

Remuneration

Bill McEwan
Chairman of the
Remuneration
Committee of the
Supervisory Board



Dear shareholder,

I am pleased to present our 2018 Remuneration report. As one of the world's leading food retail groups, Ahold Delhaize and its brands employ over 372,000 associates in nine countries. In determining the employment conditions of their associates, our brands set compensation and benefits levels in line with job level and local market practices and regularly review remuneration practices, taking into account market dynamics and economic conditions.

Our remuneration policy was prepared in accordance with the Dutch Corporate Governance Code and adopted by the General Meeting of Shareholders. The remuneration policy is based on our commitment to the key principle of fair and equitable treatment of all associates and aligned to support our strategy and long-term growth. During the past year, the Management Board's remuneration was implemented in accordance with our Remuneration Policy.

As discussed elsewhere in this Annual Report, following the successful finalization of our merger and integration, we took the opportunity to revisit and refresh our strategy. On November 13, 2018, we introduced our Leading Together strategy at an Ahold Delhaize Capital Markets Day.

On the basis of this, the Remuneration Committee reviewed our Remuneration Policy to ensure that it was still aligned to support the strategy and long-term growth of the Company, the needs of all internal and external stakeholders, and our commitment to making a sustainable contribution to society. The Remuneration Committee also conducted interviews with each of the Management Board members on Management Board remuneration and its link to our strategy.

Following this thorough review, the Supervisory Board proposes that the Company's Remuneration Policy be amended, effective 2019, in connection with the developments in our markets and the introduction of the Leading Together strategy. We believe that the proposed amended Remuneration Policy reflects even stronger alignment with the interests of all our stakeholders.

By introducing key annual strategic imperatives to our short-term incentive plan and an earnings per share growth measure to our long-term incentive plan, our Remuneration Policy will be more closely tied to performance on our new strategy. The Policy will be brought forward for shareholder approval at the annual General Meeting of Shareholders on April 10, 2019, and is outlined in more detail in the shareholder circular.

For the majority of associates, remuneration is based on collective bargaining agreements structured primarily as fixed annual salaries or hourly wages. In addition, store managers and general management associates are eligible to receive an annual performance-based bonus. Associates in senior management positions are eligible for performance-based annual bonuses as well as Ahold Delhaize performance share grants that are linked to the long-term goals of the Company.

The Supervisory Board's Remuneration Committee closely monitors developments in the global, regional and local labor markets and takes these into account when making recommendations on the Management Board compensation to the Supervisory Board for consideration and approval.

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The following table shows the pay ratio of the Chief Executive Officer, Chief Financial Officer, Chief Executive Officer Ahold Delhaize USA and Chief Executive Officer Ahold Delhaize Europe and Indonesia compared to the average remuneration of all Ahold Delhaize associates.

Pay ratio	2018	2017	2016
CEO ¹	124	114	119
CFO	71	71	71
CEO Ahold Delhaize USA ²	90	74	–
CEO Ahold Delhaize Europe and Indonesia ³	–	–	–

1 For 2018, CEO refers to Frans Muller. In order to reflect a full year remuneration, the 2018 remuneration comprises the remuneration up to July 1, 2018, received in his capacity as Deputy CEO and from July 1, 2018, received in his capacity as CEO. For 2017 and 2016, CEO refers to Dick Boer.

2 Since the CEO Ahold Delhaize USA joined the Company on July 24, 2016, full year numbers for 2016 are not available.

3 Since the CEO Ahold Delhaize Europe and Indonesia was appointed on April 11, 2018, full year numbers for 2016, 2017 and 2018 are not available.

We have calculated the pay ratio between the total remuneration of the respective Management Board members and the average remuneration of all associates across the group over 2016, 2017 and 2018 to convey the year-over-year changes. The average remuneration of all associates is calculated as the total labor costs (see *Note 8* to the consolidated financial statements) divided by the number of associates on an FTE basis (see *Five-year overview*). The average remuneration of all associates amounted to €40,225 for 2017 and €40,074 for 2018. The total compensation of the CEO, CFO, CEO Ahold Delhaize USA and CEO Ahold Delhaize Europe and Indonesia can be found in *Note 31* to the consolidated financial statements.

As set forth in the Remuneration Policy, the total compensation of our Management Board members is positioned around the median level of the peer group we've selected for benchmarking (see page 72). The following table illustrates the pay ratio of our CEO compared to the pay ratios of other CEOs in the peer group.

It is important to note that pay ratios across industries are impacted by the different mix of functions from one industry to another. Even within the same industry, comparing pay ratios is challenging due to different market conditions (a mix of high- and low-paying countries).

Therefore, to put Ahold Delhaize's pay ratios into perspective, the graph illustrates Ahold Delhaize's position compared to its peers in the European and U.S. markets as well as the AEX companies in the peer group. The ratios mentioned in the table and the graph are derived from the publicly disclosed 2017 annual reports of the respective companies. For comparison purposes, the ratios have been calculated using the same methodology as used for Ahold Delhaize's pay ratio.

Pay ratio Ahold Delhaize CEO compared to pay ratios of other CEOs in the peer group (2017 figures)

Ahold Delhaize	Average AEX peers	Average European peers	Average U.S. peers	Average full peer group
114	127	191	295	204
	89.8%	59.7%	38.6%	55.9%

The graph illustrates Ahold Delhaize's position versus the labor market peer group as defined in the Remuneration Policy.



The Supervisory Board will continue to monitor the development of pay ratios both within the Company and in comparison with the peer group.

I look forward to presenting our proposed remuneration policy as well as this Remuneration report for discussion with all our shareholders at our upcoming annual General Meeting of Shareholders on April 10, 2019.

Bill McEwan

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Ahold Delhaize's remuneration policy was prepared in accordance with the Dutch Corporate Governance Code. It was adopted at the General Meeting of Shareholders on April 19, 2016. The remuneration policy became effective on July 24, 2016, the first calendar day after the merger of Ahold and Delhaize was finalized. An individual exception to the remuneration policy was adopted at the General Meeting of Shareholders on April 12, 2017.

Remuneration policy

Remuneration philosophy

Ahold Delhaize's remuneration policy is aligned with the Company's strategy and supports a strong performance culture. Our remuneration policy aims at attracting, motivating and retaining the best-qualified talent.

Management Board remuneration policy

The Supervisory Board designed the Management Board's remuneration policy to align with the Company's strategy and to support our pay-for-performance culture, while aiming to be effective, transparent and simple. While developing the remuneration policy, we conducted scenario analyses to determine the risks to which variable remuneration may expose the Company.

The basic elements of the Total Direct Compensation provided to Management Board members are (1) a base salary, (2) an annual cash incentive and (3) a long-term equity-based program. In addition to the Total Direct Compensation, members of the Management Board are offered pensions and additional arrangements in accordance with local practices.

In line with our overall remuneration philosophy, the Management Board's Total Direct Compensation is structured and more heavily weighted on variable annual and long-term incentives tied to the realization of financial and business performance criteria. These performance criteria are a cornerstone of the Company's strategy.

The annual cash incentive is focused on the key financial metrics of a retail organization: sales growth, underlying operating margin and operating cash flow. Our goal is to expand market share, while at the same time focusing on margins to increase profitability and managing capital spending and expenses prudently to secure strong and sustainable cash flow.

The long-term incentive is measured against (i) our internal measure on Return on Capital (RoC), (ii) our external measure of the Company's share performance relative to that of its peers: Total Shareholder Return (TSR) and (iii) the Company's contribution to society through sustainability objectives. Performance for our long-term incentives is measured over a revolving three-year period.

The structure of our remuneration policy aligns the focus of the Management Board with the interests of the Company's shareholders, our local communities and society at large. Compensation and awards are tied to and dependent on the delivery of our strategy in a responsible and sustainable way.

Market competitive pay

The competitiveness of the Management Board remuneration is benchmarked annually against a labor market peer group that reflects the Company's geographic operating areas and the markets most relevant in relation to the recruitment and retention of top management. Since Ahold Delhaize is a Dutch-headquartered company, the AEX market practice in the Netherlands is included. The peer group consists of 18 companies, including peer companies in Europe and the United States as well as AEX-listed companies.

European peers	U.S. peers	AEX
Tesco	Kroger	Unilever
Carrefour	Costco	Philips
Metro Cash & Carry	Target	Heineken
Casino Guichard	Walgreen	Randstad
Perrachon	Boots	Alliance
J Sainsbury	Best Buy	Akzo Nobel
W M Morrison	Lowe's	Relx
	Companies	

In anticipation of potential changes to the labor market peer group due to delisting, mergers or other extraordinary circumstances, the Supervisory Board has the discretion to substitute comparable companies. In general, geographical composition leads in the determination of a replacement company: for example, if a U.S.-based company drops out, it is replaced by another U.S.-based company.

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The composition (risk profile) of the Total Direct Compensation levels is also taken into account when benchmarking base salary levels. The target Total Direct Compensation level is typically around the median, with base salary levels slightly below the median and long-term incentives at the higher end of the market to support the pay-for-performance culture and long-term focus.

An individual exception to the remuneration policy of the Management Board applies for the CEO Ahold Delhaize USA (Kevin Holt). The Supervisory Board determines the remuneration for the CEO Ahold Delhaize USA on the basis of a local reference market, the U.S. retail labor market reference group.

Base salary

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

Annual cash incentive plan:

Executive Committee Incentive Plan

The Management Board members participate in the Executive Committee Incentive Plan (EIP). The EIP is an annual cash incentive plan that employs three equally weighted financial measures: sales growth (30%), underlying operating margin (30%) and operating cash flow (30%), as well as personal objectives (10%). The at-target payout as a percentage of base salary is 100%, contingent on full achievement of the objectives, with a cap at 150% of the base salary in the event of above-target performance.

Long-term equity-based program: Global Reward Opportunity

The Management Board members participate in the Company's long-term incentive program: Global Reward Opportunity (GRO). Under the GRO program, shares are granted through a three-year program. The vesting of these performance shares is subject to performance over a three-year period. The GRO program employs two financial measures: RoC (40%) and TSR (40%). In addition, a non-financial performance measure (20%) related to Sustainable Retailing targets is included.

In line with market practice, the target value of the long-term incentives granted under the program differs by role. For the CEO, the target value is 235% of base salary; for the Deputy CEO and CEO Ahold Delhaize USA, the target value is 200% of base salary; for the CFO, the target value is 175% of base salary; and for the CEO Ahold Delhaize Europe and Indonesia the target value is 150% of base salary.

The total GRO award is comprised of three portions of shares, linked to RoC, TSR and sustainability targets, respectively.

Linked to RoC

Of the total GRO award, the first 40% is linked to a three-year RoC target. Dependent on performance, the number of shares that eventually vest may range between zero and a maximum of 150% of the number of shares granted.

Linked to TSR

Another 40% of the total GRO award is linked to TSR (share price growth and dividends paid over the performance period), with performance at vesting benchmarked against the TSR performance of a peer group. The number of shares that vest depends on the Company's relative ranking in the peer group. An independent external adviser determines the ranking based on TSR performance. No shares will vest to Management Board members if the Company ranks below the seventh position in the performance peer group. The table below indicates the percentage of performance shares that vests based on the Company's ranking.

Company ranking	Shares that will vest as % of originally granted amount
Ranking 1	175%
Ranking 2	150%
Ranking 3	125%
Ranking 4	110%
Ranking 5	100%
Ranking 6	80%
Ranking 7	50%
Ranking 8-14	0%

TSR performance peer group

Tesco	Kroger
Carrefour	Costco
Metro Cash & Carry	Target
Casino Guichard	Walgreen Boots Alliance
Perrachon	
J Sainsbury	Best Buy
W M Morrison	Lowe's Companies
	Walmart

In anticipation of potential changes to the performance peer group due to delisting, mergers or other extraordinary circumstances, the Supervisory Board has the discretion to include substitute comparable companies.

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Linked to Sustainable Retailing

For the remaining 20% of the total GRO award, the performance at vesting is measured against Sustainable Retailing targets. This measure relates to the Company's Sustainable Retailing strategic ambitions. The targets set under this non-financial performance measure are both qualitative and quantitative. Dependent on performance, the number of shares that are able to vest may range between zero and a maximum of 150% of the number of shares granted.

Shareholding requirements and ownership guidelines

Management Board members must retain the shares awarded under the GRO program for a period of at least five years from the grant date. The sale of a portion of the shares is permissible to finance taxes due at the date of vesting. All members of the Management Board are required to hold shares in the Company with a value equal to at least 150% of their base salary. The holding may accumulate by retaining all after-tax shares from the GRO program and does not require personal share purchases.

Claw-back

A claw-back provision is applicable to the Management Board members' annual cash incentive plan (EIP) as well as the long-term equity incentive program (GRO).

Pensions and other contract terms Pension

All existing pension arrangements in the Netherlands have been brought in line with the applicable fiscal pension regulations. The pension plan for Management Board members is calculated similarly to that of all other associates of the Company in the Netherlands and is referred to as a defined benefit plan, based on career average salary. The retirement age (in 2018) is 68. The pensionable salary is capped at around €100,000 (2018: €100,546). Each Management Board member working on a Dutch contract pays a pension premium contribution identical to that of all other Company associates in the Netherlands.

In addition, Management Board members receive a gross (age-dependent) pension allowance and can choose to participate in a Net Pension Arrangement by investing the net (after tax) amount. The Net Pension Arrangement is identical to that of all other associates of the Company in the Netherlands whose pensionable salary exceeds the cap. Participation in this Net Pension Arrangement is voluntarily.

Members of the Management Board working on a non-Dutch contract are offered pension plans in line with local practices.

Loans

Ahold Delhaize does not provide loans or advances to members of the Management Board. Nor does the Company issue guarantees to the benefit of members of the Management Board.

Additional arrangements

In addition to the Management Board members' remuneration, a number of additional arrangements apply. These include expense and relocation allowances, medical and accident insurance, use of company cars and, if applicable, expatriate allowances, which apply to other senior associates and are in line with local market practice. In addition, third-party tax services will be provided to ensure compliance with the relevant legislative requirements.

(Service) Agreements

The term of appointment for all Management Board members is four years. If the Company terminates the (service) agreement of any member of the Management Board, the severance payment is limited to one year's base salary. The agreement may be terminated by the Company with a notice period of 12 months and by the Management Board member with a notice period of six months.

Future outlook

We will propose to the General Meeting of Shareholders that the Company's remuneration policy be amended in connection with the developments in the market and the introduction of the Leading Together strategy presented at the Company's 2018 Capital Markets day. The proposed remuneration policy is outlined in the shareholder circular.

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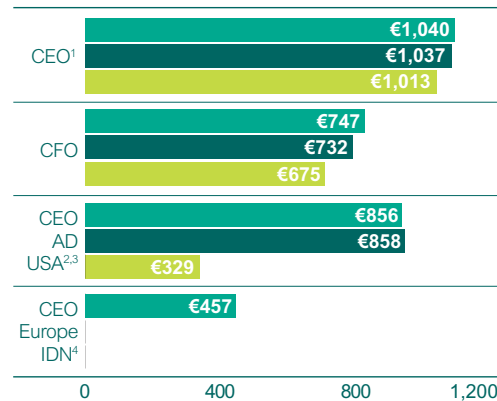
2018 Management Board Remuneration

The Management Board remuneration for 2018 is in accordance with the Management Board remuneration policy. This policy was adopted at the General Meeting of Shareholders on April 19, 2016, and an individual exception was adopted at the General Meeting of Shareholders on April 12, 2017.

2018 Base salary

The base salaries of members of the Management Board were adjusted effective January 2018, and for the newly appointed CEO effective July 1, 2018, at the time of his appointment as CEO.

Base salary thousands



■ Base salary 2018
■ Base salary 2017
■ Base salary 2016

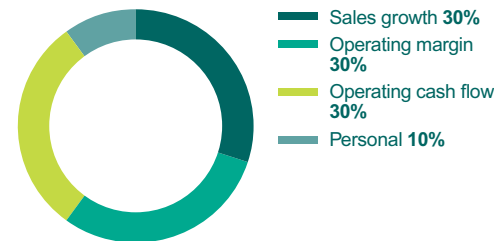
- For 2018, CEO refers to Frans Muller. In order to reflect a full year remuneration, the 2018 remuneration comprises the remuneration up to July 1, 2018, received in his capacity as Deputy CEO and from July 1, 2018, received in his capacity as CEO. For 2017 and 2016, CEO refers to Dick Boer.
- For the member appointed to the Management Board in 2016, the 2016 base salary reflects a partial year.
- The CEO Ahold Delhaize USA's salary has been converted from U.S. dollars into euros, for 2018 using the 2018 year-to-date average \$ / € exchange rate of 0.8476, for 2017 using the 2017 year-to-date average \$ / € exchange rate of 0.8868 and for 2016 using the 2016 year-to-date average \$ / € exchange rate of 0.9125.
- For the member appointed to the Management Board in 2018, the 2018 base salary reflects a partial year.

2018 Annual cash incentive plan: EIP

The EIP uses three equally weighted financial measures: sales growth (30%), underlying operating margin (30%) and operating cash flow (30%). In addition, personal objectives (10%) are included.

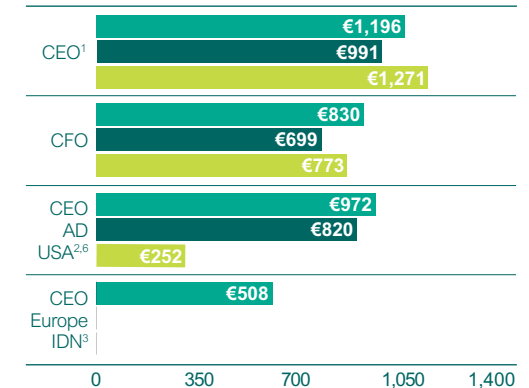
Ahold Delhaize does not disclose the actual targets per performance measure, as this is considered to be commercially sensitive information.

2018 EIP Performance measures



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

Actual EIP thousands



■ Actual EIP 2018^{4,5}
■ Actual EIP 2017
■ Actual EIP 2016

- For 2018, CEO refers to Frans Muller. In order to reflect a full year remuneration, the 2018 remuneration comprises the remuneration up to July 1, 2018, received in his capacity as Deputy CEO and from July 1, 2018, received in his capacity as CEO. For 2017 and 2016, CEO refers to Dick Boer.
- For the member appointed to the Management Board in 2016, the 2016 EIP reflects a partial year.
- For the member appointed to the Management Board in 2018, the 2018 EIP reflects a partial year.
- The overall 2018 financial performance multiplier was 111%. The individual EIP amounts also include the component linked to individual performance.
- 2018 EIP represents accrued annual cash incentives to be paid in 2019 and subject to shareholder approval of the financial statements.
- The EIP of the CEO Ahold Delhaize USA has been converted from U.S. dollars into euros, for 2018 using the 2018 year-to-date average \$ / € exchange rate of 0.8476, for 2017 using the 2017 year-to-date average \$ / € exchange rate of 0.8868 and for 2016 using the 2016 year-to-date average \$ / € exchange rate of 0.9125.

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2018 Long-term equity-based program: GRO

The Management Board members participate in Ahold Delhaize's long-term equity-based incentive program, GRO. The 2018 GRO award was made the day after the 2018 annual General Meeting of Shareholders.

As mentioned, the vesting of the GRO performance shares is subject to performance over a period of three years and the program employs two financial measures: RoC (40%) and TSR (40%). In addition, a non-financial performance measure (20%) is included that relates to Sustainable Retailing targets.

Sustainable retailing performance is measured for this purpose on the basis of both an external and an internal target. The Dow Jones Sustainability Index (the external target) measures how the Company performs on sustainability against peers in the sector. The percentage of healthy own-brand food sales as a proportion of total own-brand food sales (the internal target) is the measure we use to drive performance in pursuit of our company objective to facilitate healthier eating.

2018 GRO grant

To calculate the number of shares to be granted, the at-target value of the award is divided by the six-month average share price preceding the annual award date, calculated over the fourth quarter of 2017 and the first quarter of 2018. Scenario analyses are prepared regularly to estimate the possible future payout levels.

At-target grant and maximum vesting performance shares

	Performance shares			Total at-target grant	Total maximum vesting
	RoC (40%)	TSR (40%)	Sustainability (20%)		
CEO	94%	94%	47%	235%	376%
CFO	70%	70%	35%	175%	280%
CEO Ahold Delhaize USA	80%	80%	40%	200%	320%
CEO Ahold Delhaize Europe and Indonesia	60%	60%	30%	150%	240%

All percentages constitute a percentage of base salary.

2018 GRO share grant calculation – Example CEO

	At-target share grant (% of base salary) up to July 1, 2018	At-target share grant (% of base salary) from July 1, 2018	Award value (base salary ¹ at-target grant %)	Number of shares granted (award value divided by six-month average share price)
RoC performance shares	80%	94%	906,664	51,408
TSR performance shares	80%	94%	906,664	51,408
Sustainability performance shares	40%	47%	453,332	25,704
	200%	235%	2,266,660	128,520

¹ For 2018, CEO refers to Frans Muller. In order to reflect the full year grant, the 2018 base salary and GRO at-target grant comprises the remuneration up to July 1, 2018, received in his capacity as Deputy CEO, and from July 1, 2018, received in his capacity as CEO. Table assumes a base salary of €1,027,472 and an at-target share grant percentage of 200% for the period up to July 1, 2018, and a base salary of €1,053,159 and an at-target share grant percentage of 235% for the period from July 1, 2018. The six-month average share price applied is €17.64.

2018 GRO share grant calculation – Example CFO

	At-target share grant (% of base salary)	Award value (base salary ¹ at-target grant %)	Number of shares granted (award value divided by six-month average share price)
RoC performance shares	70%	522,829	29,644
TSR performance shares	70%	522,829	29,644
Sustainability performance shares	35%	261,415	14,822
	175%	1,307,073	74,110

¹ Table assumes a base salary of €746,899 and six-month average share price of €17.64.