Remuneration

Bill McEwan

Chairman of the Remuneration Committee of the Supervisory Board

Dear shareholder,

I am pleased to present our 2017 Remuneration report. As one of the world's leading food retail groups, Ahold Delhaize employs 369,000 associates in nine countries. In determining the employment conditions of our associates, we set compensation and benefits levels in line with associates' job level and local market practices. The remuneration practices in each of our local markets are regularly reviewed to take into account the market dynamics and economic conditions. We are committed to the key principle of fair and equitable treatment of all associates as we determine remuneration policies. We apply the same principles in the determination of the Remuneration Policy for the Management Board.

As outlined in our Remuneration Policy, Management Board remuneration is targeted at or near the median of the labor market peer group, consisting of six AEX, six European, and six U.S. peer companies. During the past year, the Management Board's remuneration was implemented in accordance with our Remuneration Policy. This policy is in compliance with the Dutch Corporate Governance Code and was adopted at the annual General Meeting of Shareholders on April 19, 2016. It 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 for the CEO Ahold Delhaize USA (former Chief Operating Officer Ahold USA) was adopted at the annual General Meeting of Shareholders on April 12, 2017.

For the majority of our 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 developments into account when making recommendations on the Management Board compensation to the Supervisory Board for consideration and approval.

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

Pay ratio	2017	2016
CEO	**114**	119
Deputy CEO[1]	**135**	–
CFO	**71**	71
CEO Ahold Delhaize USA[1]	**74**	–

1 Since the Deputy CEO and the CEO Ahold Delhaize USA joined the Company on July 24, 2016, full year numbers for 2016 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 Ahold Delhaize associates over 2016 and 2017 to convey the year-over-year changes. The average remuneration of all associates in 2016 is calculated on the basis of pro forma (full year 2016) labor costs. 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 €39,572 for 2016 and €40,225 for 2017. The total compensation of the CEO, Deputy CEO, CFO and CEO Ahold Delhaize USA can be found in *Note 31* to the consolidated financial statements.

Remuneration
continued

As set forth in the Remuneration Policy, the total compensation of our Management Board members is positioned at the median level of the peer group we've selected for benchmarking (see page 103). 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).

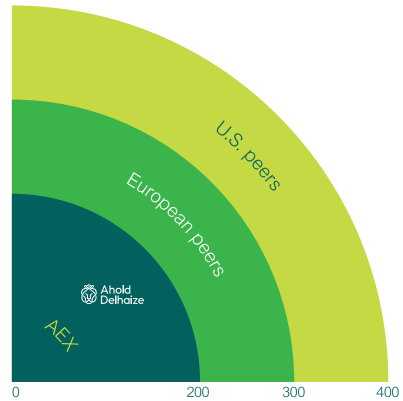
Therefore, to put Ahold Delhaize's pay ratios into perspective, the graph illustrates Ahold Delhaize's position compared to its peers in the European and U.S. markets as well as the AEX companies in the peer group. The ratios mentioned in the table and the graph are derived from the publicly disclosed 2016 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 (2016 figures)

Ahold Delhaize	Average AEX peers	Average European peers	Average U.S. peers
119	115	179	238
	103.5%	66.5%	50%

The average pay ratio for the CEO position in the full peer group is 188. 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.



Our remuneration policy remains unchanged for 2018. At the Supervisory Board's discretion, effective in 2018, two replacements have been made in the labor market and Total Shareholder Return (TSR) peer groups due to corporate actions at Metro and Staples. Metro demerged into Ceconomy and Metro Cash & Carry. The former Metro has been replaced in each of the two peer groups by Metro Cash & Carry. Staples was delisted as a consequence of its purchase by Sycamore and has been replaced by Lowe's Companies in each of the two peer groups.

In 2017, the Company announced the upcoming retirement of Pierre Bouchut from the Management Board as well as the intended appointment of Wouter Kolk to the Management Board. The latter appointment will be brought forward for shareholder approval at the annual General Meeting of Shareholders on April 11, 2018. The implementation of these Management Board changes will be in accordance with our Remuneration Policy.

The Remuneration Committee also conducted interviews on Management Board remuneration and its link to the Company's overall strategy with each of the members of the Management Board. The Remuneration Committee will continue to monitor and review Ahold Delhaize's Remuneration Policy to ensure that it continues to be 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 at large. If the Supervisory Board determines that changes to the existing Remuneration Policy are appropriate and required, we will seek shareholder approval at future General Meetings.

I look forward to presenting this Remuneration report for discussion with all our shareholders at our upcoming annual General Meeting of Shareholders on April 11, 2018.

Bill McEwan
Chairman of the Remuneration Committee of the Supervisory Board

Remuneration

continued

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 and aligned 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 its 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 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 societal 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, operating margin and operating cash flow. Our focus and goal is to expand market share, while at the same time grow margins to increase profitability and manage 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	Target	Heineken
Casino Guichard Perrachon	Walgreen Boots Alliance	Randstad
J Sainsbury	Best Buy	Akzo Nobel
W M Morisson	Staples	Relx

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.

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 comprising 14 companies.

Remuneration
continued

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 COO Europe 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	Target
Casino Guichard Perrachon	Walgreen Boots Alliance
J Sainsbury	Best Buy
W M Morisson	Staples
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.

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 may 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.

Remuneration

continued

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 2017) is 67. The pensionable salary is capped at around €100,000 (2017: € 98,995). Each Management Board member working on a Dutch contract pays a pension premium contribution identical to that of all other Ahold Delhaize 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 remuneration of the Management Board members, a number of additional arrangements apply. These include expense and relocation allowances, medical insurance 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 same applies if an initial (service) agreement for four years is not continued in the event the Management Board member is not reappointed. 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

In light of changes to the labor market reference group and TSR peer group due to the demerger of Metro Group and delisting of Staples, the Supervisory Board will include substitute comparable companies. For benchmarking purposes, from 2018 onwards, Metro Cash & Carry will replace Metro Group, and Lowe's Companies will replace Staples in the labor market peer group. For relative TSR measurement, this substitution comes into effect for the 2016 and 2017 GRO awards and to-be-granted GRO share awards.

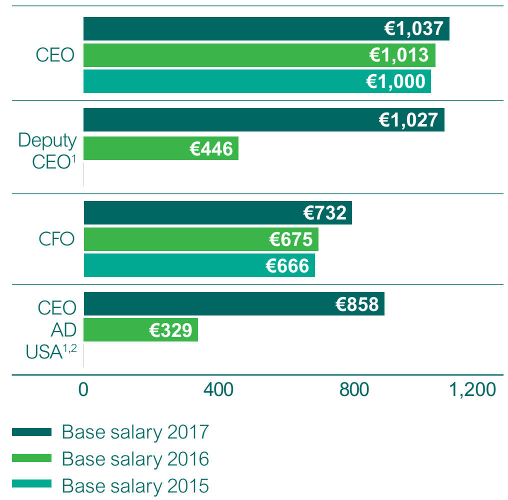
2017 Management Board Remuneration

The Management Board remuneration for 2017 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.

2017 Base salary

The base salaries of members of the Management Board were adjusted effective January 2017, and for the CEO Ahold Delhaize USA effective May 2017 in accordance with the adoption of the individual exception by the General Meeting of Shareholders on April 12, 2017.

Base salary
thousands



1 For the members appointed to the Management Board in 2016, the 2016 base salary reflects a partial year.

2 For 2017, CEO AD USA refers to the COO Ahold USA. The salary of the CEO AD USA has been converted from U.S. dollars into euros using the 2017 year-to-date average $ / € exchange rate of 0.8868.

For 2016, CEO AD USA refers to the COO Delhaize America for the period up to October 1, 2016, and the COO Ahold USA for the period starting October 1, 2016. The salary of the CEO AD USA has been converted from U.S. dollars into euros using the 2016 year-to-date average $ / € exchange rate of 0.912519.

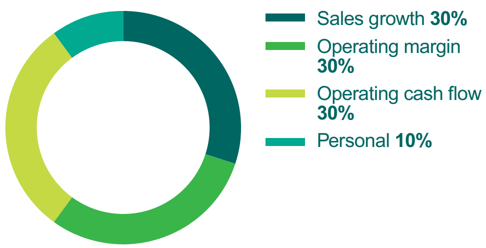
Remuneration
continued

2017 Annual cash incentive plan: EIP

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

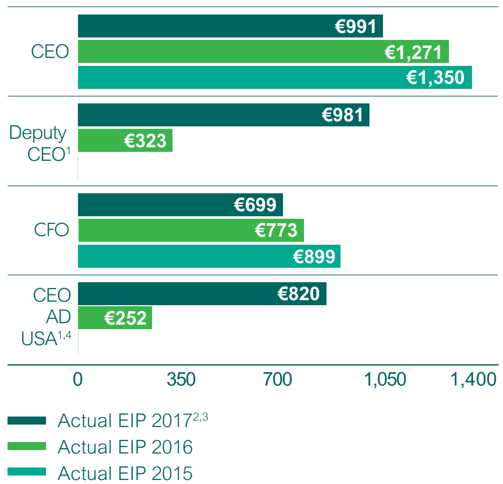
Ahold Delhaize does not disclose the actual targets per performance measure, as this is considered to be commercially sensitive information.

2017 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



1 For the members appointed to the Management Board in 2016, the 2016 EIP reflects a partial year.

2 2017 EIP represents accrued annual cash incentives to be paid in 2018 and subject to shareholder approval of the financial statements.

3 The overall 2017 financial performance multiplier was 93%. This reflects our financial results being modestly below target. The individual EIP amounts also include the component linked to individual performance.

4 For 2017, CEO AD USA refers to the COO Ahold USA. The EIP of the CEO AD USA has been converted from U.S. dollars into euros using the 2017 year-to-date average $ / € exchange rate of 0.8868. For 2016, CEO AD USA refers to the COO Delhaize America for the period up to October 1, 2016, and the COO Ahold USA for the period starting October 1, 2016. The 2016 EIP of the CEO AD USA has been converted from U.S. dollars into euros using the 2016 year-to-date average $ / € exchange rate of 0.912519.

2017 Long-term equity-based program: GRO

The Management Board members participate in Ahold Delhaize's long-term equity-based incentive program, GRO. The 2017 GRO award was made the day after the 2017 annual General Meeting of Shareholders.

The vesting of the GRO performance shares is subject to performance over a period of three years and the GRO program employs two financial measures: Return on Capital (40%) and Total Shareholder Return (40%). In addition, a non-financial performance measure (20%) is included related to Sustainable Retailing targets. For this purpose, performance is measured 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 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.

2017 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 2016 and the first quarter of 2017. Scenario analyses are prepared regularly to estimate the possible future payout levels.

At-target grant and maximum vesting performance shares

	Performance shares				
	RoC (40%)	TSR (40%)	Sustainability (20%)	Total at-target grant	Total maximum vesting
CEO	94%	94%	47%	235%	376%
Deputy CEO	80%	80%	40%	200%	320%
CFO	70%	70%	35%	175%	280%
CEO AD USA	80%	80%	40%	200%	320%
COO EU	60%	60%	30%	150%	240%

All percentages constitute a percentage of base salary.

Remuneration
continued

2017 GRO share grant calculation – Example CEO

	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	94%	975.118	48,819
TSR performance shares	94%	975,118	48,819
Sustainability performance shares	47%	487,560	24,410
	235%	2.437.796	122.048

1 Table assumes base salary of €1,037,360 and six-month average share price of €19.97.

2017 GRO share grant calculation – Example CFO

	At-target share grant (% of base salary)	Award value (base salary[2] at-target grant %)	Number of shares granted (award value divided by six-month average share price)
RoC performance shares	70%	512,578	25,662
TSR performance shares	70%	512,578	25,662
Sustainability performance shares	35%	256,289	12,831
	175%	1,281,445	64,155

2 Table assumes base salary of €732,254 and six-month average share price of €19.97.