



Sustainability Bond Framework



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1. Introduction

Ahold Delhaize is one of the world's largest food retail groups, a leader in supermarkets and eCommerce, and a company at the forefront of sustainable retailing. Our family of local brands serves over 50 million customers each week, in Europe, the United States and Indonesia. Our Leading Together strategy, launched in November 2018, provides a framework for success, leveraging both our scale and local strength. It guides our decisions and defines shared values and promises, while giving our brands the flexibility to best serve their customers, associates and communities.

Our strong and trusted brands are leaders in their markets and are at the heart of our businesses. They serve customers through more than 6,700 stores and 550 grocery pick-up points.

2. Approach to Sustainability

Through our Sustainable Retailing strategy, we aim to build a healthier business while partnering to reduce societal and planetary pressures such as the rise of non-communicable disease, accelerating climate change and resource depletion, as well as human rights abuses. We see an opportunity, through changing how food is produced and consumed, to improve future food security for a growing global population.

Our vision is to be the leading sustainable retailer in our markets through improving health, driving sustainable consumption and maximizing human potential. As per our current 2020 Sustainable Retailing strategy, we are focused on promoting healthier eating and reducing food waste while increasing food security in our local communities and creating workplaces that are healthier and more inclusive. This strategy was shaped by the UN Sustainable Development Goals (SDGs)¹, stakeholder input on our impacts on society, global frameworks for sustainable business and market knowledge from our brands. The subset of our specific commitments that are relevant to the Sustainability Bond program are as follows (complete commitments can be found on our website at: <https://www.aholddelhaize.com/en/sustainable-retailing/sustainability-strategy/vision-and-strategy/>)

We will sell products that are safe and meet sustainable sourcing standards, while maintaining quality and affordability by:

1. Only sourcing tea, coffee and cocoa products that are certified against an acceptable standard. Currently, we defined acceptable standards as UTZ, Rainforest Alliance, Fairtrade USA, and Fairtrade International.
2. Only sourcing seafood products that are certified against an acceptable standard, from sustainable sources assessed by credible third parties, or from credible improvement projects by 2020. Criteria for a credible Fishery in Improvement Project (FIP) are defined by the Conservation Alliance for Seafood Solutions. We accept fishery benchmarking processes against any GSSI recognized standards. Although the Conservation Alliance for Seafood Solutions has not defined credible guidelines for Aquaculture Improvement Projects (AIPs), we believe the criteria for FIPs is generic enough to apply to AIPs.

We will contribute to the global goals to reduce food waste by:

1. Decreasing food waste in our own operations by 20% (2016-2020)
2. Maximizing the recovery of unsold food to reduce hunger in our communities

¹ <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

We will take our responsibility for using the planet's resources sustainably by reducing carbon emissions and waste by:

1. Reducing CO₂ equivalent emissions per square meter of sales area by 30% from our 2008 baseline by 2020
2. Increasing the percentage of ozone-friendly refrigerants that we use to 85% by 2020
3. Reaching an average GWP (Global Warming Potential) of our total refrigerants of 2,230 by 2020. Our average GWP is comprised of all refrigerants we use in our systems (including stores and distribution centers) weighted in relation to their total charge. By changing refrigerants in existing systems, and by installing refrigerants with low GWP in new systems, we lower our average GWP.
4. Recycling 80% of our waste by 2020

We will enable our brands' customers and associates to eat healthier food every day by:

1. Improving our assortment to increase our sales of nutritious own-brand products to 50% of total own-brand food sales by 2020

We are currently developing Sustainable Retailing commitments for 2025, integrated with and supportive of our Ahold Delhaize Leading Together strategy. We aim to lead our industry in accelerating toward food systems that are healthier for people and the planet.

3. Rationale for the Sustainability Bond program

We aim to reinforce our commitment to sustainability and consider Sustainability Bonds as a key financing instrument to support our efforts. Through the setup of a Sustainability Bond program, we hope to accelerate the transition toward sustainable food systems, and broaden our investor base to reach further like-minded investors. We hope the issuance of our Sustainability Bond will inspire other global retailers and manufacturers.

4. Alignment with Sustainability Bond Guidelines

Sustainability Bonds are bonds where the proceeds will be exclusively applied to finance or re-finance green projects, social projects or a combination thereof. The Sustainability Bond Guidelines (SBG)² administered by the International Capital Markets Association (ICMA) recommend alignment of Sustainability Bonds with the four core components of both the Green Bond Principles, 2018 (GBP)³ and Social Bond Principles, 2018 (SBP)⁴, collectively known as "The Principles". The GBP and SBP outline eligible project categories for green and social projects. The Principles are voluntary process guidelines that recommend transparency, disclosure and promote integrity for best practices when issuing Green Bonds, Social Bonds and Sustainability Bonds. Our Sustainability Bond is aligned with the SBG.

² <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

³ <https://www.icmagroup.org/green-social-and-sustainability-bonds/>

⁴ <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>

4.1 Use of Proceeds

An amount equal to the net proceeds of our Sustainability Bond issuance will be used to finance or refinance new or existing eligible green projects and/or eligible social projects which include disbursements made by us or by our subsidiaries during the past 24 months preceding the issue date through to the maturity date of the Sustainability Bond, and which meet the following eligibility criteria.

We anticipate that our Sustainability Bond will support the achievement of the United Nations Sustainable Development Goals noted below and fall within our Sustainable Retailing priorities. Our Sustainability Bond will only support projects that go beyond business as usual.

We have identified eligible green and social projects in three categories. These projects are in service of our Sustainable Retailing priorities, the strategic areas where we believe we can make the most positive environmental and social impact:

- I. **Procurement of Sustainably Produced Products**
- II. **Climate Impact: reducing carbon emissions and food waste**
- III. **Promoting Healthier Eating: projects and programs designed to promote healthier eating**

I. Procurement of Sustainably Produced Products

GBP/SBP Eligible Project Category	Eligibility Criteria and related eligible green or social projects	SDG Alignment
Environmentally Sustainable Management of Living Natural Resources and Land Use	<p>Expenditures related to procurement of sustainably produced products, including certified sustainable products, in the year of issuance</p> <p>Costs related to:</p> <ul style="list-style-type: none"> • <i>Procurement of third-party certified products including tea, coffee, cocoa and seafood:</i> certification schemes include UTZ, Rainforest Alliance, Fairtrade USA, Fairtrade International. For seafood products, we include certification schemes which are recognized by the Global Sustainable Seafood Initiative (GSSI) benchmarking - which currently includes Alaska Responsible Fisheries Management Certification Program, Iceland Responsible Fisheries Management Certification Programme, Marine Stewardship Council, Best Aquaculture Practices Certification, GLOBALG.A.P. Aquaculture Certification System, Aquaculture Stewardship Council Certification, and Audubon G.U.L.F RFM Certification Program. • <i>Expenditures related to the installation of the "Urban Farm" (Boondael Store):</i> store rooftop farm that grows vegetables on-site, thereby contributing to providing local sustainable products while lowering greenhouse gas emissions from distribution. The farm also provides educational programs and workshops for schools.⁵ 	     

⁵ <https://www.aholddelhaize.com/en/media/latest/media-releases/delhaize-opens-first-store-rooftop-farm-in-belgium/>

II. Climate Impact: reducing carbon emissions and food waste

GBP/SBP Eligible Project Category	Eligibility Criteria and related eligible green or social projects	SDG Alignment
Renewable Energy	<p>Expenditures related to investments in renewable energy Examples include costs related to:</p> <ul style="list-style-type: none"> • On-site or off-site renewable energy investments: solar; wind; geothermal; bio-digesters. In the case of bio-digesters, feedstock will be derived from retail store and distribution center food waste, and possibly other waste streams. 	 
Energy Efficiency	<p>Expenditures related to increasing energy efficiency of stores and distribution centers Examples include costs related to:</p> <ul style="list-style-type: none"> • Energy efficiency projects: LED lighting installations (e.g., for parking areas and freezer cabinets); efficiency devices on heaters; heat pumps; installing doors or curtains on cooling cabinets; insulation; purchase of energy efficient equipment. • Refrigeration projects: upgrading refrigeration equipment to improve energy efficiency. 	 
Green Buildings	<p>Expenditures related to stores, offices or warehouses that have received or are expected to receive Gold or Platinum LEED certification, BREEAM 'Excellent' or 'Outstanding' certification, or a nationally recognized equivalent certification</p> <ul style="list-style-type: none"> • Bol.com (https://www.bol.com/nl/) warehouse (BREEAM 'Outstanding' certified). 	 
Pollution Prevention and Control	<p>Expenditures related to waste prevention - operational improvements and food donations, food waste recycling, waste recycling, optimizing packaging for sustainability Examples include costs related to:</p> <ul style="list-style-type: none"> • Optimizing replenishment processes, ordering, and stock management to reduce shrink⁶: program costs such as transportation and distribution associated with food donations to hunger relief charities. • Plastic and packaging reduction, increase in recyclability or compostability of plastics: introduction of reusable packaging models, or increase in use of recycled plastics in packaging (projects linked to Ahold Delhaize as a signatory of the Ellen MacArthur Foundation's New Plastics Economy Global Commitment). • Improving collection and recycling: including packaging and other operational waste within company's operational boundaries. • Refrigeration projects: changing refrigerant to natural or climate-friendly substances 	 

⁶ Shrink is as any removal of food from the food supply chain which is or was at some point fit for human consumption, but has been disposed of, or has spoiled or expired, mainly as a result of economic behavior, poor stock management, neglect, theft or cash shortages.

III. Promoting Healthier Eating: projects and programs designed to promote healthier eating

GBP/SBP Eligible Project Category	Eligibility Criteria and related eligible green or social projects	SDG Alignment
<p>Access to Healthy Food</p>	<p>Expenditures related to implementation and expansion of healthier eating initiatives while maintaining affordability, including R&D for reformulated products and marketing and distribution of healthier products</p> <p>Examples include costs related to:</p> <ul style="list-style-type: none"> • Reformulation of own brand products: initiatives to improve the nutritional quality of products by cutting back salt, sugar and fat and increasing fiber – while maintaining product affordability - to increase the rating on an acceptable nutritional navigation system (e.g. Guiding Stars, Choices International, Nutri-Score).⁷ • Maintenance and improvement of the Guiding Stars system (U.S.): an audited nutritional rating system with an independent third-party scientific advisory panel that established an algorithm for rating foods on nutritional quality. It is based on the U.S. dietary guidelines and is endorsed by nutritionists and doctors⁸. All products sold within US stores are rated against Guiding Stars. • Investments in rating products against the Choices International criteria (Europe): an audited nutritional rating system developed by a panel of third-party scientists, based on World Health Organization dietary guidelines⁹. In relevant brands, own-brand products are rated against Choices International. • Investments in rating products against the Nutri-Score system: a European based rating system based on international research that provides guidance about the nutritional quality of products in order for consumers to make balanced food choices and quickly compare products¹⁰. In relevant brands, own-brand products are rated against the Nutri-Score system. <p>For more information on Guiding Stars, Nutri-Score, and Choices International, see appendix.</p>	 

Any proceeds allocated to eligible projects in our supply chain will represent expenditures made by Ahold Delhaize or any of its subsidiaries.

⁷ <https://www.aholddelhaize.com/en/media/latest/media-releases/ahold-delhaize-ceo-dick-boer-addresses-annual-general-meeting-of-shareholders/>

⁸ <https://guidingstars.com/what-is-guiding-stars/science-and-stars/>

⁹ <https://www.choicesprogramme.org/>

¹⁰ <https://www.aholddelhaize.com/en/media/latest/media-releases/nutritional-guidance-delhaize-introduces-nutri-score-label/>

4.2 Process for Project Evaluation and Selection

Ahold Delhaize will establish a Sustainability Bond Committee to oversee the Sustainability Bond implementation of the allocation and selection process. It will be comprised of the Vice President of Sustainable Retailing and the Senior Vice President of Treasury. Our Sustainable Retailing team will recommend the allocation of eligible projects for approval by the Vice President of Sustainable Retailing and Senior Vice President of Treasury.

Please note that the Sustainability Bond Committee may review the list of eligible projects from time to time to ensure relevance with Ahold Delhaize's sustainable retailing strategy.

4.3 Management of Proceeds

Ahold Delhaize's Sustainability Bond Committee will establish internal tracking systems to monitor and account for the allocation of the proceeds. Pending the full allocation to eligible green and social projects, Ahold Delhaize will hold the balance of net proceeds not yet allocated within its treasury, invested at its discretion in money market instruments or to repay commercial paper.

In the case where a project no longer meets the eligibility criteria, the funds will be reallocated to other eligible green and/or social projects.

Payment of principal and interest will be made from our general account and not be linked to the performance of the eligible green and social projects.

4.4 Reporting

Annually, until all the proceeds have been allocated, and on a timely basis in case of material developments, Ahold Delhaize will publish yearly updates to investors on its website <https://www.aholddelhaize.com/en/investors/bond-information/sustainability-bonds/> that will include (i) the amount of net proceeds allocated to each Eligible Project category, (ii) expected key performance indicators (KPIs) (qualitative and quantitative), where feasible and (iii) the outstanding amount of net proceeds yet to be allocated to projects at the end of the reporting period.

Examples of relevant expected KPIs could include:

Eligible projects	Expected KPIs
Certified seafood	⌘ of sales from sustainability sourced own-brand products
Certified tea, coffee, cocoa	⌘ of sales from sustainability sourced own-brand products
Urban farm	⌘ of sales from sustainability sourced own-brand products
Solar, bio-digesters	Annual GHG emissions reduced/avoided in tonnes of CO ₂ equivalent Annual energy savings in MWh (electricity) and GJ (other energy savings)
Energy efficiency projects	Annual GHG emissions reduced/avoided in tonnes of CO ₂ equivalent Annual energy savings in MWh (electricity) and GJ (other energy savings)

Refrigeration projects	Annual GHG emissions reduced/avoided in tonnes of CO ₂ equivalent Annual energy savings in MWh (electricity) and GJ (other energy savings)
Green buildings	LEED, BREEAM, or equivalent environmental certification scores
Optimizing replenishment processes, ordering, and stock management to reduce shrink; offering unsold food to hunger relief charities	% of total food waste recycled Tonnes of food waste reduced Tonnes of waste recycled
Packaging changes to meet our New Plastics Economy Global Commitment	Tonnes of plastic reduced
Improving collection and recycling of packaging and other operational waste within company's operational boundaries	Tonnes of waste recycled
Product reformulation	% sales from healthier products
Guiding Stars	% sales from healthier products
Choices International	% sales from healthier products
Nutri-Score	% sales from healthier products

5. External Review

5.1 Second Party Opinion:

Ahold Delhaize has retained Sustainalytics to provide a Second Party Opinion (SPO) on the environmental and social benefits of Ahold Delhaize Sustainability Bond Framework as well as the alignment to the SBG and the Principles. The SPO is available on our website <https://www.aholddelhaize.com/en/investors/bond-information/sustainability-bonds/>.

5.2 Compliance Review:

Until all the proceeds have been allocated, Ahold Delhaize will appoint Sustainalytics (or any other party appointed by Ahold Delhaize as a successor for Sustainalytics) to conduct a compliance review on an annual basis to provide assurance that an amount equal to the net proceeds of the Sustainability Bond has been allocated in compliance with all material respects of the eligibility criteria set forth in this Sustainability Bond Framework.

APPENDIX

Nutritional Navigation System background information

Guiding Stars

- www.guidingstars.com
- http://guidingstars.com/wp-content/uploads/2018/02/Guiding-Stars-White-Paper_US-Version_revised-final-2-1-2018-1.pdf
- <https://www.sciencedirect.com/science/article/abs/pii/S1499404617306073>
- <https://www.sciencedirect.com/science/article/abs/pii/S0306919213001176>
- <https://www.milbank.org/quarterly/articles/consumers-response-shelf-nutrition-labeling-system-supermarkets-evidence-inform-policy-practice/>

Nutri-Score

- <https://www.santepubliquefrance.fr/Sante-publique-France/Nutri-Score>
- <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6107140/>

Choices International*

- <https://www.choicesprogramme.org/what-we-do/product-criteria/>
- <https://www.sciencedirect.com/science/article/pii/S0308814615009747>

*Where available, we use the National Criteria developed by Choices, otherwise we use the International Criteria.

Disclaimer

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No representation is made as to the suitability of any bonds to fulfil environmental and sustainability criteria required by prospective investors. Each potential purchaser of bonds should determine for itself the relevance of the information contained or referred to in this Framework or the relevant bond documentation for such bonds regarding the use of proceeds and its purchase of bonds should be based upon such investigation as it deems necessary. Ahold Delhaize has set out its intended policy and actions in this Framework in respect of use of proceeds, project evaluation and selection, management of proceeds and reporting, in connection with the Ahold Delhaize Sustainability Bonds. However, it will not be an event of default or breach of contractual obligations under the terms and conditions of any such bonds if Ahold Delhaize fails to adhere to this Framework, whether by failing to fund or complete Eligible Projects or by failing to ensure that proceeds do not contribute directly or indirectly to the financing of the excluded activities as specified in this Framework, or by failing (due to a lack of reliable information and/or data or otherwise) to provide investors with reports on uses of proceeds and environmental impacts as anticipated by this Framework, or otherwise.

In addition, it should be noted that all of the expected benefits of the Eligible Projects as described in this Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in government policy (whether with a continuity of the government or on a change in the composition of the government), changes in laws, rules or regulations, the lack of available Eligible Projects being initiated, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the expected benefits of these initiatives, including the funding and completion of Eligible Projects. Each environmentally focused potential investor should be aware that Eligible Project may not deliver the environmental or sustainability benefits anticipated, and may result in adverse impacts.

This Framework does not constitute a recommendation regarding any securities of Ahold Delhaize or any member of the Ahold Delhaize Group. This Framework is not, does not contain and may not be intended as an offer to sell or a solicitation of any offer to buy any securities issued by Ahold Delhaize or any member of the Ahold Delhaize Group. In particular, neither this document nor any other related material may be distributed or published in any jurisdiction in which it is unlawful to do so, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession such documents may come must inform themselves about, and observe, any applicable restrictions on distribution. Any decision to purchase any bonds should be made solely on the basis of the information to be contained in any offering document provided in connection with the offering of such bonds. Prospective investors are required to make their own independent investment decisions.