

The reporting framework provides metrics and methods for reporting issues relating to environmental and social priorities, the running of the business and the products sold. Ahold's RR Report addresses a selection of indicators that are the most relevant and material to our priority areas, and therefore to our business and stakeholders. We have also benchmarked these indicators against our peers and competitors. Every year, we review the indicators selected, and we are continually working to improve our data collection processes.

The GRI framework outlines two "Application Levels" that indicate the extent to which the guidelines have been applied in a company's sustainability report. These levels are "Core" and "Comprehensive". In 2015, we reported according to the GRI G4 – Core Guidelines. Our RR Report 2015 has been reviewed by Ahold's external auditor, PricewaterhouseCoopers, which has provided limited assurance.

A summary of our application of the GRI guidelines can be downloaded from www.ahold.com/rr2015.htm

Global Compact

The United Nations Global Compact is an initiative for businesses committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, environment and anti-corruption.

Ahold's own principles align with those of the Global Compact, and we have been striving for high standards against these principles for some time. We signed the Global Compact in 2010, and continue to report on our own operations and strategies in relation to these principles annually.

Our Global Compact table can be downloaded from www.ahold.com/rr2015.htm

Healthy living

The data

The sales of healthy products as a percentage of total food sales increased in all areas of the business during 2014, by 0.4%pts in the U.S., 0.8%pts in the Netherlands and 4.4%pts in the Czech Republic. The increase in the Czech Republic can be attributed to the acquisition of the SPAR stores in Q1 2015. Albert Heijn's increase is caused by an increase in the number of healthy products.

Overall, our number of healthy products increased by 570 compared with 2014. Albert Heijn and Czech Republic both increased the number of healthy products with around 20% where the number of healthy products at Ahold USA was stable.

Sales of healthy products

Percentage of total food sales[1]	2015	2014	2013	2012	2011
Ahold USA	**24.6**	24.2	24.8	24.5	24.1
The Netherlands	**27.0**	26.2	25.9	26.0	21.5
Czech Republic	**17.2**	12.8	12.1	9.6	9.0
Total	**25.0**	24.4	24.5	24.2	22.3

1 Sales of healthy products at Ahold USA include the sale of labeled national brands. The sales data for the Netherlands and Czech Republic does not include all national brands, as there was no uniform national labeling system

Number of healthy products

	2015	2014	2013	2012	2011
Ahold USA	**6,783**	6,763	6,643	7,126	7,008
The Netherlands	**2,254**	1,852	1,567	1,384	1,301
Czech Republic	**874**	726	609	459	433
Total	**9,911**	9,341	8,819	8,969	8,742

Community well-being

The data

Financial donations

Total donations increased by 19% to €68.3 million in 2015, however against constant exchange rates donations are flat compared to last year. The majority of our donations (around 90%) is generated by Ahold USA where total donations decreased by 2%.

Food bank donations

Donations to food banks remained stable at constant exchange rates compared to 2014. Albert Heijn increased its food bank donations with 92% due to the increased cooperation with the local food banks and two large donations as a result of assortment changes during the year.

Children educated

The number of children educated increased to 946,000. This increase is mainly driven by the expansion of the "I eat better" program at Albert Heijn.

Contributions and donations

€ thousand[1]	**2015**	2014	2013	2012	2011
Ahold USA	**63,716**	54,523	50,592	52,181	37,098
The Netherlands	**4,017**	2,442	3,255	3,262	3,085
Czech Republic	**606**	575	697	776	820
Total	**68,339**	57,540	54,544	56,219	41,003

1 Including food bank donations.

Value of food donated to food banks

€ thousand	**2015**	2014	2013	2012	2011
Ahold USA	**30,134**	25,300	21,378	19,492	–
The Netherlands	**1,971**	1,027	1,497	1,781	–
Czech Republic	**221**	200	199	72	–
Total	**32,326**	26,527	23,074	21,345	–

Number of children educated in healthy living[1]

	2015	2014	2013	2012	2011
Ahold USA	**336,003**	296,427	310,369	56,562	29,537
The Netherlands	**542,048[2]**	368,004	347,233	374,283	305,139
Czech Republic	**68,836**	57,377	147,240	96,438	54,588
Total	**946,887**	721,808	804,842	527,283	389,264

1 All businesses have web-based programs that include estimates of the number of children educated based on the number of downloads of the program.

2 The number of children educated for the Netherlands is based on the number of participants in the "I eat better" program; some children may have participated twice – once in the spring in one grade and again in the autumn in the next grade.

Our people

The data

The majority of the data relating to Our People disclosures remained stable during 2015, as there were no major changes to the way we operate our businesses. The data in the tables is based on the following Ahold businesses: for Ahold USA, the four retail divisions Giant Carlisle, Giant Landover, Stop & Shop New England and Stop & Shop New York Metro – as well as Peapod and the USA support organization. For Ahold in the Netherlands, the four retail divisions Albert Heijn, Etos, Gall & Gall, bol.com, as well as the support offices are included. For Ahold in the Czech Republic the retail division Albert and the Czech support organization are included.

For the data from 2011-2012 we included the data from our Slovakia business which was sold in 2013. During the reporting year, there was an overall increase in the number of associates by 9,000 compared to 2014, bringing the total to 236,000 across all Ahold businesses. This increase can be attributed to the opening of additional stores across our markets.

Number of associates

Thousands	**2015**	2014	2013	2012	2011
Ahold USA	**121**	115	117	121	117
The Netherlands	**102**	97	94	93	89
Czech Republic	**13**	15	11	11	12
Total	**236**	227	222	225	218

Percentage of workforce by contract type

	2015		2014		2013		2012		2011	
	Full-time	**Part-time**	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Ahold USA	**27**	**73**	28	72	28	72	28	72	29	71
The Netherlands	**10**	**90**	14	86	13	87	13	87	14	86
Czech Republic	**62**	**38**	53	47	53	47	68	32	67	33

Percentage of workforce by gender

	2015		2014		2013		2012		2011	
	Female	**Male**	Female	Male	Female	Male	Female	Male	Female	Male
Ahold USA	**47**	**53**	47	53	47	53	47	53	47	53
The Netherlands	**54**	**46**	55	45	53	47	53	47	53	47
Czech Republic	**77**	**23**	79	21	81	19	81	19	80	20

The data

The combined membership of the Executive Committee and the Supervisory Board decreased by one during the reporting period. Judith Spieser left the Supervisory Board which altered the gender composition of Ahold's leadership slightly, bringing the total number of females in leadership roles at Ahold to 3, while the total number of males in leadership roles remained stable at 11.

Percentage of workforce by age

	2015					2014					2013					2012					2011				
	<20	**20s**	**30s**	**40s**	**50+**	<20	20s	30s	40s	50+	<20	20s	30s	40s	50+	<20	20s	30s	40s	50+	<20	20s	30s	40s	50+
Ahold USA	**12**	**28**	**14**	**15**	**31**	12	28	14	15	30	12	29	13	16	30	16	28	13	16	27	14	28	13	17	28
The Netherlands	**54**	**26**	**6**	**7**	**7**	54	26	6	7	7	56	23	6	8	7	57	22	7	8	6	57	21	8	8	6
Czech Republic	**11**	**26**	**23**	**20**	**20**	1	23	29	25	22	1	23	30	25	21	7	28	25	21	19	1	23	30	24	22

Composition of Ahold's leadership

	2015		2014		2013		2012		2011	
	Female	**Male**	Female	Male	Female	Male	Female	Male	Female	Male
Executive Committee	**2**	**5**	2	5	2	5	–	4	–	4
Supervisory Board	**1**	**6**	2	6	2	5	2	6	2	6
Total	**3**	**11**	4	11	4	10	2	10	2	10

Responsible products

The data

Food Safety (GFSI)

By the end of 2015, 96% of our own-brand food suppliers in Europe had been certified against a GFSI- recognized standard, as well as 93% of products in our U.S. businesses. We saw an a decrease in the Czech Republic due to expired or not yet certified suppliers increased.

Social Compliance

Social compliance saw a general increase in the high-risk countries audited against BSCI or equivalent; with 88% in our European and 70% in our U.S. suppliers in high-risk counties at the last-stage of production sites have been audited against BSCI or equivalent.

Accepted social compliance standards

The audits we recognize as BSCI or equivalent are: Business Social Compliance Initiative (BSCI), Ethical Trading Initiative (ETI)/SMETA, Intertek Workplace Conditions Assessment (WCA), Social Accountability (SA) 8000, Rainforest Alliance/SAN, Fairtrade/FLO-CERT, MPS – Socially Qualified (SQ), Initiative Clause Sociale (ICS), Sustainable Agriculture in South Africa (SIZA) and Floverde. We also recognize ICTI-CARE as an Ahold-accepted standard (even though it is not BSCI equivalent) because it is the best practice in the toy industry.

Food safety (GFSI)

Percentage of own-brand food suppliers GFSI certified	**2015**	2014	2013	2012	2011
U.S. businesses	**93**	94	81	70	NR
European businesses	**96**	97	93	84	NR

Social compliance

Percentage of suppliers in high-risk countries audited on social compliance[1]	**2015**	2014	2013	2012	2011
U.S. businesses	**70**	72	36	22	NR
European businesses	**88**	80	66	48	NR

1 When taking into account social standards other than BSCI, BSCI-equivalent or recently expired programs, the percentage of suppliers that have been audited rises to 90% for our U.S. businesses and 95% for our European businesses.

Number of Fairtrade certified products at year-end

	2015	2014	2013	2012	2011
Ahold USA	**302**	276[1]	272	251	160
The Netherlands	**182**	145	134	127	141
Czech Republic	**–**	4	12	4	–
Total	**484**	425	418	382	301

1 The total number of fair trade products in 2014 is adjusted as products were identified that were certified against a different standard.

The data

Critical commodities

For all critical commodities we have made progress in 2015. For coffee we have one remaining non-certified product at Ahold USA but this will be replaced with a certified alternative in 2016 and all of Ahold USA's newly sourced tea is 100% sustainable and existing stock will be depleted soon. In cocoa, we came in just under target at 85%.

By the end of 2015, 65% of our total palm oil usage physically contained sustainable palm oil; 17% of which was certified segregated palm oil and 48% was based on certified mass balance. By the end of 2015, 100% of soy embedded in simple animal products in the Netherlands and Czech Republic was covered by credits.

By the end of 2015, our Group-wide percentage of sustainable seafood was 73%, a tremendous improvement over last year's 44%. Albert Heijn Ahold USA offers 76 seafood species of which all but 4% are considered sustainable according to our approved certification standards. Albert Heijn introduced sustainable salmon in the summer of 2015 increasing the percentage of sustainable seafood to 64% on a yearly basis.

Coffee	✓	✓	✓					
Tea	✓	✓	✓					
Cocoa	✓	✓	✓					
Palm oil							✓	
Soy								✓
Seafood				✓	✓	✓		

Number of certified organic products at year-end

	2015	2014	2013	2012	2011
Ahold USA	**4,391**	4,388	4,333	3,821	2,916
The Netherlands	**1,461**	1,081	500	526	447
Czech Republic	**317**	240	284	262	299
Total	**6,169**	5,709	5,117	4,609	3,662

Critical commodities

Percentage of sales certified against industry standards[1]	Ahold USA				The Netherlands				Czech Republic				Total			
	2015	2014	2013	2012	**2015**	2014	2013	2012	**2015**	2014	2013	2012	**2015**	2014	2013	2012
Coffee	**98**	46	20	8	**99**	99	99	100	**100**	100	100	–	**99**	83	79	83
Tea	**1**	12	6	–	**100**	100	100	95	**100**	33	32	–	**83**	82	85	82
Cocoa	**19**	1	–	–	**99**	98	94	93	**74**[5]	31	3	–	**85**	40	35	32
Palm oil[4]	**100**	–	–	–	**100**	–	–	–	**100**	–	–	–	**100**	–	–	–
Soy[3,4]	**NA**	NA	NA	NA	**100**	–	–	–	**100**	–	–	–	**100**	–	–	–
Seafood[2]	**79**	50	12	12	**64**	36	33	18	**6**	12	14	13	**73**	44	25	14

1 The percentage of each critical commodity that is sustainably sourced is the percentage of sales that have been certified based on key products within selected categories in the Netherlands, Czech Republic and United States. See Reporting process for the list of key products and associated categories.

2 When taking into account seafood standards other than Marine Stewardship Council (MSC), Aquaculture Stewardship Council (ASC) and Best Aquaculture Practices 2 Star (BAP), the total percentage of certified seafood sales rises to 80%.

3 Ahold USA is not included as mainly North American soy is used in their supply chains which is not causing deforestation issues.

4 Palm oil and soy consumption is measured in volume instead of sales.

5 The increase can be mainly contributed to the fact that products containing less than 5% of cocoa are excluded.

Care for the environment

The data

Contribution to our CO_2 emissions

CO_2 consumption

CO_2 consumption is 420 kg per m^2 which is almost 45 kg per m^2 lower compared to last year and over 25.8% lower compared to 2008 baseline.

Electricity

Compared to 2014 electricity consumption decreased by 5% per square meter of sales area. This is mainly caused by the further roll out of LED lighting in our stores.

Reducing our electricity consumption is not only good for our CO_2 footprint, it also has a financial benefit. For example, as part of our initiatives Albert Heijn reduced electricity costs by €2 per square meter of sales area compared to 2014.

Refrigerants

Refrigerant leakage decreased at Ahold USA and in the Netherlands due to preventive measures like remodelings and leak detectors. In Czech Republic refrigerant leakage increased due to some big leaks in a limited number of stores.

CO_2 emissions[1,2,3]

	Volume (thousands of metric tons)					Efficiency (kg per sq. m. of sales area)				
	2015	2014	2013	2012	2011	**2015[4]**	2014	2013	2012	2011
Ahold USA	**1,418**	1,569	1,566	1,543	1,620	**469**	533	530	526	565
The Netherlands	**298**	305	316	322	330	**245**	264	286	302	318
Czech Republic	**303**	216	225	241	226	**540**	551	574	619	587
Total	**2,019**	2,090	2,107	2,106	2,176	**420**	465	473	480	507

1 CO_2 emissions comprise electricity, leakage of refrigerant substances, gas, fuel and district heating. Given the limited impact of district heating, we do not report on this separately.

2 Since the consumption of all elements is not measured in CO_2 kilograms, conversion factors are used. Historical data are corrected for the change in conversion factor. See CO_2 conversion factors section for more details on the methodology applied.

3 578 GWh of the electricity consumed have a zero conversion factor, as green energy certificates were purchased in 2015 for this quantity. (2014: 370 GWh)

4 The 2015 efficiency measures are adjusted to a 52-week period in order to be consistent with previous years. This applies to all tables with an efficiency per square meter of sales area.

Electricity consumption

	Volume (millions of kWh)					Efficiency (kWh per sq. m. of sales area)				
	2015	2014	2013	2012	2011	**2015**	2014	2013	2012	2011
Ahold USA	**1,953**	2,008	2,082	2,110	2,109	**645**	682	705	719	736
The Netherlands	**590**	573	562	551	553	**485**	496	508	518	534
Czech Republic	**296**	216	223	234	242	**527**	550	570	600	626
Total	**2,839**	2,797	2,867	2,895	2,904	**591**	623	644	659	677

Leakage of refrigerant substances[1]

	Volume (metric tons)					Efficiency (as percentage of total refrigerants)				
	2015	2014	2013	2012	2011	**2015**	2014	2013	2012	2011
Ahold USA	**156**	173	166	160	182	**11.8**	13.4	12.9	12.2	14.2
The Netherlands	**16**	21	22	24	23	**4.3**	5.5	5.8	6.6	6.9
Czech Republic	**19**	11	11	14	9	**14.9**	11.1	11.3	13.8	9.6
Total	**191**	205	199	198	214	**10.5**	11.6	11.3	11.2	12.5

1 Refrigerants measured include CFCs, HCFCs and HFCs.

The data

Fuel consumption

In 2015, fuel consumption has increased in all areas of the business due to the increase in sales. At the same time fuel efficiency increased due to several initiatives for more efficient transport like.

Gas consumption

Natural gas consumption increased generally; in the U.S., more gas consumption was influenced by a strong winter. Albert Heijn reduced their gas consumption due to re-using excess heat produced by refrigeration with the help of high efficiency heat pumps.

Fuel consumption

	Volume (thousands of liters)					Efficiency (liters per 1,000 products sold)				
	2015	2014	2013	2012	2011	**2015**	2014	2013	2012	2011
Ahold USA	**49,227**	48,285	48,371	49,350	51,024	**6.1**	6.2	6.0	6.2	6.4
The Netherlands	**25,297**	23,991	24,241	24,620	26,019	**3.6**	3.6	3.6	3.6	3.9
Czech Republic	**6,705**	5,886	6,133	6,162	6,471	**2.5**	2.8	2.9	2.8	2.9
Total	**81,229**	78,162	78,745	80,132	83,514	**4.6**	4.7	4.7	4.7	4.9

Natural gas consumption

	Volume (thousands of cubic meters)					Efficiency (cubic meters per sq. m. of sales area)				
	2015	2014	2013	2012	2011	**2015**	2014	2013	2012	2011
Ahold USA	**84,383**	83,321	78,099	70,446	73,790	**27.9**	28.3	26.4	24.0	25.7
The Netherlands	**15,934**	16,094	20,054	20,403	20,903	**13.1**	13.9	18.1	19.2	20.2
Czech Republic	**5,135**	3,788	4,694	4,883	5,080	**9.1**	9.7	12.0	12.5	13.2
Total	**105,452**	103,203	102,847	95,732	99,773	**21.9**	23.0	23.1	21.8	23.3

Waste production

	Volume (millions of kg)					Efficiency (kg per sq. m. of sales area)				
	2015	2014	2013	2012	2011	**2015**	2014	2013	2012	2011
Ahold USA	**430**	424	424	430	420	**142**	144	143	146	147
The Netherlands	**139**	129	125	118	118	**114**	112	113	111	114
Czech Republic[1]	**44**	34	33	35	36	**78**	86	85	89	94
Total	**613**	587	582	583	574	**128**	131	131	133	134

1 Excluding meat waste

The data

Waste by type

We increased our percentage of organic waste as part of total waste with 4%pts compared to 2014. This is mainly driven by Ahold USA's focus on separating organic waste from the other waste category.

Waste by disposal method

As a result of our efforts to separate our waste better, waste going to landfill decreased by 5%pts compared to 2014. We also increased our re-used, recycled or recovered and composted waste.

Recycling waste has also a financial benefit. This year Albert Heijn generated over €9 million by collecting and recycling its cardboard and plastic.

Waste by type

	Ahold USA					The Netherlands					Czech Republic					Total				
Percentage of waste	**2015**	2014	2013	2012	2011	**2015**	2014	2013	2012	2011	**2015**	2014	2013	2012	2011	**2015**	2014	2013	2012	2011
Organic	**20**	15	13	9	7	**31**	29	28	27	27	**10**	8	8	18	20	**22**	18	16	13	12
Cardboard	**46**	45	45	44	45	**52**	53	54	56	55	**43**	42	42	42	41	**47**	46	45	46	47
Wood	**6**	7	6	6	6	**–**	–	–	–	–	**1**	1	1	1	1	**4**	5	5	5	4
Metal	**–**	–	–	–	–	**–**	–	–	–	–	**–**	–	–	–	–	**–**	–	–	–	–
Plastic	**1**	1	1	1	1	**3**	3	3	3	3	**3**	3	3	3	3	**2**	2	2	2	2
Other	**27**	32	35	40	41	**14**	15	15	14	15	**43**	46	46	36	35	**25**	29	32	34	35
Total waste	**100**	100	100	100	100	**100**	100	100	100	100	**100**	100	100	100	100	**100**	100	100	100	100

Waste by disposal method

	Ahold USA					The Netherlands					Czech Republic					Total				
Percentage of waste	**2015**	2014	2013	2012	2011	**2015**	2014	2013	2012	2011	**2015**	2014	2013	2012	2011	**2015**	2014	2013	2012	2011
Re-used, recycled or recovered waste	**65**	63	59	56	57	**55**	56	57	60	61	**51**	51	45	46	44	**62**	60	58	57	57
Fermented waste	**–**	–	–	–	–	**31**	29	28	27	27	**5**	4	5	4	3	**7**	7	6	6	6
Compost waste	**8**	5	6	4	2	**–**	–	–	–	–	**5**	3	6	7	8	**6**	4	4	3	2
Incinerated waste	**15**	14	15	16	29	**14**	15	15	13	12	**5**	3	7	11	11	**14**	13	15	15	24
Landfill waste	**12**	18	20	24	12	**–**	–	–	–	–	**34**	39	37	32	34	**11**	16	17	19	11
Total waste	**100**	100	100	100	100	**100**	100	100	100	100	**100**	100	100	100	100	**100**	100	100	100	100

Water consumption

	Volume (millions of liters)					Efficiency (liters per sq. m. of sales area)				
	2015	2014	2013	2012	2011	**2015**	2014	2013	2012	2011
Ahold USA	**3,474**	3,499	3,622	3,459	3,139	**1,148**	1,188	1,226	1,179	1,095
The Netherlands	**467**	466	467	442	465	**384**	403	422	415	448
Czech Republic	**415**	289	310	NR	NR	**739**	739	793	NR	NR
Total	**4,356**	4,254	4,399	NR	NR	**907**	947	988	NR	NR

External assurance report

Independent assurance report

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

The Management Board of Koninklijke Ahold N.V. ('Ahold'), Zaandam engaged us to provide limited assurance on the Responsible Retailing Report 2015. We believe these procedures fulfil the rational objective as disclosed by Ahold on page 45.

Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Responsible Retailing Report for the period ended 3 January 2016 does not provide a reliable and appropriate presentation of Ahold's policy for sustainable development, or of the activities, events and performance of Ahold relating to sustainable development during the reporting year 2015, in accordance with Ahold's reporting criteria.

This conclusion is to be read in the context of the remainder of our report.

What we are assuring

We have reviewed the Responsible Retailing Report 2015 (hereafter: 'the Report') of Koninklijke Ahold N.V., Zaandam. This report includes the scope of reporting as defined by management (page 44), Ahold's policy for sustainable development, the activities and events during the year and Ahold's 2015 performance relating to sustainable development.

The basis for our conclusion

Professional and ethical standards applied

We conducted our assurance engagement in accordance with Dutch law, including Standard 3810N 'Assurance engagements relating to sustainability reports' (hereafter 'Standard 3810N'). Our responsibilities under this standard are further described in the "Our responsibilities" section of this report.

We are independent of Ahold in accordance with the "Verordening inzake de onafhankelijkheid van accountants by assurance-opdrachten" (ViO) and other relevant independence requirements in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA) and other relevant regulations.

Limitations in our scope

The Report contains prospective information, such as ambitions, strategy, targets, expectations and projections. Inherent to this information is that actual future results may be different from the prospective information and therefore it may be uncertain. We do not provide any assurance on the assumptions and feasibility of this prospective information.

A review is focused on obtaining limited assurance. The procedures performed in obtaining limited assurance are aimed on the plausibility of information which does not require exhaustive gathering of evidence as in engagements focused on obtaining reasonable assurance through audit procedures. The procedures performed consisted primarily of making inquiries of management and others within the entity, as appropriate, applying analytical procedures and evaluating the evidence obtained. Consequently, a review engagement provides less assurance than an audit.

Reporting criteria

Ahold developed its sustainability reporting criteria on the basis of the G4 Guidelines of the Global Reporting Initiative (GRI), which are disclosed together with detailed information on the reporting scope in section 'Scope of reporting' (page 44), and section 'Reporting Process' (page 45). We consider the sustainability reporting criteria to be relevant and appropriate for our review.

Understanding reporting and measurement methodologies

The information in the scope of this assurance engagement needs to be read and understood together with the reporting criteria, for which the company is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Our assurance approach

Materiality

We set thresholds for materiality at the planning stage and reassessed them during the engagement. These helped us to determine the nature, timing and extent of our procedures and to evaluate the effect of identified misstatements on the information presented, both individually and in aggregate. Based on our professional judgement, we determined specific materiality levels for each element of the sustainability information. When determining our materiality thresholds, we considered the relevance of information for both the stakeholders and the company based on the materiality analysis of the company (page 14).

Areas of particular focus

We have identified two areas of particular focus that, in our professional judgment, are of most significance in the assurance engagement of the sustainability information, including the allocation of our resources and effort. Below we provide an explanation of how we tailored our procedures to address these specific areas. This is not a complete list of all risks and/or matters identified by our work.

We have communicated the areas of particular focus with the Management Board. These areas are addressed in the context of our assurance engagement of the sustainability information as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these areas of particular focus.

Area of particular focus	How we addressed the area
Healthy living indicators Increasing consumer demand and ongoing public debate on health, underlines the relevance of healthy living for Ahold. Ahold considers this a key priority for acting as a responsible retailer and has defined two healthy living indicators to demonstrate their performance in making healthy living choices easier for its customers (see page 7). Within Ahold, healthy living products are identified by assessing nutritional information per product and comparing the results with healthy product criteria set at country level by external bodies like the Dutch industry healthy food foundation "ik kies bewust" or by a team of health experts and nutrionists (see page 18). Given the continuously changing assortment and recipes, and the related manual efforts to keep Ahold's database and spreadsheets up to date, we consider this to be a key focus area in our review.	In addition to the review procedures performed as disclosed in the "work done" section, for several healthy products we reconciled the nutritional information of healthy products in the database with the information on the supplier's product label. We then deployed data analysis methods to compare the healthy product data maintained in the database (i.e. the ingredients) with Ahold's healthy product criteria. We also assessed the mathematical accuracy of spreadsheets used by Ahold to calculate the reported values for the two indicators.
Responsible products indicators In recent years there has been much public debate about the way in which food is produced and distributed. In response, food is increasingly being certified with respect to matters such as food safety, social compliance and sustainable sourcing. In its Responsible Retailing report, Ahold discloses the number of certified products and suppliers to demonstrate their awareness of the integrity of the food they sell. We consider this to be a key area of focus as the continuously changing supplier base complicates the monitoring of Ahold's food certification label administration.	In addition to the main procedures performed as disclosed in the "work done" section, for several registered products, we reconciled the information in the food certification label administration with certificates, results from supplier audits, or other supporting evidence.

Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Report.

Our work is carried out by an independent and multi-disciplinary team with experience in sustainability responsibility reporting and assurance and was performed at the head office in Zaandam and during conducted visits at the retail operations in the Netherlands, United States and Czech Republic.

Our main procedures included the following:

- performing an external environment analysis and obtaining an understanding of the relevant social issues, relevant laws and regulations and the characteristics of the organisation;
- evaluating the acceptability of the reporting policies and consistent application of this, such as assessment of the outcomes of the stakeholder dialogue and the process for determining the material subjects, the reasonableness of estimates made by management, as well as evaluating the overall presentation of the sustainability information;
- understanding the systems and processes for data gathering, internal controls and processing of other information, such as the aggregation process of data to the information as presented in the sustainability information;
- interviewing management and relevant staff at corporate and local level responsible for the sustainability strategy and policies;
- interviewing relevant staff responsible for providing the sustainability information, carrying out internal control procedures on the data and the consolidation of the data in the Report;
- analytical review of the data and trend explanations submitted for consolidation at group level;
- reviewing internal and external documentation to determine whether the sustainability information, including the disclosure, presentation and assertions made in the report, is substantiated adequately;
- assessing whether the Report has been prepared 'in accordance' with the Sustainability Reporting Guidelines version G4 of GRI.

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

Responsibilities

The Management Board's responsibilities

The Management Board of Ahold is responsible for the preparation of the Report in accordance with Ahold's reporting criteria, including the identification of the stakeholders and the determination of material subjects. Furthermore, the Management Board is responsible for such internal control necessary to enable the preparation of the Report, that is free from material misstatement, whether due to fraud or error.

Our responsibilities

Our responsibility is to express a conclusion on the Report based on our assurance engagement in accordance with Standard 3810N. This requires that we comply with ethical requirements and that we plan and perform our work to obtain reasonable and limited assurance about whether the Report is free from material misstatement.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant for the preparation of the Report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An assurance engagement aimed on providing limited assurance also includes evaluating the appropriateness of the reporting framework used and the reasonableness of estimates made by management as well as evaluating the overall presentation of the Report.

Amsterdam, 2 March 2016
PricewaterhouseCoopers Accountants N.V.

Original has been signed by
drs. P.J. van Mierlo RA

Other information

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Glossary

Glossary of field specific lexis included within the report which may need explaining for reader understanding

ASC
Aquaculture Stewardship Council.
Through its consumer label, the ASC promotes certified responsibly farmed products in the marketplace.

Biodiversity
The diversity of plant and animal life in a particular habitat, or in the world in general.

BSCI
Business Social Compliance Initiative. A non-profit organization, supporting more than 1,000 international companies in the process of monitoring and improving working conditions in the global supply chain through its own auditing program.

CFC
Chlorofluorocarbon. A powerful greenhouse gas that has an ozone-depleting effect; may be used as cooling element in refrigerants.

CGF
Consumer Goods Forum. An independent, global, parity-based platform focused on improving business practices for efficiency and positive change across the consumer goods and retail industry in order to benefit shoppers, consumers and the world without impeding competition. It brings together the CEOs and senior management of over 400 retailers, manufacturers, service providers and stakeholders from the consumer goods sector across 70 countries.

CO_2
Carbon dioxide; a colorless, odorless, non-combustible greenhouse-gas that contributes to global warming.

Composting
A process in which organic waste – including food waste – decomposes naturally, resulting in a product rich in minerals that can be used for gardening and farming as a soil conditioner.

District heating
Centrally generated heat distributed for residential and commercial heating requirements such as water heating and space heating.

EPA
Environmental Protection Agency. The agency that coordinates U.S. programs aimed at reducing pollution and protecting the environment.

Fairtrade
A certification program with a consumer label that contributes to sustainable development by offering better trading conditions to disadvantaged producers (often in countries in developing nations), and by protecting their rights.

Food waste
The food component of shrink (stores and warehouses), which is discarded, as a percentage of total sales. In contrast to shrink, this food waste percentage excludes theft, food bank donations, cash shortages and other product losses.

FSC
Forest Stewardship Council. FSC is an independent, non-governmental, non-profit organization established to promote the responsible management of the world's forests.

GFSI
Global Food Safety Initiative. A CGF activity that enables continuous improvement of food safety management across the supply chain, through benchmarking, collaboration and harmonization of food safety certification programs.

Global Compact
The United Nations Global Compact is an initiative for businesses committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, environmental and anti-corruption.

Greenhouse gases
Gases such as carbon dioxide or methane, which potentially contribute to climate change.

GRI
Global Reporting Initiative. An international, multi-stakeholder initiative that provides a standard for environmental and social sustainability reporting.

Group
All brands that are in scope of this report as defined in the Scope of reporting section of this report.

HCFC
Hydrochlorofluorocarbon. A powerful greenhouse gas that has an ozone-depleting effect; may be used as cooling element in refrigerants.

HFC
Hydrofluorocarbon. A greenhouse gas that may be used as a cooling element in refrigerants.

IEA
International Energy Agency. An intergovernmental organization that acts as energy policy advisor to 28 member countries in their effort to ensure reliable, affordable, and clean energy.

Incineration
The burning of trash and garbage.

kWh
Kilowatt hour. This is a unit of energy. Energy delivered by electric utilities is expressed and charged for in kWh. Kilowatt hour is the product of power in kilowatts multiplied by time in hours.

Landfill
Final placement of waste in or on the land in a controlled way according to sanitary, environmental protection and other safety requirements.

Last-stage of production sites
The suppliers at the stage in our supply chain where our products are manufactured or produced.

LEED
Leadership in Energy and Environmental Design is a "green building" certification program which encourages environmental responsibility and an efficient use of resources.

LED
Light-emitting diodes. LEDs produce more light per watt than incandescent light bulbs, are more efficient and more durable.

Materiality matrix
In a materiality matrix, social, environmental and economic issues are plotted along two dimensions: their importance to stakeholders and their importance to the company in terms of the impact these issues have on its reputation, operations and finances.

MSC
Marine Stewardship Council. A certification program with a consumer label for well managed, sustainable fishing.

National brand
The brand name of a product that is distributed nationally under a brand name owned by the producer or distributor.

NGO
Non-governmental organization.

NR
Not reported.

Glossary

Omni-channel
Omni-channel is a multichannel approach to sales that seeks to provide the customer with a seamless shopping experience whether the customer is shopping online from a desktop or mobile device, by telephone or in a store.

Organic product
Agricultural product produced by organic farming methods and certified as such by an independent organization. Organic agriculture is a system that relies on ecosystem management rather than external agricultural inputs.

Own-brand
Own-brand products include store brands, exclusive brands and non-branded products, including fruit and vegetables, meat, seafood and dairy.

PI
Product Integrity. All activities related to minimizing the risk that suppliers, their products, or the products we sell do not meet legal requirements or fulfill Ahold's requirements in the areas of Product Safety and Responsible Products.

Priority areas
These are the five responsible retailing areas on which the company is focusing under its current strategy. The priority areas – healthy living, community well-being, our people, responsible products, and care for the environment – were selected on the basis of their relevance to Ahold's business model, to our stakeholders, and to those areas where Ahold can make a meaningful difference.

Rainforest Alliance
A certification program with a consumer label that aims to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices and consumer behavior.

RR
Responsible retailing. A pillar of the Reshaping Retail at Ahold strategy.

RSPO
Roundtable on Sustainable Palm Oil. A global, multi-stakeholder initiative concerned with the production of sustainable palm oil via its certification program.

RTRS
Round Table on Responsible Soy. A global, multi-stakeholder initiative concerned with the production of responsible soy via its certification program.

Shrink
All product losses in our stores as a percentage of total sales. This includes all forms of losses such as theft, food bank donations, stock differences, expired products, markdowns, unsalable discontinued items, damages and cash shortages.

Stakeholders
All the groups that participate in the economic life of the company (employees, customers, suppliers and shareholders), who monitor the company (unions and NGOs) or who are more or less directly influenced by it (society, local government and others).

Sustainability hotspots
Areas in the supply chain which are linked to environmental, social and animal welfare issues.

UTZ
A certification program with a consumer label for responsibly produced and sourced coffee, tea and cocoa, which aims to achieve sustainable agricultural supply chains.

Value chain
A value chain is the whole series of activities that create and build value at every step. The total value delivered by the company is the sum total of the value built up all throughout the company.

Zero waste
Zero waste means designing and managing products and processes to systematically avoid and eliminate the volume and toxicity of waste and materials, conserve and recover all resources, and not burn or bury them. Implementing zero waste will eliminate all discharges to land, water or air that are a threat to planetary, human, animal or plant health. Business and communities that achieve over 90% diversion of waste from landfills and incinerators are considered to be successful in achieving zero waste.

Contact us

Contact information

Ahold proactively maintains an open dialogue with stakeholders, providing accurate information in a timely and consistent way. The Company does this through press releases, the Annual Report, the Responsible Retailing Report, presentations, webcasts, and regular briefings with analysts, fund managers and stakeholders.

Corporate website

Whether you want to view the Company's latest press releases or learn more about our local brands and heritage, our commitment to being a responsible retailer, or our approach to corporate governance, Ahold's corporate website provides a wealth of information for stakeholders. You can access the corporate website at www.ahold.com

Electronic communication

In recent years, changes in legislation have removed the requirement for companies to mail large quantities of paper communications to stakeholders. Instead, companies are choosing to communicate with their stakeholders via the internet, because of its speed and environmental benefits, and to save costs.

Ahold actively encourages our stakeholders to sign up to receive electronic communications, as part of our commitment to being a responsible retailer. For information about how to register to receive electronic communications, please visit the "Contact us" section of our corporate website.

Contact us

In order to help us get better every day we invite a dialogue with our stakeholders. We therefore welcome your feedback on this Responsible Retailing Report and on our responsible retailing strategy and targets in general.

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Cautionary notice

This Responsible Retailing Report (RR Report) contains forward-looking statements, which do not refer to historical facts but refer to expectations based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or vents to differ materially from those included in such statements.

These forward-looking statements include, but are not limited to, statements as to Ahold's responsible retailing strategy, the impact of the intended merger between Ahold and Delhaize, Ahold's promises, Ahold's stakeholder engagement, Ahold's key priority areas being community well-being including but not limited to Ahold's tax policy, its people, responsible products and care for the environment, the Global Reporting Initiative, the United Nations Global Compact, governance, scope of reporting and the reporting process.

These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond Ahold's ability to control or estimate precisely, including but not limited to, Ahold's ability to successfully implement and complete its plans and strategies and to meet its targets, the benefits from Ahold's plans and strategies being less than anticipated, the effect of general economic or political conditions, the actions of competitors and other third parties, increases or changes in competition, Ahold's ability to retain and attract employees who are integral to the success of the business and other factors discussed in Ahold's Annual Report 2015 and this RR Report. Accordingly, this RR Report is subject to this notice and it is qualified by the assumptions, qualifications and the risk factors detailed in Ahold's public filings and other disclosures. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this RR Report. Ahold does not assume any obligation to update any public information or forward-looking statement in this RR Report to reflect events or circumstances after the date of this RR Report, except as maybe required by applicable laws. Outside the Netherlands, Ahold presents itself under the name of "Royal Ahold" or simply "Ahold." For the reader's convenience, "Ahold" or "the company" is also used throughout this RR Report. The company's registered name is "Koninklijke Ahold N.V." The main responsible retailing principles and commitments as discussed in this RR Report imply obligations to perform to the best of one's ability and do not imply obligations to guarantee a certain result. Certain products and services named in this report feature trademarks owned by Koninklijke Ahold N.V., its subsidiaries, joint ventures or associates.

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