Ahold Delhaize

LOCAL MATTERS

Annual Report 2022

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COMPLIANCE STATEMENT
This document is the PDF/printed version of Ahold Delhaize's Annual Report 2022 and has been prepared for ease of use. The Annual Report 2022 was made publicly available pursuant to section 5:25c of the Dutch Financial Supervision Act (Wet op het financieel toezicht), and was filed with Netherlands Authority for the Financial Markets in European single electronic reporting format (the ESEF package). The ESEF package is available on the company's website at www.aholddelhaize.com and includes a human-readable XHMTL version of the Annual Report 2022. In the case of any discrepancies between this PDF version and the ESEF package, the latter prevails.

Local matters

Ahold Delhaize is a family of great local brands serving millions of customers every day. Our brands understand and serve the unique needs of local customers and communities while benefiting from the economies of scale and efficiencies of a global business.

We have lots of stories throughout this Annual Report that show how much local really matters to us at Ahold Delhaize – and you can find even more online:

www.aholddelhaize.com

Reusable bags

Making the switch will save millions of plastic bags annually

Albert Heijn announced it would no longer provide free plastic bags in fruit and vegetable departments across its entire store network – after it already got rid of free plastic bags at the checkout. The brand instead offers washable fresh produce bags – like the one pictured – that can be used dozens of times. This decision saves 130 million bags, or 243,000 kilos of plastic, per year.

The initiative is one of many reasons Albert Heijn was voted the most sustainable supermarket chain in the Netherlands for the sixth time in a row in 2022.

See **our website** for more information.

> Sustainability is a journey in which you gradually make the world a better place. All of the steps together make a big leap.
>
> **Marit van Egmond, CEO Albert Heijn**

Nourishing communities

Albert becomes the largest Czech food donor – and then raises the bar

Albert's determination to support communities while fighting food waste made it the largest food donor in the Czech Republic! It has now committed to increase donations by 20% – to 4.6 million food portions – and donated refrigerated delivery vans to help food banks keep food fresher longer.

Through initiatives like this, Albert keeps it share of unsold food below 1.5% of total volume. It also opened its first no waste store in 2022 with a zero-waste canteen that prepares great meals for associates from unsold products.

See **our website** for more information.

“The role of food banks is crucial, and Czechs would appreciate more opportunities to get involved. The groups most at risk of food and drug shortages during the pandemic have been single mothers and seniors.”

Veronika Láchová, Executive Director Czech Federation of Food Banks

Going electric

Transitioning to electric delivery is helping Giant Food reach its sustainability goals

Giant Food in the U.S. began deploying fully electric vehicles in its Giant Delivers fleet in 2022 – a positive step forward in the brand's transition to all-electric delivery to customers.

The new vehicles can cover 105 miles on one charge from Giant's warehouse, so drivers don't have to make an extra stop during daily deliveries. The vehicles are expected to displace over 210,000 gallons of petroleum and reduce greenhouse gas emissions by 63% over their lifetimes. Similar technology is also being using at our other brands, such as bol.com, Delhaize and Stop & Shop.

See **our website** for more information.

> Cleaner transportation is part of Giant's larger sustainability efforts and commitment to supporting the local environment.
>
> **Joe Urban,**
> **Vice President of Distribution**

Local service

Volunteering in local communities creates a sense of belonging

Our brands are known for making a difference in communities. Rhonda Mauldin, Food Lion Store Manager in Simpsonville, South Carolina, says her sense of belonging is closely connected to her efforts to serve the community.

She and her team have worked hard to let Simpsonville know Food Lion is there for them, by partnering with the local food bank and Habitat for Humanity, cleaning up roadways, offering move-in bags of groceries to new residents and donating food and water to police and fire departments.

See **our website** for more information.

“I want to be a part of the answer. I want Food Lion to be able to nourish and set our neighbors up for success in life. I'm proud to work for a company that allows me to do that.”

Rhonda Mauldin, Store Manager

Local solutions

Supporting customer purchasing power while reducing food waste

Backed by customer research, Delhaize Belgium is making items close to their expiration date more visible and accessible to customers, grouping them in the store in a "no waste" corner and accompanying them with clear messaging and attractive discounts.

This will enable Delhaize to not only combat food waste, but support customers’ purchasing power in tough financial times.

See **our website** for more information.

“For many families, it is these seemingly small items that do make a difference at the end of the month. As a retailer, we want to take responsibility for this and try to help where we can.”

Delhaize Belgium team

Strategic report

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OUR BUSINESS

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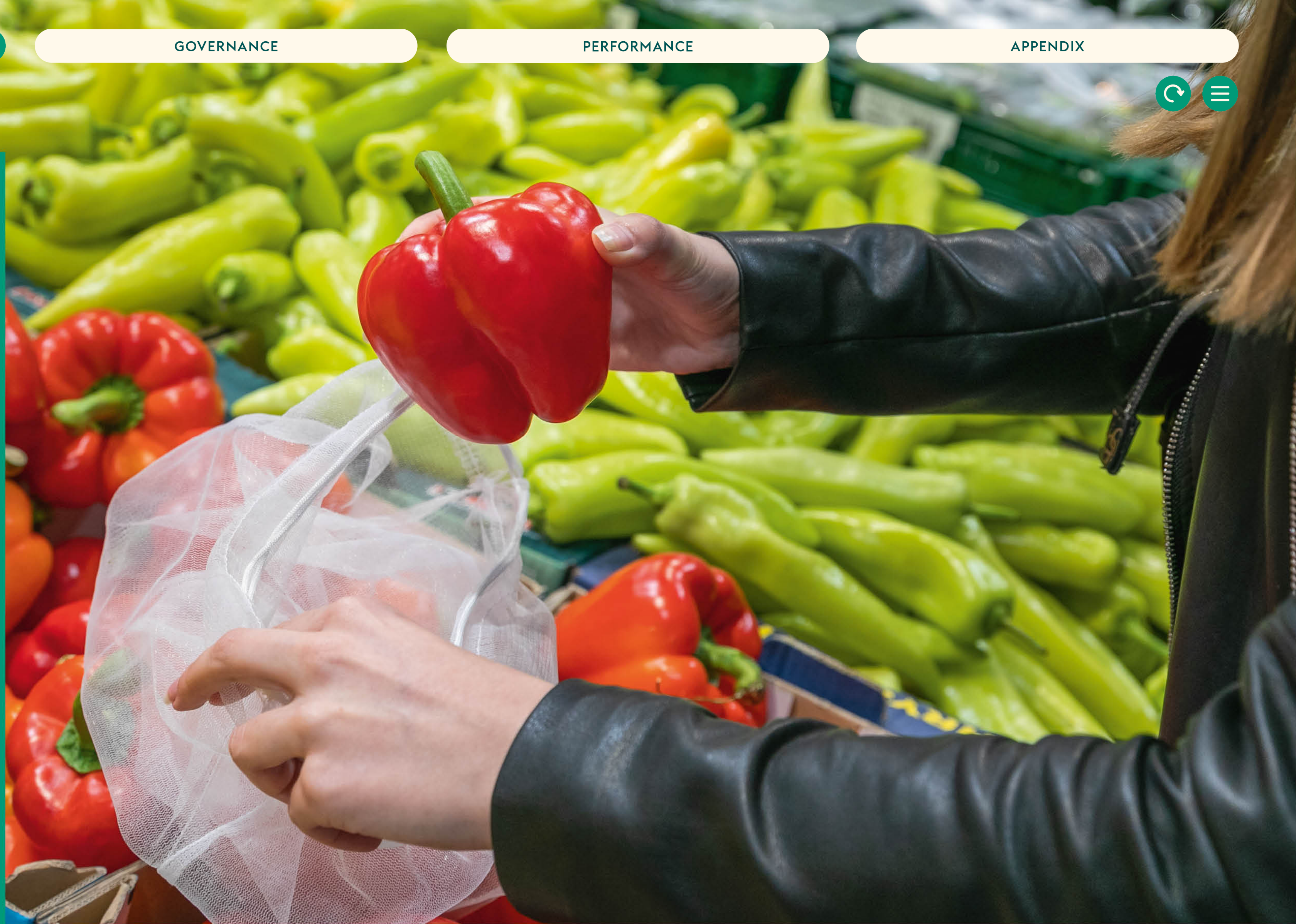


LOCAL MATTERS

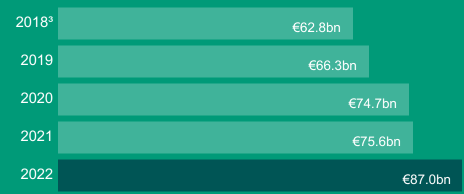
Albert Czech Republic

GROUP HIGHLIGHTS

NET SALES[1]

€87.0bn ^ 15.1%

2021: €75.6bn
(+6.9% at constant rates)



NET CONSUMER ONLINE SALES

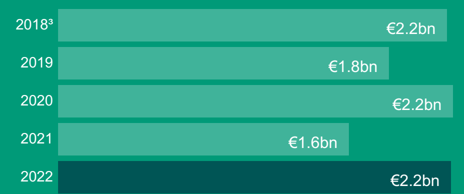
€11.3bn ^ 8.9%

2021: €10.4bn
(+4.9% at constant rates)

FREE CASH FLOW[2]

€2.2bn ^ 35.2%

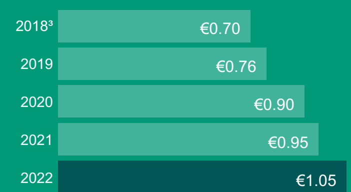
2021: €1.6bn



DIVIDEND PER COMMON SHARE

€1.05 ^ 10.5%

2021: €0.95
(40% of net profit)



NET INCOME

€2.5bn ^ 13.4%

2021: €2.2bn

UNDERLYING OPERATING INCOME

€3.7bn ^ 11.9%

2021: €3.3bn

UNDERLYING OPERATING INCOME MARGIN

4.3% ˅ (0.1) pp

2021: 4.4%

DILUTED INCOME PER SHARE FROM CONTINUING

€2.54 ^ 17.2%

2021: €2.17

DILUTED UNDERLYING INCOME PER SHARE FROM CONTINUING OPERATIONS

€2.55 ^ 16.5%

2021: €2.19

OWN-BRAND FOOD SALES FROM HEALTHY PRODUCTS[4]

54.4% ^ 1 pp

2021: 53.4%

REDUCTION IN FOOD WASTE (T/€ MILLION)[4,5]

33% ^ 13 pp

2021: 20%
2022: 3.38 t/€ million

REDUCTION IN ABSOLUTE CO_2-EQUIVALENT EMISSIONS (SCOPE 1 AND 2)[4,6]

32% ^ 1 pp

2021: 31%
2022: 2,837 kt

ASSOCIATE ENGAGEMENT SCORE

79% = Maintain

2021: 79%
Industry benchmark: 77%

MSCI INDEX

AA = Maintain

2021: AA

1 Ahold Delhaize's 2018, 2019, 2021 and 2022 fiscal year consisted of 52 weeks, while 2020 consisted of 53 weeks.
2 In 2022, after €2.5 billion cash capital expenditure (2021: after €2.4 billion cash capital expenditure).
3 The 2018 figures have been restated for the change of accounting policies (IFRS 16 Leases).
4 The 2021 figure was restated, see *ESG statements* for more information.
5 The reduction is measured against the restated 2016 baseline: 5.09 t/€ million. See *ESG statements* for more information.
6 The reduction is measured against the restated 2018 baseline: 4,164 thousand tonnes CO_2-equivalent emissions. See *ESG statements* for more information.

FRANS MULLER, PRESIDENT AND CEO OF AHOLD DELHAIZE

Q&A WITH OUR CEO

We talked to Frans Muller about how being a family of great local brands helped us continue to meet the needs of all our stakeholders during another challenging year.

Q It's been another challenging year around the world – looking back, how has the company responded?

It was indeed a difficult year, that put a lot of strain on associates and communities – particularly as a result of the war in Ukraine. Having worked in Ukraine and Russia earlier in my career, I felt great sadness and shock as I watched events unfold. I'm grateful to, and proud of, the people in our brands, particularly in Romania and the Czech Republic, who offered comfort, food and other necessary supplies, shelter and work to civilians fleeing violence.

We also saw the impact on people's mental well-being – which was already under pressure after two difficult years of the COVID-19 pandemic. The war created uncertainty, fear and a feeling of powerlessness for many. Our brands worked hard to support associates, continuing to invest into mental health and overall well-being.

The wider impact of the war was felt across the world, but particularly in Europe, where we saw unprecedented inflation, rising commodity prices and soaring energy prices. What helped us to adapt is our unique strength as a family of great local brands and our proven Leading Together strategy. Our brands worked hard to keep prices as low as possible for customers and support local communities – while implementing cost-savings programs to control margin pressure, particularly in Europe. Our buying and merchandising teams did an amazing job. They negotiated firmly with suppliers and left no stone unturned to ensure we could continue to provide realistic prices, even in these challenging times. I'm very grateful for their hard work on behalf of customers. This is a responsibility all companies across the food supply chain need to take.

I want to thank all of my colleagues for putting customers and communities first during the year, especially while facing their own challenges. As we continue to navigate through choppy waters, I feel confident that together we've built a strong ship that can weather the storm. We laid a solid groundwork in 2022, guided by our Leading Together strategy, and we have great teams and the right knowledge and expertise to face whatever comes next.

Q&A WITH OUR CEO

How are our great local brands adapting to this volatile environment?

During the year, our brands focused on keeping healthy groceries affordable for customers. They invested in local communities and associates, along with strategic projects in digitalization, sustainability and store remodeling. We worked hard to balance the needs of all stakeholders, and ensure our brands could keep caring for customers and communities during these challenging times.

I already mentioned tougher supplier negotiations by our buying teams. There are many other examples of how our brands are keeping healthy food as affordable as possible. One I'm especially proud of, and that shows the value of collaboration, was the adoption of Albert Heijn's price favorite program by our other European brands. This program supports customers by providing the best prices on high-quality everyday products.

During the pandemic, we saw people cooking at home more and enjoying the convenience of our brands' ready-to-eat ranges. This year, our brands built on that trend by expanding their ranges, enhancing the affordability of their convenient meal solutions and finding other ways to help customers manage their spending. For example, all our brands provided online recipes and cost calculations to help customers cook fresh and healthy meals on a budget.

Our brands also continued to expand their own-brand assortments, which I'm proud to see growing stronger every day. And they used their highly tailored omnichannel loyalty programs to provide personalized offers and solutions relevant to customers at every step of the shopping journey.

In line with our shared values, our brands showed they care for people across their communities in many other ways. As a total company, we donated €218 million in cash and equivalent donations, such as food and products, to charitable organizations. Food Lion Feeds reached an important milestone in 2022 when it donated its one billionth meal, and Albert became the largest food donor in the Czech Republic during the year.

How did this environment influence Ahold Delhaize's financial results?

We felt the brunt of the external headwinds – such as rising energy and raw materials prices – in our European businesses. This impacted margin here, and we are working to bring it back to normal levels over time. While our U.S. brands were also affected, to a lesser extent, they were able to weather these headwinds better due to a stronger U.S. economy, higher consumer confidence and more energy self-sufficiency.

With many factors outside of our control in 2022, we focused on things we could control, for the benefit of customers, communities and our company.

While the magnitude of inflation made it impossible to avoid raising prices, our brands were able to absorb part of the cost increases relating to energy, transport and labor by accelerating their work on our Save for Our Customers programs – delivering record-high savings of €979 million. This enabled us to continue to invest in better customer propositions and keep shelf prices as low as possible.

One person who has been passionate about driving our Save for Our Customers program is our CFO, Natalie Knight. In light of her decision in early 2023 to leave the company and return home to the U.S., I'd like to thank her for her contributions to our company. We wish her all the best in the future.

In our Annual Report 2021, I mentioned our planned sub-IPO to fuel bol.com's growth potential. However, during this turbulent past year, we announced that we had decided to suspend the intention to sub-IPO bol.com in 2022 and would revisit when equity market conditions are more conducive.

> "During the year, our brands focused on keeping healthy groceries affordable for customers."

Q&A WITH OUR CEO

The theme of this year's Annual Report is 'Local matters' – why is this an especially important message for 2022?

To us, local is not just about geography. It's about communities – and our deep connections to them through our great local brands. It's about offering people jobs in the neighborhood, while supporting local charities and institutions they care about. It's about our ambition to be 100% gender balanced, 100% reflective of our communities and 100% inclusive.

The concept that local matters is at the center of our vision to create the leading local food shopping experience and our purpose to help people eat well, save time and live better. It's part of everything we do. We are proud to operate the great local brands that customers love and trust – brands deeply rooted in their communities for generations.

We believe that local is the right strategy for us, and what makes us unique. A high relative market share combined with brand strength is, in our view, the winning combination.

And our customers appreciate us for it; we see that more than ever in these challenging times. Year after year, our brands have connected with customers, supported causes important to their communities and provided healthy and affordable food. We believe that people remember this, they trust us for it, and they come to us in times of crisis as a result.

What is the value for our local brands in being part of an international company?

Our unique portfolio of brands, operating across different markets in the U.S. and Europe, gives us some big advantages. We can leverage skills across the brands – for example, by sharing learnings from a program or initiative that's proven successful at one brand to be locally adapted and very quickly implemented at another. Our ability to collaborate makes us more agile and gives us better speed to market.

A good example of this is the AB Plus loyalty program. It was first implemented as the SuperPlus program at Delhaize Belgium and later rolled out at Alfa Beta in Greece. Our Digital and Tech teams adapted most of the SuperPlus functionalities into AB Plus, leveraging the existing technology and knowledge, and added even more capabilities. Since its launch in September 2022, the program has quickly gained popularity. Within the first few weeks, the AB app ranked among the top trending apps in Greece, with 180,000 new user registrations and 280,000 active users in December 2022.

We are working to unlock even more value by leveraging our transatlantic and regional scale. We have launched several projects that are helping us transform our omnichannel offering by combining our skills on both sides of the ocean to find solutions and opportunities in areas like mechanization, retail media services, payments and last-mile and multi-fulfillment orchestration.

Across Europe, we are working together to maximize our brands' customer value propositions, leverage our scale and build strong ecosystems between brands. For example, our teams in Central and Southeastern Europe are making strong progress on a joint strategy to accelerate growth. It leverages the brands' proximity, addresses the similar challenges they face and helps them be better for customers and communities. We also see regional examples of the ecosystems evolving in the Benelux.

In the U.S., we are uniquely organized to effectively deliver the Connected Customer Strategy. By providing innovative solutions to leverage scale and expertise through our Ahold Delhaize USA support organizations, the local brands can focus on serving customers.

> "To us, local is not just about geography. It's about communities – and our deep connections to them through our great local brands."

This strategy owes much to our CEO Ahold Delhaize USA Kevin Holt, who has, among other things, led our omnichannel transformation in the U.S. I'm grateful for his service and wish him all the best in his retirement later in 2023. To succeed Kevin, we're pleased to be nominating JJ Fleeman, our current President & Chief E-commerce Officer at Peapod Digital Labs, for appointment to the Management Board at our General Meeting of Shareholders in April.

We're strengthening our portfolio through mergers and acquisitions and strategic partnerships, such as Albert Heijn's partnership with Jan Linders Supermarkets in the Netherlands and our investments in advertising technology company Adhese. This supports us in creating an ecosystem of great local brands that lead together.

Q&A WITH OUR CEO

In addition to strengthening the portfolio, what are some of your other most pressing priorities?

While our growth drivers remain the foundation of our long-term strategy, we've also introduced four priorities that represent the concrete steps we will take in the next three years – through 2025.

First, we want to build deeper digital relationships with our customers – this is key to our brands' future competitiveness. One example is Delhaize Serbia's successful development of its My Maxi loyalty app. The encrypted data collected through the app is turned into useful insights, enabling the brand to offer personalized services that enhance the customer experience, such as by expanding the number of visible promotions. The app gained half-a-million users after only a few months, and was ranked number one on the app store charts, beating apps like TikTok.

Next, we are working to lead the transformation to a healthy and sustainable food system. In 2022, we focused intensely on providing affordable healthy choices to our brands' customers. We cemented our commitment to reducing carbon emissions from our operations (scope 1 and 2). And we strengthened our target for reducing (scope 3) emissions across the value chain.

I've already mentioned the third focus area – the work we're doing to strengthen our portfolio and create an ecosystem of great local brands that lead together.

And finally, we continue to accelerate our omnichannel transformation to be the best local operators and enable customers to shop whenever and wherever they want. Part of this is improving the profitability of our e-commerce business, something we took good strides forward on in 2022. For example, bol.com expanded its fulfillment center in Waalwijk, the Netherlands, to help support its growth and continue to provide good service at increasing volumes. The brand also acquired a majority stake in Cycloon, which delivers bol.com packages to Dutch customers on emissions-free cargo bikes.

These four priorities are enabled by technology and amazing associates – we cannot achieve any of it without them.

As our digital and technology agenda becomes more important – and more costly – we want to spread these investments over more sales by leveraging our scale. In addition, we are building additional revenue streams. In the U.S., Peapod Digital Labs announced plans in 2022 to create an end-to-end, in-house retail media business, building on the existing AD Retail Media network. Our investment in Adhese in Europe will also drive the development of digital advertising opportunities.

When it comes to nurturing the best talent, we know that employing great people and giving them opportunities to grow is crucial to our success. We are investing to develop people and teams, build the skills necessary to address customers' needs and prepare our teams for change. Ensuring their mental health and overall well-being is a priority. We also continue investing in inclusive leadership and making sure everyone is heard and valued and finds purpose in their work.

Q&A WITH OUR CEO

Last year you set more ambitious targets on climate and healthier sales – how have you performed?

Even during challenging times, we believe it's important to keep making progress on our Healthy and Sustainable strategy. We are committed to reducing our scope 1 and 2 emissions and to becoming net zero in our own operations in 2040. In 2022, we strengthened our CO_2 emissions-reduction target for our entire value chain (scope 3) to at least 37% by 2030 and reiterated our commitment to become net zero in the entire value chain by 2050. This was a big decision for us. But we feel it reflects our responsibility to use our influence across the value chain to support the transition to a healthy and sustainable food system. It also brings us in line with the UN's goal of keeping global warming below 1.5°C.

I'm proud that our Healthy and Sustainable strategy is bringing real benefits to customers, especially in providing healthy and affordable food. For example, several brands now offer dynamic pricing for products approaching their sell-by dates. This helps reduce food waste while benefiting customers' wallets. Albert Heijn expanded access to Nutri-Score guidance by making it visible on electronic price tags for 6,000 products and adding it to its app and e-commerce site.

Hannaford in the U.S. launched its "Eat Well, Be Well – A Path to Better Health" initiative, which will provide $1.5 million in funding to non-profit organizations to host programs that increase access to healthy, fresh food tailored to the specific needs of an individual's health conditions, as well as nutrition education.

Giant Food partnered with circular reuse platform Loop to offer shoppers products in reusable packaging. And Albert became the first retailer in the Czech Republic to test a hydroponic system growing herbs and leafy vegetables right on the shop floor.

To ensure that sustainability is fully represented at the Executive Committee level, we appointed a Chief Sustainability Officer, Jan Ernst de Groot, during the year.

You've said that creating a workforce that reflects the diversity of customers is an important priority. How is the company doing on this?

I feel very strongly about ensuring we're an inclusive company, where people find equal opportunities to grow, and where everyone feels free to bring their true selves to work and to shop with our brands.

We're not there yet, but we are working hard to reach our ambitious diversity, equity and inclusion (DE&I) aspiration to be 100% gender balanced, 100% reflective of our communities and 100% inclusive – and to be transparent about our journey. I'm pleased that in the past year, we saw our inclusiveness index go up by one percentage point, and the appreciation for our development opportunities rose by three percentage points.

Two important areas where we've made progress this year are in pay parity and Business Resource Groups, or BRGs. Our brands are conducting gender pay research and pay equity analyses and implementing action plans to eliminate disparities. Our BRGs have gone from strength to strength across our brands and are at the forefront of advocating positive change. AD Pride in the Netherlands is one of the newest, and is committed to making positive advancements within the group of associates that identify as part of the LGBTQ+ community.

While it's nice to have aspirations, we know the importance of measuring our progress. We've been pleased to see gender representation increase across our senior leaders (VP and above) from 27% to 33% in 2022. We still have a long way to go; however, we are convinced we are building momentum, not only in representation but in overall understanding about how diverse teams are better for the business and customers.

We also published our second Human Rights Report in 2022 – a big milestone for us. During a time when our world is facing extreme geopolitical challenges, we feel more than ever the weight of our responsibility to contribute to a more equitable society that recognizes and respects human rights.

I'm excited that we've brought on board a real champion of DE&I in our Chief Human Resources Officer Natalia Wallenberg, who joined the company in January 2022. She's already brought fresh perspectives and energy to our drive to become a more diverse, equitable and inclusive company.

What are your expectations for the year ahead?

We expect the year ahead to remain challenging, so it is crucial we keep doing the right thing for customers, communities and associates. We laid the groundwork for this in 2022 and have a strong strategy guiding us forward. We will keep anticipating the headwinds and opportunities to come in 2023 and balancing the interests of all our stakeholders – delivering good results for customers, associates, communities and investors. Thanks to our balanced portfolio, spread across the U.S. and a more challenged Europe, we expect to be able to achieve this.

So, in 2023, we will stay focused on our omnichannel customer experience. We will continue to pursue our environmental, social and governance performance and our healthy and sustainable ambitions. This includes working towards our scope 1, 2 and updated scope 3 targets, transitioning to renewable energy, increasing the sale of healthy food, and reducing food waste and use of virgin plastics.

And we will strengthen the portfolio of great local brands that helps us reach all of these goals. Together, we will keep our eyes open for the right M&A targets, deliver on the external commitments we've made and collaborate more closely to leverage the strength of our Leading Together strategy.

By continuing to work together across our family of brands, while showing how much local matters in all we do, I'm confident we'll continue to meet the demands of the future and remain the choice for customers in all our brands' markets.

YEAR IN REVIEW

JANUARY

Albert Heijn expands Nutri-Score ratings to electronic price tags, consumer app and ah.nl.

Ahold Delhaize USA brands are recognized again as Best Places to Work for LGBTQ+ Equality, earning perfect scores on the Human Rights Campaign Foundation's 2022 Corporate Equality Index (CEI).

HUMAN RIGHTS CAMPAIGN FOUNDATION
BEST PLACES TO WORK for LGBTQ+ Equality
2022
100% CORPORATE EQUALITY INDEX

APRIL

Hannaford commits to 100% renewable energy by 2024.

Albert in the Czech Republic promotes organic products for the same price as conventional branded products.

MAY

Jessica Fisher (The GIANT Company) receives the store manager of the year leadership award. She is recognized for the difference she makes to the brand, her colleagues and the community they serve.

Ahold Delhaize Leadership Award

FEBRUARY

Ahold Delhaize commences multiple efforts to provide humanitarian aid to civilians affected by the war in Ukraine.

Delhaize Serbia launches My Maxi loyalty app nationally.

Delhaize hits milestone of having largest home delivery network in Belgium.

MARCH

Albert Heijn and bol.com are recognized among the most sustainable brands in the Netherlands by the 2022 Sustainable Brand Index™.

JUNE

Ahold Delhaize publishes its second Human Rights Report.

Stop & Shop announces it will invest $140 million in its New York City stores to improve the shopping experience for local customers.

Delhaize launches Little Lions campaign to support customer purchasing power by highlighting 500 basic own-brand products at new, more competitive prices.

$140 MILLION

invested in NYC stores

TIMELINE CONTINUES ON NEXT PAGE

YEAR IN REVIEW

JULY

The GIANT Company donates $1.1 million to the Rodale Institute, a global nonprofit dedicated to growing the organic movement through research, farmer training and consumer education.

$1.1 MILLION

Donated to Rodale Institute

RODALE INSTITUTE

Alfa Beta launches "Price Favorite products – Low Prices Every Day" campaign.

Fresh Direct celebrates its 20-year anniversary with a summer of celebrations and customer promotions.

AUGUST

bol.com welcomes its

50,000TH

sales partner

Ahold Delhaize maintains its strong AA MSCI ESG rating for the second consecutive year, on the basis of its resilience to long-term environmental, social and governance (ESG) risks and how well it managed those risks relative to peers.

SEPTEMBER

Delhaize opens largest wine bottling plant in the Benelux.

Albert becomes the first retailer in the Czech Republic to test a hydroponic system that grows herbs and vegetables in stores.

OCTOBER

Ahold Delhaize acquires minority stake in advertising technology company Adhese to accelerate digital advertising solutions for B2B partners.

adhese

Peapod Digital Labs expands partnerships and brings media network for Ahold Delhaize USA brands in-house, building on its existing AD Retail Media Network.

Giant Food launches circular reuse platform, Loop.

NOVEMBER

We announce that Food Lion has reached one decade of consecutive quarters of positive comparable sales growth.

Ahold Delhaize sets updated CO_2 emissions reduction targets for its entire value chain, in line with the UN goal of keeping global warming below 1.5°C.

DECEMBER

Ahold Delhaize maintains its position as a leader in the Dow Jones Sustainability World Index.

Jan Linders Supermarkets and Albert Heijn partner, with family business Jan Linders operating as an Albert Heijn franchisee.

Jan Linders ah

WAR IN UKRAINE: IMPACT AND OUR RESPONSE

Few developments in 2022 impacted our business and people across our brands' markets more than the war in Ukraine. The most devastating impacts, of course, were within Ukraine, where countless lives were lost, and homes, businesses and cities destroyed, in a massive humanitarian tragedy. But the shock waves spread throughout Europe and the world as people struggled to deal with the wide-ranging macro-economic impacts and care for refugees and others impacted by the war. This chapter outlines our response to the conflict from a crisis management and humanitarian perspective.

CRISIS RESPONSE

At the start of the war, we activated our crisis management organization to coordinate the Group and brand response, make recommendations for risk mitigation, and prepare executive leadership decisions on topics such as humanitarian aid, product sourcing, people safety, cyber defense and legal and regulatory compliance. We gathered crisis management representatives from all the brands in five workstreams: Communications and Public Affairs; Human Resources; Direct and Not-for-Resale Sourcing; IT/Information Security Office; and Humanitarian aid. We adapted and coordinated our approach as the situation developed.

HUMANITARIAN AID

While we do not have operations in Ukraine, as the events unfolded, our European brands in the region quickly jumped into action and provided crucial support to those affected by this war. We supported humanitarian relief efforts at a global and a local brand level throughout the year.

Ahold Delhaize and our brands in Europe donated more than €1.5 million in cash and in-kind support, and generated an additional €1.2 million in customer and associate donations to organizations like the Red Cross to provide humanitarian relief on the ground in Ukraine and in neighboring countries and support civilians fleeing the escalating violence.

In addition to monetary donations, our brands provided assistance in many other ways.

Mega Image in Romania gave direct donations of food and hygiene materials to refugee centers in cooperation with the Red Cross and a local NGO. They placed donation boxes in 180 stores to collect non-perishable food for distribution by the Red Cross. Local associates donated blood and waited at the central train station for displaced Ukrainians to offer a hot meal and comfort. Others worked at Red Cross warehouses, sorting products for refugee care packages containing items such as hygiene products, water and food.

Albert in the Czech Republic sent hundreds of pallets of food and non-food supplies to food banks, refugee centers and affected cities in Ukraine, in cooperation with the Federation of Food Banks, non-profit partners and the Ukraine embassy. The brand made it easier for associates impacted by the war to get help by making its Albert helpline available in the Ukrainian language so specialists could help colleagues with questions about the war and how to manage work and residence visas or health insurance.

Delhaize Belgium donated much-needed surgical face masks and emergency generators, ensuring 95,000 Ukrainians can access water and heat.

Bol.com donated hundreds of thousands of euros worth of products, including diapers and soap, but also clothes and books out of its current stock, to refugee shelters.

Albert Heijn collected cash donations and offered customers an option to donate returnable bottle deposit vouchers and Albert Heijn Air Miles to benefit the Red Cross and Giro 555, a campaign by Dutch aid organizations to offer food, shelter, medical care and clean drinking water assistance. The effort raised €327,000 for Giro 555 and €420,000 for the Red Cross.

SAFETY AND WELL-BEING

Ahold Delhaize and the brands also put local measures in place to support the safety of associates. Our brands provided support to associates impacted by the war and looked for opportunities to offer employment to civilians fleeing from violence. We supported local and European aid organizations and tracked legislative changes, especially related to the protection rights of residency and employment.

Our brands extended employment conditions and paid travel benefits for Ukrainian associates who returned to help their families or join the army, and ensured daily contact with Ukrainian and Russian associates and their families in directly impacted countries to determine how to best support them.

Human Resources teams identified associates potentially impacted by the war to make them aware of available support tools, including compensation to associates returning to war, mental health support call lines, webinars on resilience in times of crisis, and volunteering and donation opportunities. Our brands leveraged job sites and contact with local authorities and NGOs supporting employment opportunities to Ukrainian refugees. They adapted recruitment processes to the EU Temporary Protection Directive, triggered to offer assistance to people fleeing the war in Ukraine. For example, Mega Image gave Ukrainian citizens seeking asylum in Romania the opportunity for full-time, part-time and temporary positions.

CYBER DEFENSE

Ahold Delhaize's Information Security Office prioritized and strengthened its security monitoring and response capabilities in 2022. The team conducted reviews to identify and improve risk areas within the IT systems and applications of the company and our partners and suppliers in response to potential changes in the risk profile. As the conflict continued, we saw cyber warfare targeting the Ukrainian public IT infrastructure, leading to services being unavailable, and disruptions due to Distributed Denial of Service attacks. We have not yet identified any major instances of cyber warfare targeting commercial companies as a result of the conflict, but we are closely monitoring the situation for any potential changes to the risk profile.

LEGAL AND REGULATORY COMPLIANCE

Ahold Delhaize and its brands developed due diligence processes to identify suppliers that may be the subject of sanctions related to Russia's invasion of Ukraine. We adopted a global sanctions policy that set out the standards Ahold Delhaize and its brands should comply with to meet our legal obligations related to the imposed sanctions. It established a due diligence framework to support and monitor continued compliance with relevant sanctions and provides direction to anyone with questions or concerns.

WIDER IMPACTS

The war in Ukraine has destabilized the world economy, leading to a severe energy crisis in Europe and contributing to higher inflation, rising interest rates and slowing economic growth in Europe and the United States. Blockades of Ukrainian grain exports have increased food prices and exacerbated continuing supply chain disruptions. Consumers have been grappling with rising costs of living and significant pressure on household budgets as a result of all these factors.

You can find more information about the wider macro-economic impact of the war in Ukraine on our brands and businesses, along with our response, throughout this Annual Report, in particular in *Evolving market trends*, *Our growth drivers*, *Performance review*, and the *Financial statements*.

OUR GREAT LOCAL BRANDS

Ahold Delhaize is a family of great local brands serving millions of customers each week in the United States, Europe and Indonesia.

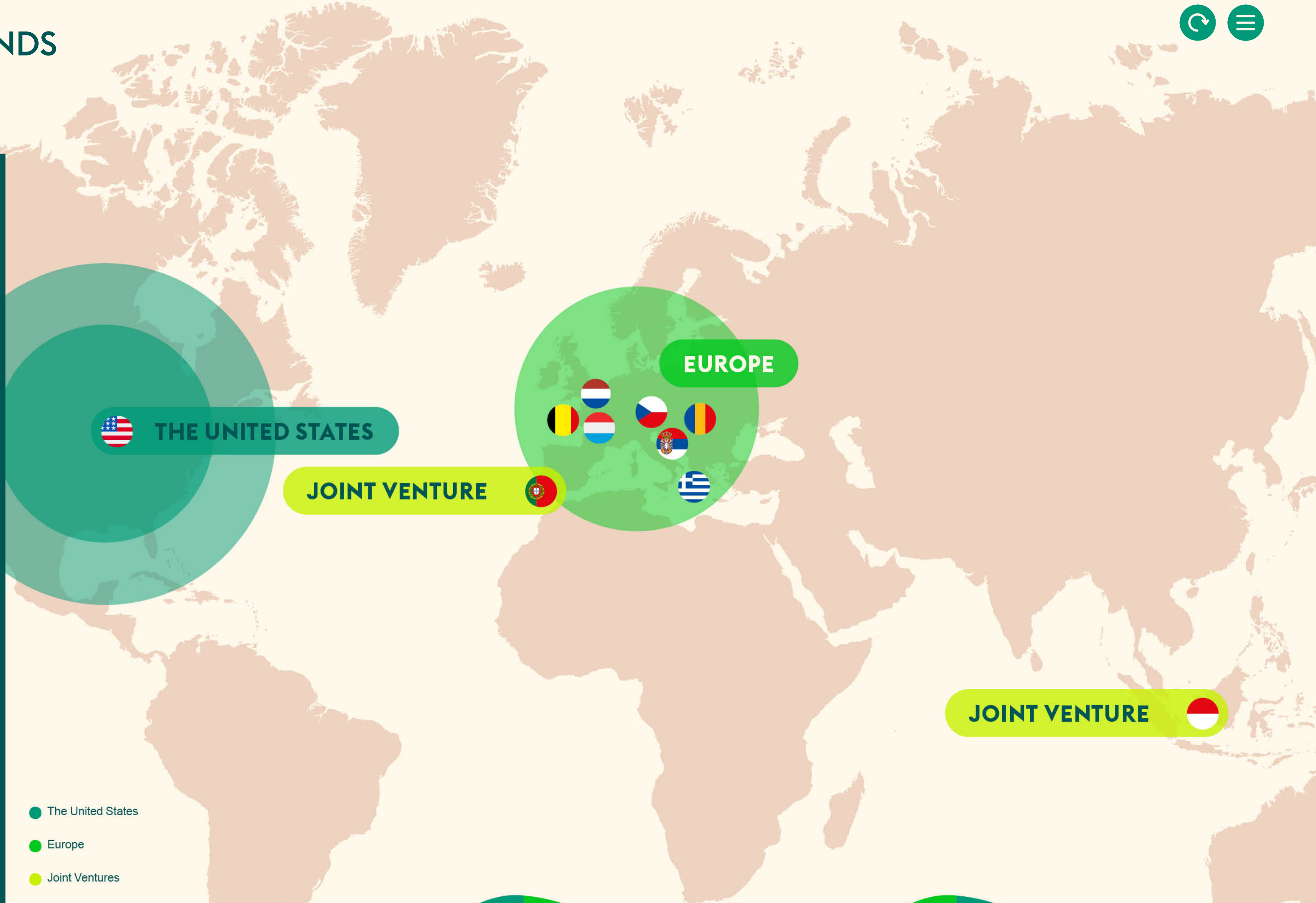
414,000
associates[1]

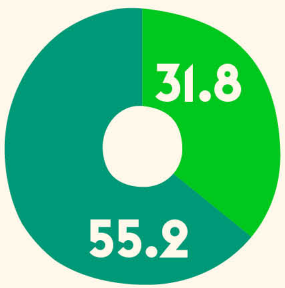
60 million
customers served every week, both in stores and online

19
great local consumer-facing brands[2]

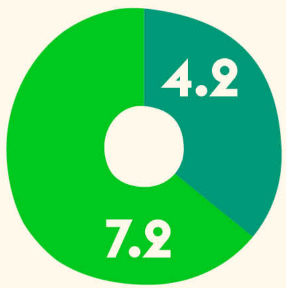
7,659
stores serving local communities in Europe and the United States[3]

1 Excluding our joint venture brands' associates.
2 Including our joint venture brands.
3 Excluding our joint venture brands' stores.





Total net sales
€87.0bn



Total net consumer online sales
€11.3bn

OUR GREAT LOCAL BRANDS

THE UNITED STATES

The United States is our biggest market. Our brands operate some of the country's most established, innovative and well-known supermarkets and online grocers, all along the East Coast.

2,051 +3
stores
2021: 2,048

1,549 +160
pick-up points
2021: 1,389

EUROPE

Our leading brands in Europe serve customers through store formats tailored to their needs, including innovative online businesses. While some have been household names for more than a century, they remain ground-breaking and forward-thinking retailers today.

5,608 +204
stores
2021: 5,404

263 +10
pick-up points
2021: 253

JOINT VENTURES

Our joint ventures, Super Indo in Indonesia and Pingo Doce in Portugal, are among the leading supermarket brands in their respective countries.

OUR GREAT LOCAL BRANDS

THE UNITED STATES

Food Lion

Food Lion is an omnichannel retailer committed to nourishing its neighbors during the moments that matter most. Through its “Count on me” culture, Food Lion fosters a sense of belonging for all associates and customers. Its 82,000 associates are passionate about caring for the towns and cities they serve.

Market area: Delaware, Georgia, Kentucky, Maryland, North Carolina, Pennsylvania, South Carolina, Tennessee, Virginia and West Virginia

STORES
1,108 +4

PICK-UP POINTS
655 +100

Stop & Shop

Stop & Shop offers a wide assortment focused on fresh, healthy options at a great value. Customers can shop in-store or online for delivery and same-day pickup. The brand prides itself on fighting hunger in its communities and other incredible acts of care.

Market area: Connecticut, Massachusetts, New Jersey, New York and Rhode Island

STORES
400 -6

PICK-UP POINTS
375 +5

The GIANT Company

The GIANT Company is an omnichannel retailer, serving customers through stores, pharmacies, fuel stations, online pick-up hubs and its grocery delivery service. The brand is changing the customer experience, creating healthier communities and connecting families for a better future.

Market area: Maryland, New Jersey, Pennsylvania, Virginia and West Virginia

STORES
193 +3

PICK-UP POINTS
187 +14

Hannaford

Hannaford makes it easy and convenient to shop for great fresh food and find healthy options, both online and in its stores. Hannaford is in the community, connected to local farmers and producers and a part of its customer’s day.

Market area: Maine, Massachusetts, New Hampshire, New York and Vermont

STORES
185 +1

PICK-UP POINTS
170 +38

Giant

Giant Food fits all the ways today’s busy consumers want to shop – whether in-store, via Giant Pickup or through home delivery from Giant Delivers, with same-day speed. At Giant, local is a commitment, not just a label.

Market area: Delaware, District of Columbia, Maryland and Virginia

STORES
165 +1

PICK-UP POINTS
162 +3

freshdirect

FreshDirect is a leading online grocer committed to delivering the highest quality, freshest food. The company creates food experiences and drives simple, healthy solutions to make every day better for customers. By working directly with growers, producers and local food innovators, FreshDirect provides the best in culinary exploration. As a homegrown New York City brand, FreshDirect is integral to the fabric of food culture in the city.

Market area: The greater New York Tri-State area

GROCERY ITEMS DELIVERED TO CUSTOMERS EVERY WEEK
3m

OUR GREAT LOCAL BRANDS

THE UNITED STATES CONTINUED

Peapod DIGITAL LABS

Peapod Digital Labs powers digital and commercial solutions and capabilities to accelerate the omnichannel experience for the local brands of Ahold Delhaize USA, helping fast-track new products, understand market trends, and develop solutions that meet the changing needs of customers.

SUPPORT ORGANIZATION

Retail Business Services
A Company of Ahold Delhaize USA

Retail Business Services, LLC, is the services company of Ahold Delhaize USA, providing services to the U.S. brands. It leverages the scale of the local brands to drive synergies and provides industry-leading expertise, insights and analytics to support their strategies through a variety of services, including Information Technology, Retail Innovation Center of Excellence and Indirect Sourcing, among others.

SUPPORT ORGANIZATION

ADUSA SUPPLY CHAIN

ADUSA Supply Chain is a family of supply chain companies that together support one of the largest supply chains on the East Coast, serving the omnichannel grocery brands of Ahold Delhaize USA through a self-distribution model for the future.

SUPPORT ORGANIZATION

OUR GREAT LOCAL BRANDS

EUROPE

Albert Heijn has evolved from a single family-owned grocery store 135 years ago to a leading food tech company today. Filling more than six million plates daily comes with a responsibility. That's why Albert Heijn works every day to deliver on its mission: "Together we make eating better the easy choice. For everyone."

Market area: The Netherlands and Belgium

STORES
1,228 +106

PICK-UP POINTS
59 –

With 47 million unique products offered, bol.com customers have a wide range of choices. That's why 13 million Dutch and Belgians shop on its online retail platform each year. Bol.com also works with over 51,000 local entrepreneurs, who sell through its platform.

Market area: The Netherlands and Belgium

NUMBER OF PLAZA PARTNERS
More than
51,000
+2,500

Etos, the largest health and wellness platform in the Netherlands, has been customers' trusted drugstore for over 100 years. With stores throughout the Netherlands, there is always an Etos nearby where qualified druggists can offer expert advice. Etos helps its customers to feel good – both in-store and online.

Market area: The Netherlands

STORES
522 -5

Gall & Gall has been selling liquor since 1884 and is the largest specialist in the Netherlands. Founder Maria Gall had a motto: "No order too large, no order too small, no order too far." Although times have changed, Gall & Gall's passion to help and inspire customers has remained.

Market area: The Netherlands

STORES
603 -6

Delhaize's store formats – Delhaize, AD Delhaize, Proxy Delhaize and Shop & Go – offer a wide range, unique experience and quality service, including online shopping via pick-up points and home delivery. Delhaize's commercial proposition focuses on health and quality with respect for the environment.

Market area: Belgium and Luxembourg

STORES
830 -4

PICK-UP POINTS
120 –

Albert offers a great omnichannel shopping experience, with a new Fresh urban format, supermarkets and hypers, and the recent launch of grocery delivery in selected cities. Customers enjoy the My Albert loyalty program and healthy inspiration through its popular own brands. And Albert provides community support through its Albert Foundation.

Market area: Czech Republic

STORES
335 +1

OUR GREAT LOCAL BRANDS

EUROPE CONTINUED

Alfa Beta Vassilopoulos

Βασιλόπουλος ...και του πουλιού το γάλα!

Alfa Beta Vassilopoulos ("Alfa Beta") makes the shopping experience unique because each customer is unique. Through five different formats, the brand is here for customers, associates and communities, offering the finest products and protecting the environment.

STORES
632 +40

PICK-UP POINTS
84 +14

Market area: Greece

Mega Image

Mega Image serves customers under the Mega Image, Shop & Go and Gusturi Românești brands, offering fresh food, quality, healthy products and advice and a unique assortment of own brands. The team is passionate about a healthy lifestyle, social causes and the environment.

STORES
956 +36

PICK-UP POINTS
0 0

Market area: Romania

DELHAIZE SERBIA

Delhaize Serbia is the largest store chain in Serbia. With five formats – Maxi, Mega Maxi, Tempo, Shop&Go and Maxi online – it operates supermarkets known for their wide range, high-quality fresh products and great prices and promotions; modern neighborhood stores for everyday and on-the-go shopping; and hypermarkets for family shopping.

STORES
502 +36

PICK-UP POINTS
0 -4

Market area: Serbia

European BUSINESS SERVICES

SUPPORT ORGANIZATION

The services company of Ahold Delhaize Europe, EBS provides professional services in Human Resources, Finance and Not-for-resale Sourcing. It leverages scale and volume to drive synergies and provides industry-leading expertise, insights and analytics to help the European brands achieve their strategic goals.

JOINT VENTURES

Super Indo

Super Indo is Indonesia's leading supermarket chain. It goes the extra mile to maintain the freshness and quality of its products, making healthy food accessible and affordable anywhere and anytime. Super Indo is the right choice for shopping that is always fresher, affordable and closer.

ESTABLISHED
1997

Market area: Indonesia

pingo doce

Pingo Doce brings quality and innovation, and a unique shopping experience, because the best families deserve the best supermarket. Its products guarantee excellent value for money, which strengthens the brand's commitment to customers.

ESTABLISHED
1992

Market area: Portugal

OUR LEADING TOGETHER STRATEGY

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LOCAL MATTERS

Mega Image Romania

EVOLVING MARKET TRENDS

Our Leading Together strategy helps Ahold Delhaize navigate and address evolving market trends collectively and across each of our brands. In this section, we describe some of the most relevant trends developing in our brands' markets and some examples of how we are responding. For more details on our response, see *Our growth drivers*.

Drive omnichannel growth

Elevate healthy and sustainable

Cultivate best talent

Strengthen operational excellence

INCREASING ECONOMIC HEADWINDS

Rising costs across the value chain – including from increasing commodity prices – supply chain delays and labor shortages continue to create a challenging environment for the retail industry. Food retailing is especially impacted by these dynamics and the resulting inflation. All of these forces are leading to rising prices and creating a cost-of-living crisis for consumers.

In the United States and some European countries, inflation has reached its highest level in more than 40 years. This situation was building through 2021 but has surged on the back of supply-demand imbalances and soaring commodity prices, compounded by a combination of impacts related to the COVID-19 pandemic, an economic slowdown in China and the war in Ukraine. While inflation is expected to peak this year, we believe it will remain elevated until at least 2024.

Russia's invasion of Ukraine continues to destabilize the global economy and make it more likely we will continue to see significant or escalating geopolitical disruption. The war has led to a severe energy crisis in Europe that is further exacerbating already pressured supply chain networks, sharply increasing the cost of living and hampering economic activity. Blockades of Ukrainian grain exports have also increased food prices and worsened conditions for low-income families worldwide.

Our strategic response

The Ahold Delhaize brands are laser focused on ensuring that customers have access to affordable, healthy choices; see *Drive omnichannel growth* for details.

They are developing new profit pools, including monetization (e.g., retail media networks) and B2B services, to help fund our strategic initiatives, deliver on our Save for Our Customers targets and reduce pressure on our core business.

RISING DIGITAL GROWTH AND ENGAGEMENT

While the unprecedented growth in online shopping influenced by the pandemic has slowed from its highs in 2020 and 2021, digital and online sales are expected to continue to grow. By 2030, e-grocery could make up 18-30% of the food-at-home market, which includes both grocery and meal delivery.

As COVID-19 restrictions have eased, customers have returned to stores. However, they continue to flex their use of online and offline channels, often combining both on their path to purchase. Consumers have grown accustomed to personalized shopping experiences and the other perks of online shopping, including loyalty programs, at-home deliveries, coupons, shopping lists, product suggestions and special offers. They are looking to engage with brands digitally in new and innovative ways.

Our industry is putting more emphasis on omnichannel strategies and leveraging data to engage with consumers across channels. Retailers are also seeing a growing need to use the data they collect through their digital channels to improve their ability to satisfy customers while balancing customer expectations and legislation on data privacy.

Our strategic response

We are working with digital partners in both the U.S. and Europe to improve how we can provide shoppers with seamless, highly tailored and relevant customer experiences and promotions. For example, Ahold Delhaize acquired a minority stake in adtech company Adhese in Europe and partnered with CitrusAd in the U.S. to accelerate the development of innovative digital advertising opportunities for B2B partners that are more relevant to our brands' customers.

We also continue to work with Kickstart AI, which aims to build practical artificial intelligence (AI) solutions that solve real business problems, leveraging the joint talent of leading Dutch companies including Ahold Delhaize, ING, KLM, and public transport provider NS. Over the past year, we have worked on a Kickstart AI Food Waste Reduction Challenge in partnership with our Delhaize Belgium brand.

EVOLVING MARKET TRENDS

INTENSIFIED FOCUS ON VALUE BUT NOT AT THE COST OF QUALITY

Price sensitivity is expected to increase further among all consumers, but particularly lower-income consumers, who will become even more focused on saving money. More than half of low-income consumers in Europe, and 42% of consumers on average, plan to look for ways to save money while grocery shopping. This is strongly driven by the rising inflationary pressure that reduces the income consumers have available to spend on groceries.

At the same time, consumers who shop at entry-price levels today are less willing to make trade-offs on the quality of these products. They expect the quality of entry-price tier products to match that of the main national brands.

For higher-income groups, we expect to see continued growth in sales of premium products. High-income groups are fueling demand for higher-quality, fresher products and are also willing to shift to other formats, such as farmers' markets or independent bakeries and delis, to obtain the level of freshness they seek.

While serving both groups simultaneously may be challenging, one thing that is similar across all income groups is a trend towards seeking high quality in whatever categories they do purchase.

Our strategic response

Our brands are focused on lowering costs to provide customers with the quality, healthy options and value they require.

For example, in July, Alfa Beta launched its own version of Albert Heijn's successful pricing campaign, called "Price Favorite products – Low Prices Every Day" to combat rising inflation. The brand offers over 700 price-favorite, high-quality products every day. It was a great example of how we can share knowledge and expertise across our great local brands.

Giant Food added to their existing value offering by expanding their "More for You" value campaign, introducing a bulk item aisle that offers savings on larger-sized products. The brand also ran a new promotion through its Giant Flexible Rewards loyalty program that enabled customers to redeem rewards points for highly sought-after own-brand products – such as bread, milk, vegetables and bottled water – at reduced point requirements.

CONTINUED ATTENTION TO HEALTH, WELL-BEING AND SUSTAINABILITY

We expect to continue to see a growing trend of consumers focusing on healthy diets and shifting their spend to more sustainable products. This trend is primarily driven by high-income groups and younger generations. Consumers are also looking to purchase products from companies that boast sustainability and environmental consciousness; the sales growth of the 10 brands most bought by eco-friendly customers was 15 percentage points higher than market growth (Europanel).

Our strategic response

We continue to make progress on our Healthy and Sustainable strategy, with our brands carrying this out in ways most relevant to their local communities.

For example, to start a bold and inspiring journey to make its own green energy, Mega Image in Romania installed solar panel systems on 20 of its stores. The team will also install on-site monitors to allow customers to see how much green energy is produced by these solar panel systems.

Several of the U.S. brands have introduced new sustainable and health-conscious initiatives. For example, Giant Food launched circular reuse platform Loop, enabling local shoppers to purchase a selection of more than 20 products in reusable packaging.

Hannaford introduced its "Eat Well, Be Well – A Path to Better Health" initiative, providing funding for grantees to host programs increasing consumer access to healthy, fresh food tailored to specific health needs. Participants receive nutrition education designed to help them achieve and maintain their health and wellness goals.

GROWTH OF CONVENIENCE AND SPEED

Delivery options and online offerings have become more differentiated to serve the specific needs of consumers and specific shopping missions – for example, more companies are offering faster delivery in addition to more traditional scheduled delivery. Consumers are increasingly splitting their shopping basket across more than one online food player and/or delivery option to meet their varying demands. Currently, one-third of European consumers who shop online weekly get their groceries at three or more e-commerce players. In the U.S., customer preference for online and delivery orders increased by 50% during the pandemic and is expected to rise further, while home delivery is slowly overtaking the previous preference for the click-and-collect model.

As the trend of at-home eating prevails, a majority of consumers surveyed said they plan their meals ahead of time, with 30% planning a "couple of days" ahead and 46% planning earlier on the same day as the meal. Consumers are prioritizing convenience and will opt for brands that offer healthy meal plans, meal kits, grab-and-go and ready-to-cook or -steam options.

Our strategic response

We are investing in different models to meet ever-evolving customer expectations and needs on delivery methods and speed.

For example, Alfa Beta announced collaborations with on-demand delivery services Wolt and InstaShop to offer additional, fast online shopping and delivery options to customers.

Albert Heijn, similarly, is continually increasing its delivery options and capacity. For example, at the end of 2021, it opened its eighth Home Shop Center and developed more home delivery options in cooperation with Thuisbezorgd.nl.

The U.S. brands expanded their partnership with Instacart to introduce new virtual convenience storefronts, including Food Lion home delivery, GIANT Instant Delivery, Hannaford Now, Shop & Stop Express and Giant Food Convenience. Working with Instacart enables the brands to offer customers delivery in around 30 minutes from over 1,400 of the brands' locations up and down the East Coast.

You can find more on the macro-economic trends impacting our business in **Macro-economic trends** under **Targets and results.**

OUR LEADING TOGETHER STRATEGY

Our Leading Together strategy provides a solid framework as we continue to evolve our business model to serve customers' omnichannel shopping journeys and achieve strong results.

The core values we share across Ahold Delhaize guide us in our day-to-day work and help us create healthy, engaged and inclusive workplaces reflective of the communities our brands serve.

Our company's four long-term growth drivers are helping us to fulfill our purpose, achieve our vision and prepare our brands and businesses for tomorrow.

OUR PURPOSE

Read more on **page 29.**

Eat well. Save time. Live better.

OUR VALUES

Read more on **page 31.**

Courage
We drive change, are open minded, bold and innovative

Integrity
We do the right thing and earn customers' trust

Teamwork
Together, we take ownership, collaborate and win

Care
We care for our customers, our colleagues, and our communities

Humor
We are humble, down-to-earth, and don't take ourselves too seriously

OUR VISION

Read more on **page 29.**

Create the leading local food shopping experience.

OUR GROWTH DRIVERS

Read more on **page 32.**

Drive omnichannel growth
Create seamless digitally enabled experiences with a compelling value proposition across all shopping and meal occasions

Elevate healthy and sustainable
Provide inspiring, healthy and affordable food options for all and achieve our sustainability commitments

Cultivate best talent
Attract, develop and retain the best talent with an engaging associate experience that drives high performance, inclusion and growth

Strengthen operational excellence
Save for our customers, leverage scale, and use technology and data to build the future

OUR PURPOSE

Eat well. Save time. Live better.

The three things everyone deserves from us.

Eat well
Not only do we want to make it easy for people to choose a healthy, balanced diet, but also have access to products that are high quality, responsibly sourced – and of course, delicious!

Save time
People are busy. And in this hectic world, anything we can do to make things quicker, smoother and easier is a good thing.

Live better
For some, this means healthy eating. For others, shopping more inexpensively or more ethically. Whatever it means to our customers, associates and communities, we're committed to helping make it happen.

OUR VISION

Create the leading local food shopping experience

OPEN

Leading
We always strive to be number one in our markets – not only in market share but also in our ambition to be a frontrunner in innovation.

Local
We have a unique opportunity through our great local brands to leverage our scale while understanding and serving the needs of local customers and communities.

Food
Food is not the only thing we sell, but it has been at the core of our business for 150 years. We love food and pride ourselves on offering customers healthy, quality and delicious choices in all our markets.

Shopping
We serve our customers' needs from the time they start planning what they want to buy and eat, during their shopping trips and all the way through to the moment they enjoy their meal.

Experience
We stay connected with our customers so we can offer the seamless omnichannel shopping experience that gives them more time to enjoy the moments in life that matter most to them.

OUR STRATEGIC PRIORITIES

While our growth drivers remain the foundation of our long-term strategy, we have also introduced four priorities that represent the concrete steps we will take in the next three years.

Through 2025, we will focus on these priorities, which center around customers, our Healthy and Sustainable strategy our portfolio and our brands' operations. These four priorities are enabled by technology and nurturing the best talent, both of which are essential to everything we do.

Our growth drivers are how we accelerate profitable growth through our Leading Together strategy

Drive omnichannel growth

Elevate healthy and sustainable

Cultivate best talent

Strengthen operational excellence

Our strategic priorities define our direction through 2025

FOR CUSTOMERS
Serve customers with deeper (digital) relationships

FOR HEALTHY AND SUSTAINABLE
Lead the transformation to a healthy and sustainable food system

FOR OUR PORTFOLIO
Create an ecosystem of great local brands that lead together

FOR OPERATIONS
Accelerate our omnichannel transformation and continue to be the best local operators

Enabled by
BEST TALENT AND TECHNOLOGY

OUR INTEGRATED APPROACH

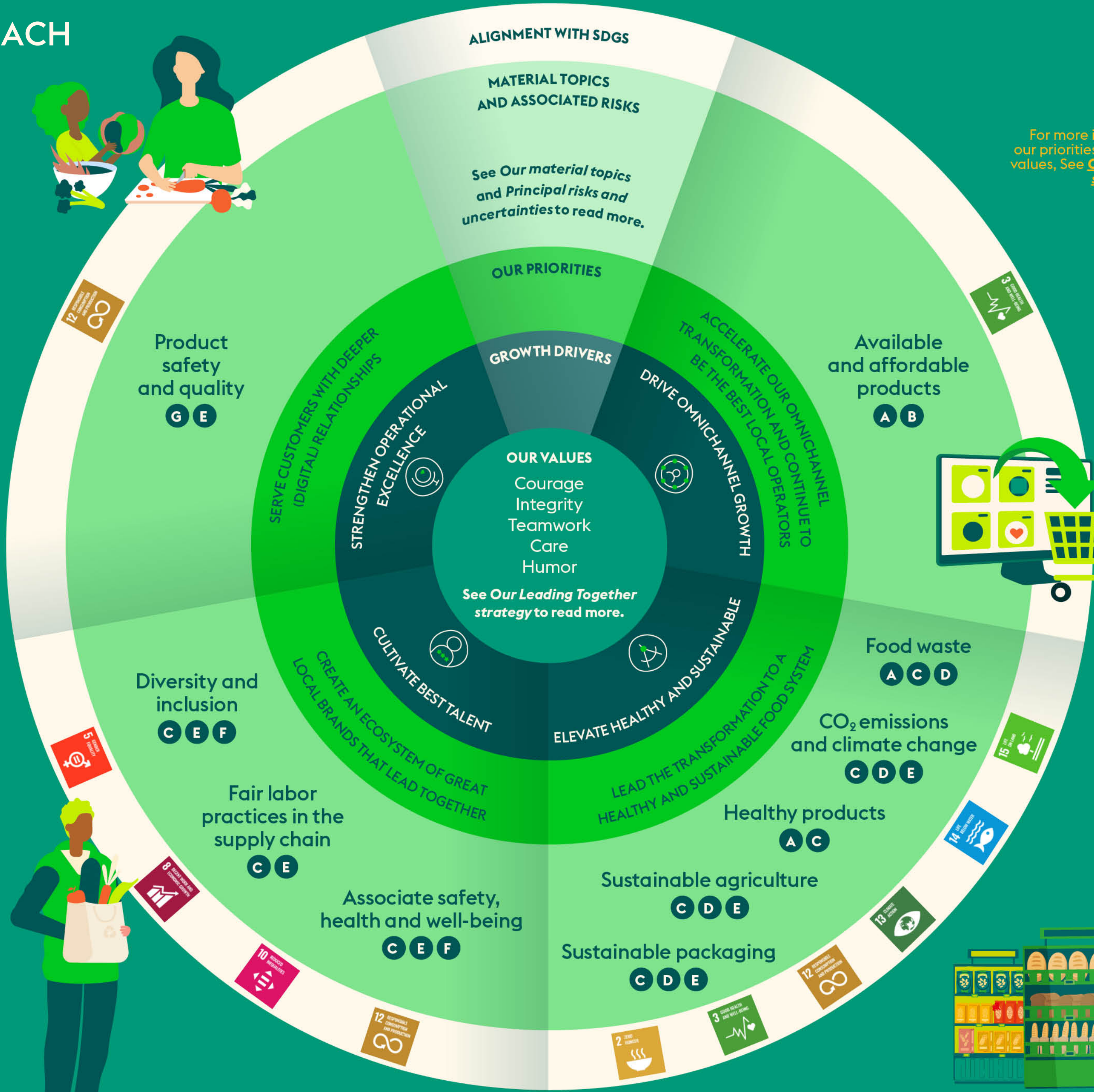
We link our strategy, values and priorities to our material ESG topics, principal risks, the underlying KPIs, our targets and our contribution to the Sustainable Development Goals (SDGs) to get an integrated overview of our business and contribution to society as a whole. Our KPIs and targets for ESG topics are included in *our material topics*.

We align our KPIs and measurable targets against our growth drivers (long term).

See page **104** for an overview of KPIs and targets.

PRINCIPAL RISKS

- **A** Competitive environment and macro-economic developments
- **B** Omnichannel and digital growth
- **C** Societal expectations on ESG topics
- **D** Climate-related risks
- **E** Legislative environment
- **F** People – attraction, development, retention and well-being
- **G** Product safety



For more information about our priorities, growth drivers and values, See ***Our Leading Together strategy.***

OUR GROWTH DRIVERS

Drive omni-channel growth

96%
2022 net sales from markets where our brands have a #1 or #2 position

4.9%
2022 net online consumer sales growth (at constant rates)

1,812
pick-up points by the end of 2022

15.7 mln
monthly active mobile app users (2022)

OUR AMBITION

Customers take a journey with our brands every day, interacting at many touchpoints during their busy lives. Our brands work to make this journey as seamless and convenient as possible through our omnichannel offering of interconnected online and offline channels. We've found that this is the shopping experience customers prefer because it enables them to shop on their terms: when and how they want.

Our omnichannel offering gives our brands lots of ways to help customers navigate the choices they encounter, from planning to shopping to enjoying their meals, and fulfill our purpose of helping people eat well, save time and live better.

The seven main areas that help our brands facilitate the customer journey are what we call our omnichannel customer value proposition. Three of these areas – fresh and healthy, local and trusted and personalized – are where our brands really excel and differentiate themselves.

A typical customer journey

A customer plans a weekly shopping trip through one of our brand's apps. While adding previous purchases to the shopping basket, a personal offer for falafel comes up. The app suggests grilled veggie skewers to go with it and the customer adds the ingredients to the basket – quickly and easily planning a healthy dinner.

Since the customer is too busy that day to shop in store, ordering through click and collect via a mobile phone means everything will be ready for pickup when they get to the store.

On a less hectic weekend day, the customer returns to the store to explore local cheeses and fresh breads from the bakery, checking out quickly and seamlessly with self scan.

Our omnichannel customer value proposition outlines seven areas that impact the customer journey:

OUR GROWTH DRIVERS

DRIVE OMNICHANNEL GROWTH

STRATEGIC CHOICES AND CHALLENGES

Unlocking new revenue streams while safeguarding customer data

Data is becoming an increasingly important part of doing business for food retailers; it powers everything we do and helps our brands provide a more personalized and relevant experience to customers.

We are uniquely positioned to collect valuable data across our channels on a wide range of shopping behaviors. Our brands use data not only to serve customers better by providing digital and in-store services, but also to generate revenue through advertising and insights to help us power our omnichannel ambitions.

This year, we took important steps towards achieving our strategic initiative of generating €1 billion in complementary revenues by 2025. In Europe, we acquired a minority stake in Belgian adtech company Adhese, which will provide an important part of the tech stack and third-party integration to help scale our capabilities and increase services for advertisers and publishers. In the U.S., Peapod Digital Labs announced plans to create an end-to-end, in-house retail media business, building on the existing AD Retail Media network and creating a simplified way to engage omnichannel customers.

While exploring these revenue opportunities, we need to ensure we balance customers' expectations about how we use their data with constantly evolving legislation on data privacy – all while protecting the customer experience. Our brands are committed to processing and using customer data ethically and responsibly. They continuously work to understand customer viewpoints, stay up to date and comply with legislation, and implement data security initiatives, while constantly enhancing the shopping experience.

OUR PROGRESS AND FUTURE PLANS

Driving omnichannel growth is centered around four areas:

Drive seamless omnichannel engagement

In a post-COVID-19 world, while customers have returned to stores, they continue to flex their use of both online and offline channels, often combining them on their path to purchase. And when they do shop across channels, they expect it to be a completely easy, seamless omnichannel experience. We have a unique advantage in delivering this by combining our brands' deep local expertise with the scale benefits and strong partnership opportunities of our international footprint.

One example of how the brands create this seamless engagement is Alfa Beta's collaboration with Wolt in Greece to offer fast, easy and reliable online shopping with delivery within 40 minutes from order placement. What started with five stores in Athens has expanded to 36 stores in seven cities. Through Wolt's mobile app, 5,000 product codes are available from Alfa Beta, covering several categories and customer needs.

With a similar mission to make life easier and more convenient for customers, Food Lion in the U.S. has expanded its Food Lion To Go offering. Customers can place an order through the website or app, access the same low prices and fresh food items they expect from the brand and pick up their groceries on the same day without ever leaving their cars. The service is now available at 655 stores across Food Lion's 10-state footprint and continues to expand. Food Lion also offers home delivery through around ~85% of its network in partnership with Instacart. Initiatives like this ensure customers can spend less time shopping and more time on what matters the most to them.

Grow e-commerce, personalization and loyalty

We continue to invest in e-commerce growth and profitability to serve the millions of customers who use our brands' websites and apps to do their shopping.

Across all our markets, our online penetration has more than doubled since 2019. While this growth is expected to slow, it is likely to continue on an upward trajectory through 2025. We expect at least half of Ahold Delhaize's growth between now and 2025 to come from online sales and that net consumer online sales will double by 2025.

Our brands keep investing to improve the digital customer experience. In the U.S., the brands now operate almost 1,549 click-and-collect and pick-up points. Our bol.com and FreshDirect brands have both grown their customer and partner bases; bol.com now has over 51,000 sales partners.

In Indonesia, Super Indo launched the mobile shopping application "Super Ninja" as part of its 25th anniversary, serving 25 stores in Greater Jakarta. Delhaize Serbia also launched a personalized "My Maxi" loyalty app nationally.

Our Dutch grocery brand's paid subscription program, My Albert Heijn Premium, turned one year old in October. The program is already helping over 675,000 customers save on their daily expenses: half save €50 or more per year and more than a quarter save over €100. Participating customers also receive a 10% discount on organic products, in line with Albert Heijn's purpose to make eating better the easy choice for everyone. The program creates synergy between our brands in the Netherlands, offering discounts on Gall & Gall Premium membership and Select from bol.com.

Top image: Food Lion To Go.

Bottom image: FreshDirect home delivery.

OUR GROWTH DRIVERS

DRIVE OMNICHANNEL GROWTH

Enhance our brick-and-mortar footprint

Across the United States and Europe, our brands continue to introduce new, vibrant, modern store formats and experiences, powered by technology and featuring tangible sustainability improvements.

Stop & Shop continues to make progress on its remodeling program, with over 40% of the store fleet completed since 2018. An important focus area for Stop & Shop is the New York City market, where we announced a multi-year $140 million investment early in 2022. With the first five store remodels completed, we are encouraged to see all stores trending ahead of plan, with sales lifts driven by increased volume and new customer transactions.

Customers are increasingly embracing self-service technology; for example, the use of self-scan and apps has grown enormously in recent years. People want shopping to be a convenient and simple part of life. To this end, Albert Heijn and bol.com joined forces alongside Budbee to further improve convenience for customers. They will install parcel lockers across 700 large Albert Heijn stores over the next two years, enabling customers to pick up and return parcels from bol.com and other online shops without having to stand in line. The partnership offers one more sustainable and flexible delivery option in the fast-growing market of online shopping, while simultaneously improving the customer experience in our brand's stores.

Drive price, value and assortment

Empowering customer choice by providing great value and easy access to affordable and healthy food options is at the center of the customer value proposition in all of our great local brands. The current economic climate is putting intense pressure on customers' household budgets. In the face of increasing price pressures, we believe it is everyone's job, across the value chain, to keep prices as low as possible for customers. To this end, our brands have introduced a number of initiatives to help customers capture value while ensuring access to healthy, quality foods.

For instance, Stop & Shop in the U.S. introduced a new Deal Lock savings program that allows customers to lock in a specific sale price for multiple weeks on both national and private brands. Delhaize Belgium launched its "Little Lions" program, which offered price reductions on 500 of its most-purchased own-brand products. The brand used eye-catching signage to make these products easy to find in the stores.

Double capacity

Bol.com plans for growth by expanding its fulfillment center

Bol.com doubled the total floor area of its Waalwijk fulfillment center, to provide more capacity to innovate and grow in a sustainable way in the future, both for customers and for sales partners. The facility now has a total floor area of 240,000 square meters.

With 13,000 solar panels on the roof, windmills next to the building, automated packing machines, kilometers of conveyor belts and enormous shuttle system, it is one of the most sustainable logistics buildings in the Netherlands and Belgium.

See **our website** for more information.

"We want to achieve climate-neutral shopping at bol.com by 2025. This fulfillment center, by running 100% on solar and wind energy, brings us closer to achieving that ambition."

Vincent Weijers
COO bol.com

OUR GROWTH DRIVERS

Elevate healthy and sustainable

54.4%
of total own-brand food sales from healthy products in 2022

33%
food waste reduction in 2022 compared to our 2016 baseline[1]

32%
reduction in absolute scope 1 and 2 CO_2-equivalent emissions in 2022 compared to our 2018 baseline[2]

27%
of own-brand primary plastic product packaging is recyclable, reusable and / or compostable in 2022

1 The reduction is measured against the restated 2016 baseline: 5.09 t/€ million. See *ESG statements* for more information.
2 The reduction is measured against the restated 2018 baseline: 4,164 thousand tonnes CO_2-equivalent emissions. See *ESG statements* for more information.

OUR AMBITION

Our "Grounded in Goodness" strategy is centered around our belief that what is healthy and sustainable should be accessible and available to all. With a dual focus on healthier people and a healthier planet, our strategy is based on the idea that these two things are intrinsically linked. We believe that if we get it right for ourselves, we usually also get it right for the planet. And acting responsibly today is imperative to securing a better tomorrow for generations to come.

This approach ensures the decisions we make are grounded in doing the right thing for people – with a focus on customers, products, communities and associates – and planet – with a focus on impacts from our own operations and working with farmers and suppliers to reduce our impacts across the entire supply chain.

We collaborate closely with our partners and brands to empower customers to join this journey and make healthy and sustainable choices into easy choices for everyone. Our brands aim to ensure that what's healthy and sustainable is affordable, accessible and inclusive for all through their marketing, reward programs and store design. They innovate to make products healthier, more interesting and more varied. The brands aim to source locally, help farmers get a fair deal and work to improve the food supply chain. Along the way, we are transparent in highlighting our progress and making better choices clear.

STRATEGIC CHOICES AND CHALLENGES

Aligning to improve the food system

Our brands operate as part of a complex value chain comprised of thousands of producers that help them provide products and services to customers. We also have many stakeholders that are impacted by our global food system. To transition to a healthier and more sustainable food system will require the whole value chain to work together – and to be successful we need consensus on certain measures across our industry. A key part of encouraging our brands' customers to make healthier choices is to align on one nutritional navigation system.

For example, at present, not all companies or even all countries in Europe are aligned on using nutritional guidance system Nutri-Score, which makes it challenging to implement an overall system and increase customer engagement.

We believe we have an important role to play in collaborating with our partners across the value chain and helping move our industry towards healthier and more sustainable diets. This is a complicated undertaking, as alignment on key success factors is crucial and our supply chains are complex.

The food system sits at the intersection of health and climate and our actions should drive co-benefits, as we diversify our product portfolios toward healthier, low-carbon diets that are affordable and accessible for all.

We make healthy and sustainable choices easy for everyone

ELEVATE HEALTHY AND SUSTAINABLE

OUR PROGRESS AND FUTURE PLANS

Our elevate healthy and sustainable growth driver centers around healthier people and a healthier planet.

Healthier people

Our commitment to healthier people begins with empowering customers and associates and working to develop healthier and more sustainable product assortments. But it also has to do with supporting resilient communities, everywhere the brands operate.

Customers and associates

In 2022, our brands continued to stay focused on making healthy and sustainable choices easier for customers and associates by providing relevant information and rewarding people for making better choices – both in stores and online. Our brands inform customers about healthier options in the stores through shelf tags, product labels and dedicated health sections. Several brands have in-store nutritionists who help customers gain insight into their diets. Through their online platforms, several of our brands enable customers to apply filters when shopping so they only see healthier, organic or vegetarian products, enabling them to make better choices.

To identify "healthier" products, our brands use well-established nutritional navigation systems, such as Guiding Stars in the U.S. and Nutri-Score in Europe. These systems are continuously updated according to the latest knowledge. For example, the U.S. brands continue to improve Guiding Stars' nutritional guidance, and added advice on beverages to the program in 2022.

Products

Our brands are making healthy and sustainable choices more accessible through their product assortments. They are reformulating products with less sugar, salt and fats, so the average shopping basket is healthier and more sustainable.

Our aim is to nudge people towards a planetary diet that includes many of the same elements, but with more balance – more vegetables, more sustainably produced meat and products that are produced in a healthy and sustainable way.

For example, our Albert Heijn brand in the Netherlands is partnering with the World Wide Fund for Nature Netherlands (WWF-NL) to support the goal to halve the environmental footprint of the Dutch customer's shopping basket by 2030. The partnership will draw on the experience WWF-UK has gained working with supermarkets in the UK, to provide a "scientific blueprint" in the Dutch context with actions necessary to achieve that goal. This Dutch version will be open source and WWF-NL and Albert Heijn will be asking other Dutch retailers to join.

In the U.S., The GIANT Company, Giant Food and Stop & Shop continued to offer products on their websites reviewed by HowGood, helping customers easily identify food items that meet rigorous environmental and social benchmarks through simple one-, two- or three-leaf ratings. HowGood ratings can also be found on shelf tags at all Giant Food stores.

Communities

Our brand's stores are more than just stores. They are social centers and places where communities come together.

Our brands already support many causes that are important to local communities, for example, fighting hunger in communities through financial donations and by diverting surplus food to food banks and charities. In 2022, Ahold Delhaize and its brands donated €218 million in financial and in-kind giving to good causes.

Healthier planet

We aim to achieve our goal of a healthier planet by focusing both on our operations and the overall food supply chain. We are committed to reaching net-zero carbon emissions across our own operations by 2040 and becoming a net-zero business across our entire supply chain, products and services by 2050. See *ESG – Environmental* for more on our net-zero ambition.

Own operations

We see the greatest planetary impacts in our own operations through food and plastic waste and through carbon emissions from energy consumption, refrigerant leakage and transport emissions in our brands' operations. We continued to make progress on reducing carbon emissions in our own operations in 2022.

Energy consumption

Our brands work to reduce energy use in their operations by building and remodeling stores in the most energy-efficient way. For example, they install LED lighting and retrofit refrigeration systems with doors and seals that save energy.

We can abate the electricity we still need to consume simply and effectively through power purchase agreements (PPAs).

Refrigerants

When our brands remodel stores, they also use refrigeration systems with a lower global warming potential or, where possible, use natural refrigerants. To minimize costs, our brands phase replacement with planned store remodelings, using an approach that is tailored to the refrigerant system installed and coolant used.

Transport

When possible, brands make use of low-energy transportation methods, such as electric vehicles or vehicles that use low-carbon-emissions fuels. They also use technology to improve route optimization and reduce last-mile costs.

For example, the U.S. brands are working on a new last-mile enterprise routing solution and automated route planning. And in Europe, our brands are working to improve the fill mechanism of vans to allow for more orders per trip.

Food waste

Food waste continues to be an important priority for us; it is not only an environmental problem, but has a financial impact on the business. In 2022, we continued to work toward our ambition to reduce food waste by 50% by 2030 compared to our 2016 baseline.

In the fight against food waste, we always aim first to prevent it before it happens. Our brands have many creative programs in place to do this, some engaging customers in the journey. For example, Delhaize in Belgium has created a "no waste" corner, that groups products discounted because they are nearing their expiration date but are still fresh and tasty if eaten quickly. The initiative helps customers save money while reducing food waste. For more information see *Local matters: Local solutions*.

Alfa Beta in Greece is collaborating with WWF to create more awareness among customers about food waste. For more information, see *Local matters: Halving waste*.

Both The GIANT Company and Stop & Shop offer the Flashfood app, which gives customers access to fresh products nearing their best-by date at discounts of up to 50% off. This year, Stop & Shop became the first retailer in New York City's five boroughs to offer the app.

Any food that can't be sold by our brands is diverted to help feed people in their communities. Food Lion Feeds provided more than 51 million meals through its pioneering food rescue program in 2022. Each of Food Lion's stores distributed unsold, edible food that might otherwise go to waste to a local food bank for neighbors in need. In 2022, Albert became the largest food donor in the Czech Republic, and committed to increasing food support even further, by 20%. It donated seven delivery vans with special cooling systems

ELEVATE HEALTHY AND SUSTAINABLE

to help keep food fresher for longer. For more information, see *Local matters: Nourishing communities*.

Plastic packaging
Our aim is to reduce the overall amount of virgin primary plastic packaging used for own-brand products by 5% by 2025 compared to our 2021 baseline. When plastic is used, we want to ensure it is 100% recyclable, reusable or compostable. We also aim to achieve a 25% post-consumer recycled content used in primary own-brand plastic product packaging.

Our brands have many innovative initiatives in place to achieve these goals. For example, Giant Food became the first retailer on the U.S. East Coast to partner with Loop, providing a selection of over 20 products from leading consumer brands packaged in reusable containers. Customers return the packages to be sanitized and reused.

For more information on how we reduce the environmental impact from our own operations, see *Environmental, social and governance*.

Value chain

The vast majority of our greenhouse gas (GHG) emissions are scope 3, or indirect emissions that take place across our entire value chain – for example, emissions generated through the production and manufacture of the products we sell and when customers use those products. Our value chain consists of thousands of suppliers, producers and farmers who supply hundreds of thousands of products that are sold to millions of customers across the United States and Europe each day. Our brands partner with suppliers to reduce waste, increase the number of low-carbon products in their assortments, reduce emissions from outsourced transportation, and engage with suppliers to reduce their emissions.

In November 2021, we committed to becoming net-zero businesses across our entire supply chain, products and services by 2050. In 2022, we updated our interim CO_2-emissions-reduction target for the entire value chain (scope 3) of at least 37% by 2030 from our 2020 baseline. For our own operations (scope 1 and 2), we remain committed to reaching net zero by 2040, with an interim target of a 50% reduction by 2030 from our 2018 baseline.

With this updated scope 3 interim target, we aim to decarbonize our entire value chain and ensure that our climate targets are in line with the UN's goal of keeping global warming below 1.5°C. The updated interim target is also aligned with the Science Based Targets initiative's (SBTi's) Net-Zero Standard. In accordance with this initiative, we are using our latest available emission profile from 2020 as the baseline for our new target instead of our previous 2018 baseline.

In November 2021, we joined the Business Ambition for 1.5°C, a global coalition of UN agencies and business and industry leaders, in partnership with the SBTi and the UN-led "Race to Zero" campaign. Our updated target is part of the annual climate reporting cycle outlined in the Business Ambition's agreements. See also *In focus: Carbon emissions in our supply chain*.

To reduce GHG emissions across our supply chain, we have identified the following key priorities:

For more information, see **In focus: Carbon emissions in our value chain.**

Accelerating supplier and farmer implementation of science-based targets
We are supporting our brands' suppliers in setting their own emissions reduction targets in line with the latest science. These commitments will accelerate improvements in livestock farming, raw material sourcing, deforestation reduction, processing, food waste reduction, packaging and transport. For example, through enteric fermentation (methane reduction through genetic selection or feed additives) and manure management (creating biogas from liquid manure and adding sulfuric acid to shift the pH value of manure), GHG emissions from livestock can be reduced, using new technologies and practices.

Investing in developing low-carbon products
We are driving the improvement of existing assortments and the development of new assortments with less embedded emissions.

Our brands continue to introduce more plant-based protein products in their assortments and support customers in making more sustainable choices.

Proactively engaging with customers
Our brands are helping customers understand the impact of their buying decisions and make choices that fit their needs, their tastes and their values. This includes stimulating and rewarding sustainable choices through loyalty programs and discounts, increasing product transparency through navigation systems and product labeling, improving assortments and products with more vegan and vegetarian products, and increasing knowledge about a healthy lifestyle by giving customers access to free dieticians and knowledge platforms.

Halving waste

Alfa Beta is committed to reducing food waste by 50% by 2025. This requires educating key stakeholders along the way

In collaboration with WWF in Greece, Alfa Beta has launched a customer awareness campaign that aims to educate customers and ultimately reduce food waste in households by focusing on its significant climate impact.

See **our website** for more information.

OUR GROWTH DRIVERS

Cultivate best talent

79%
(=)
Associate engagement score (2022)

74%
(+4 pp)
Associate development score (2022)[1]

80%
(+1 pp)
Inclusive workplace

1 All brands excluding U.S.

OUR AMBITION

Our brands are driven by committed people – the 414 thousand-strong team making a daily difference to customers and communities. We are united in our shared values of care, courage, integrity, teamwork and humor and are passionate about creating healthy, engaged and inclusive workplaces reflective of the communities our brands serve.

We provide a caring place to work where our people feel welcome. Here, everyone is heard, valued and finds purpose in their work. Because we know that when associates grow, our business succeeds.

Our motto "Dare to care" sums up what makes us special: always having the courage to care for associates, customers and communities as we fulfill our purpose to help people eat well, save time and live better.

STRATEGIC CHOICES AND CHALLENGES

Daring to care

In the past year, people everywhere were impacted by global events, such as the war in Ukraine, rising political and social unrest and macro-economic factors, all of which have affected mental health and well-being. This is why we again prioritized creating psychological safety for associates and teams.

Experts describe the challenging situation we live in as a mental health pandemic. In times like these, it is important that we live our value "care" to the fullest. Ahold Delhaize and our family of brands are working to prioritize people's physical, social and mental health. We want to ensure that all associates are free to be themselves and express their feelings. Psychological safety – "a belief that one will not be punished or humiliated for speaking up with ideas, questions, concerns or mistakes"[1] – is a prerequisite for bringing out the best in people. It is the foundation of inclusion – the glue that binds us together and builds strong teams.

The challenge for Ahold Delhaize is how to maintain a healthy environment for our diverse and multi-generational workforce that brings out the best in us all, while at the same time experiencing and responding to challenging events in the world around us. Our brands continually strive to raise awareness and offer programs, benefits and well-being initiatives that support a healthy balance.

One way our brands demonstrated care in their communities in 2022 was in their individual swift response to the war in Ukraine. See *War in Ukraine: Impact and our response* for details.

To support associates, we launched Mental Health Awareness Week, which included webinars, self-evaluation tools, expanded benefits, meditation and expert sessions. At the Global Support Office, these initiatives were supported by dedicated associate champions advocating and raising awareness.

Mega Image continued to support its associates in finding emotional balance during challenging times by hosting webinars and seminars on topics such as how to speak about the war in Ukraine to children, the pandemic and societal barriers affecting women's rights and gender equality.

Mental health is an important topic for our brands in the U.S., as well. Hannaford, for example, has become a best practice for us on how to address mental health and well-being in the store environment. Leaders in the brands' stores are equipped with training, tools and materials to learn to lead differently and support associates' needs in the "new normal" we face today. The brand also offers empathy support sessions to enable store managers to grow and develop in their support towards associates.

1 Amy C. Edmondson

First aid

Delhaize associates rescue man from cardiac arrest

The health and safety of customers and associates is an absolute priority. The quick response of Delhaize associates in Belgium saved lives during two serious incidents in the stores in 2022 – just one example of many at our brands that prove the importance of our first aid training.

"Thanks to basic training, annual refresher courses and practical workshops to practice rescue techniques, we knew how to react."

Mohammed Choual and Daniel Rose (associates)

See **our website** for more information.

OUR GROWTH DRIVERS

CULTIVATE BEST TALENT

Attracting and retaining talent in complex times

At Ahold Delhaize, we pride ourselves on attracting, developing and retaining the best talent – and it is critical to our success. The labor market in 2022 was impacted by increasing political and social unrest and macro-economic factors such as unprecedented inflation and critical skill shortages. Labor challenges we experienced in 2021 intensified in 2022, with increasing external job opportunities available to associates and continuing talent poaching. Overall associate turnover was 63%, primarily due to the large part-time workforce and seasonality inherent to this industry.

Our strong company culture and shared values continued to guide us and help us remain resilient in the face of these challenges. We were pleased to see that associate engagement remained high at 79%, as measured by our associate engagement survey, and feedback from colleagues on career opportunities improved by 5% this year.

OUR PROGRESS AND FUTURE PLANS

Our cultivate best talent growth driver centers around four priorities.

CREATE THE FUTURE OF WORK

All our brands are preparing for the challenges and capitalizing on the opportunities that will come with the future of work. The changing nature of work, learnings from the pandemic and shifting associate expectations have highlighted the need for flexibility – especially in the stores and distribution centers (DCs) – robust workforce planning and reskilling. Our brands have worked in innovative ways to create better, healthier and more sustainable solutions for the future. Preparing for the future of work enables us to give associates opportunities to grow, while maintaining a competitive advantage in the brands' markets.

Our Retail Business Services (RBS) team in the U.S. ranked No. 25 on Fast Company's 2022 100 Best Workplaces for Innovators list, which honors organizations committed to encouraging innovation at all levels. One initiative earning RBS the award was a frictionless checkout solution developed in its IT innovation lab.

Alfa Beta, Delhaize Serbia and Mega Image worked closely with our European IT team during the year to build a system that replenishes stock in stores. It uses algorithms that forecast store needs based on sales, sending orders directly to the DCs. So far, the team has successfully rolled out the system to 1,700 stores, covering about 70% of the assortment.

Support office associates were at the forefront of change and experimentation during the pandemic, as hybrid ways of working drove technological remote working solution. This continues to impact our business, and we are responding to the evolution of work and shifting needs of associates in various ways. For example, our Working from Abroad pilot in our Global Support Office (GSO) in the Netherlands enables people to get inspired and energized by working in different settings or to combine work with a family visit or vacation.

Another example of how our brands are increasing flexibility and improving associates' well-being and work-life balance is at Delhaize Serbia. The brand is considering introducing a four-day work week in its offices on the basis of input from a survey of its top 100 leaders. The proposal is based on a culture of trust and empowerment and would offer associates an 80% fixed and 20% flexible division of working hours.

To better anticipate change in an ever-shifting labor environment, we are working to create a stronger associate experience and leveraging data capabilities to improve predictive analytics and advance hiring and development. All of this is only possible if we have robust systems to support data, so implementing SAP SuccessFactors across our great local brands is important, and enables us to work together in a secure way. In addition to existing associates in the U.S. and the Netherlands, we recently onboarded Albert, Maxi and Albert Heijn Belgium, and now have 285,000 associates, or more than 70%, on the SuccessFactors platform. Technology and data are key enablers in creating a seamless associate experience. The integration of digital and improved data capabilities across the organization are making a positive impact.

PIVOT OUR CULTURE

Our culture is what makes us unique. We pride ourselves on building an environment of continuous growth that supports personal and business development and brings us together.

Psychological safety and inclusive leadership

Fostering psychological safety is essential to creating a workplace where our values are clearly reflected and communicated. One step we took to create a safer environment in 2022 was offering experiential workshops to associates at the GSO and the brands. In these sessions, leaders and associates were encouraged to share what makes them feel psychologically safe and how to bring this to life in the workplace.

We also included an interactive exercise on psychological safety in our Gearing up for Growth program, a development offering for high-potential Directors. It prepares associates to become better, more inclusive leaders.

At our annual leadership conference, the topic was prominently addressed and experienced through a workshop on how we can support a culture of growth and daring to care. It pushed leaders out of their comfort zones to explore what it is like to be vulnerable and how we can connect through our similarities but also our differences.

Top image: Alfa Beta associates in a DC.

Bottom image: Associates at the Retail Business Services office.

OUR GROWTH DRIVERS

CULTIVATE BEST TALENT

In 2022, we offered our Inclusive Leadership program for the fourth consecutive year in partnership with MindGym. It enables current and future leaders to learn, practice and apply the skills needed to lead more inclusively by inspiring, motivating and evoking trust. See *In focus: Diversity, equity and inclusion* for more details.

See **In focus: Diversity, equity and inclusion** for more information.

Connecting with communities

Our caring culture extends to the markets our brands serve and the communities we live in. In 2022, our family of brands once again found many opportunities to give back. Our colleagues in the Netherlands created a new Business Resource Group (BRG) called "Make it Count!" that seeks to inspire and activate Ahold Delhaize associates in the Netherlands to use skills, ideas, and talents to give back to their communities and volunteer. For example, members of the BRG visited a homeless shelter in Amsterdam where they cooked and served food and drinks to those who need it most.

In the U.S., our brands showed they care through many different initiatives. For example, The GIANT Company kicked off its annual holiday giving with Giving Tuesday, donating $57,500 to 11 community organizations combating food insecurity and supporting families in need across its footprint. This initiative helped The GIANT Company fulfill its purpose of connecting families for a better future.

The Food Lion Feeds charitable foundation continues to make a meaningful impact. Since its inception in 2001, it has given almost $17 million to good causes; in 2022 alone, donations amounted to more than $1.1 million. Food Lion's strong local network ensures that hunger relief efforts reach those most in need.

In Europe, our brands show us that caring for people has no limits. As part of its 12 Acts of Kindness internal volunteering program, Mega Image launched a "Caring for people has no borders" volunteering campaign in partnership with the Romanian Red Cross, involving over 30 volunteers. The brand also supported the "Ana and the Children" foundation, raising €2000 in donations, and organizing 50 volunteers to build a new center where 100 children will be hosted and provided with meals, shoes, personal care products and school supplies.

As a result of a €200,000 donation from Delhaize Serbia, in early 2022, UNICEF was able to purchase a vehicle designed to transport prematurely born and sick babies from maternity wards in the region to the Centre for Neonatology.

TRANSFORM OUR CAPABILITIES

Transforming our capabilities is a journey that every brand is taking to ensure the right skills are in place now and in the future.

Tailoring learning to individual needs

Customer and associate expectations are shifting, and the skills of yesterday are not always fit for the future. Refreshing capabilities is an important priority, and the skills with the steepest change curves are within the digital and technology environments.

Ahold Delhaize continues to leverage individual development plans (IDPs) alongside technology tools, such as SuccessFactors, Degreed and DataCamp, to assess capability gaps and offer training to upskill and reskill our workforce. In 2022, associates completed more than 5.4 million learning modules. Developing people is central to our HR purpose: "Cultivating today's talent, unleashing tomorrow's leaders."

Support associate development

Every associate is in the driver's seat of their own development, and all the brands provide programs that support this growth. Associates are encouraged to create IDPs, with more than 72% having a plan in place for VP+ level. For example, these development plans provide a strong basis for manager and associate dialogues that help to build capabilities that are aligned to associate aspirations and offer growth experiences.

In 2022, we welcomed 14 new international trainees within our HR and Finance functions. During their three-year program, they will have the opportunity to work at several brands and support offices across Ahold Delhaize and participate in a development program that will help them kick-start success in their career fields.

CULTIVATE TALENT

The food retail business is changing faster than ever before in these challenging times. Associates make the difference and help ensure we are well positioned to drive future growth.

We want people to have the opportunities and support they need to grow and reach their full potential. Mentoring fosters an inclusive and collaborative environment of learning and is one of the many ways we facilitate knowledge sharing. A good example is our European mentorship program, which kicked off in 2022 and is available to associates in director roles and above and their direct successors. Through the program, a mentor from one brand is paired with a mentee from another brand for a six- to 12-month mentorship.

Be courageous, live wholeheartedly and keep growing

As we transform our capabilities, everyone's contributions matter. We want to make sure that people across Ahold Delhaize are encouraged to be themselves and apply their unique talents. For example, Delhaize Serbia collaborates with the Creative and Educational Center (CEC), an organization focused on the inclusion of persons living with a mental or intellectual disability. One of the most successful initiatives between CEC and Delhaize Serbia is a work-ready program that enables participants to learn about store processes and gain experience across the stores. This is just one of many examples of how our brands recognize and celebrate neurodiversity.

Ensure all voices are heard

Each year, our associate engagement survey gives associates across the company the chance to openly share their feelings about working for Ahold Delhaize and our brands. According to the survey, in 2022, our positive associate engagement score remained the same as in 2021, at 79%, while we saw an increase in our inclusive workplace score, at 80% (up one percentage point). We saw a positive increase in our development score of 74% (up four percentage points) for our brands in Europe and Indonesia and the Global Support Office. The valued feedback of associates helps shape our company's future.

We want to make sure associates feel heard all year long by giving everyone the opportunity to express their needs, realize their ambitions and connect with others, for example through our BRGs that advocate for their communities within and across the brands.

In addition, we ensure associates know we are open for everyone, and we adopt inclusive practices, such as balanced slates and transparent talent plans, that promote equitable opportunities for people. See *In focus: Diversity, equity and inclusion* for more information.

Throughout 2022, we worked with our great local brands to evolve our people strategy in response to the changing needs of associates, customers and communities. We will share more information in next year's Annual Report.

OUR GROWTH DRIVERS

Strengthen operational excellence

€979mln
Save for Our Customers savings in 2022

2.9%
Total cash capital expenditures as a percentage of net sales in 2022

2,646
Number of stores offering self-scanning solutions in 2022

OUR AMBITION

Ahold Delhaize and its brands create value through our business wheel, which is kept spinning by a relentless focus on saving for our customers, driving same-store sales and investing to fund growth. Our operational excellence growth driver helps us make this wheel turn faster and better all the time.

Our local brands are outstanding operators that have been running retail businesses for many decades – this gives them the ability to maintain a steady performance even as market circumstances become more challenging. They are always working to improve how they operate stores, DCs and home delivery and pick-up operations.

Our strong operating model is integral to their success: our network of leading local brands supported by service companies that operate at scale and leverage their best capabilities regionally and globally. It gives us a competitive advantage and is key to how we bring our omnichannel customer value proposition to life.

Our operating model enables us to transform quickly and use our scale in a way that balances with the brands' need to consistently meet the unique demands of customers in their local markets. We believe it provides a repeatable formula for growth in the U.S., Europe and Indonesia.

OUR "SAVE FOR OUR CUSTOMERS" BUSINESS WHEEL

We support our omnichannel growth ambitions by saving for our customers, improving our supply chain, enhancing store operations, strengthening internal operations across all functions and leaving no stone unturned as we leverage our scale in sourcing. As we continue to execute our proven savings programs, we are also working to innovate in three key areas that are critical to achieving our ambitions:

Delivering a relevant digital and in-store experience

We are creating e-commerce platforms in both Europe and the U.S. to take advantage of our scale on the backend, while delivering a truly local experience for customers.

Optimizing our supply chain, operations and merchandising

This will help to further lower product costs, increase product availability and enhance freshness.

Unlocking the power of data

All of the ways we enhance our capabilities are underpinned by our ability to unlock the power of data with on-demand, real-time intelligence. This will enable our brands to continue to take advantage of opportunities for additional income streams such as media, insights, digital services and in-store services.

OUR GROWTH DRIVERS

STRENGTHEN OPERATIONAL EXCELLENCE

STRATEGIC CHOICES AND CHALLENGES

E-commerce profitability and shifting customer value proposition

Our online penetration has more than doubled across our regions since 2019. The need to serve this channel is obvious – and an important contributor to Ahold Delhaize's overall success. However, achieving profitability in e-commerce continues to be a challenge. In recent years, consumers have become used to the convenience of shopping online for both delivery and pickup – and usually prefer it to be as fast as possible. However, they have yet to settle on one delivery model. U.S. consumers have a stronger preference for click and collect, while European shoppers prefer home delivery: either same day, next day or instant.

Our brands are under increasing pressure to meet consumers' ever-rising and ever-changing expectations. At the same time, they need to mitigate the dramatic impact online grocery has on order economics, as the cost of home delivery can have a significant adverse effect on margins.

To continue serving this growing online demand without significantly cutting into margins, we are focusing our investments on the following four levers:

1. Deliver sales density and, ultimately, scale – something that is just as essential in e-commerce as it is everywhere else in food retail.
2. Ensure our brands test and implement customer value proposition models to meet local customers' rapidly changing demands and maintain a competitive or leading position.
3. Optimize operations in fulfillment and last-mile operations. We are experimenting with strategies, technologies and third-party providers to reduce picking and delivery costs across our brands and regions and working together to find the optimal model in each of the regions where our brands operate.
4. Build complementary revenue streams using the data we capture across our diverse brands to help fuel investments to enhance the customer journey.

OUR PROGRESS AND FUTURE PLANS

Our strengthen operational excellence growth driver is centered around four areas:

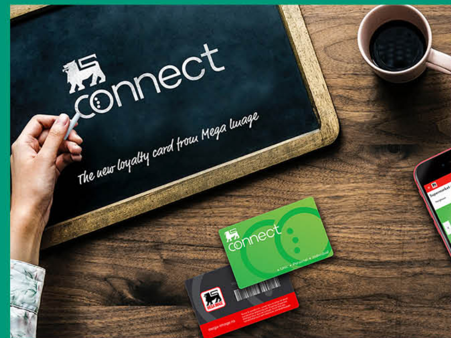
Save for Our Customers

With high inflation levels prevalent in the U.S. and Europe, our brands are focused on helping customers efficiently manage their spending. Supported by record-high savings this year of €979 million on our €850 million Save for Our Customers cost-savings program, our brands are working with suppliers to mitigate cost increases for customers, introducing more entry-priced products, expanding their high-quality own-brand assortments and delivering personalized value through digital omnichannel loyalty programs.

Improve our supply chain

We continue to invest in improving our supply chain to better support our omnichannel offering and fulfill the increasing demand for online shopping.

For example, in May, bol.com completed an expansion of its fulfillment center in Waalwijk, the Netherlands, doubling the facility's existing floor area to 240,000 m² and creating one of the most sustainable logistics buildings in the country. For more information, see *Local matters: Double capacity*.



Top image: Bol.com's recently expanded fulfillment center in Waalwijk.

Bottom image: Mega Image's loyalty program is an example of how our brands deliver personalized value to customers.

STRENGTHEN OPERATIONAL EXCELLENCE

Enhance store and e-commerce operations

Our brands are enhancing their stores to make them easier to shop and more efficient and sustainable to operate.

Albert invested in autonomous cleaning robots that can clean at night as well as during normal opening hours with customers present. This initiative aims to improve efficiency and keep cleaning quality high.

At Delhaize Belgium, the Not for Resale (NFR) department switched suppliers to rent cooler and freezer models with 50% higher energy efficiency, saving around 40% in operational costs.

In the U.S., the businesses have expanded their web-based forecasting app. The tool provides accurate item-level forecasts that help take the guesswork out of producing items such as sandwiches from the deli, muffins made in the bakery and cut fruit prepared on-site by associates. For example, if an associate is packaging cut fruit and needs to know how much watermelon and cantaloupe to include, the app tells them, using a dynamic forecast that considers store-specific sales history and holidays that could impact demand. The tool is currently deployed at Stop & Shop, Hannaford and The GIANT Company.

Strengthen internal operations across all functions

Our brands use their unique local knowledge to develop and execute strategies and commercial plans that connect with customers. Regional support businesses provide them with the scale, platforms, capabilities and services that enable the local brands to drive the omnichannel customer experience and win in their marketplaces.

Our U.S. support businesses include Peapod Digital Labs, Retail Business Services (RBS) and ADUSA Supply Chain. In Europe, European Business Services (EBS) drives synergies across the brands and provides expertise in human resources, finance and NFR sourcing.

This year, our four great local brands in Central and Southeastern Europe (CSE) – Mega Image in Romania, Albert in the Czech Republic, Alfa Beta in Greece and Delhaize Serbia – introduced a joint regional strategy to help them get stronger together, accelerate growth and set themselves up for future success. Together, they have set a number of ambitions. They agreed to focus on winning in each market by strengthening the brand proposition and accelerating sales growth. They will capture scale across the region to strengthen the operating model and drive savings to offset inflationary costs. The third shared ambition is to empower people across the regions and create collaborative, innovative and agile organizations. And finally, they will work together to create future omnichannel grocery businesses that are data driven and have winning ecosystems of customer experience. During 2022, they were already able to harmonize over 700 own-brand products through joint product development and sourcing.

Local investment

Improving the shopping experience for NYC customers

Stop & Shop is investing $140 million in its New York City-area stores. The brand will remodel most of the stores for a better shopping experience and add thousands of new items to reflect the diversity of the neighborhoods it serves.

The brand is also investing in the community, with a $1 million pledge to fight food insecurity across the NYC boroughs.

See **our website** for more information.

“We’re proud to make such a significant investment in New York City, and excited to show customers we can be the one-stop shop for everything they need and that we’re delivering great value, particularly in this current economic environment.”

Gordon Reid,
Brand President Stop & Shop

OUR VALUE CREATION MODEL

1 2 3 Inputs

Ahold Delhaize has a long tradition of serving local customers, communities and associates with care. Our impact goes far beyond our brands' stores and DCs: we work with suppliers and partners to make the entire value chain more sustainable and to provide customers with daily meals and healthier choices to help them live better. Here is how we use inputs to create value for our stakeholders.

FINANCIAL CAPITAL

We maintain a sustainable mix of debt and equity investments and a sound financial position.

€87 billion

net sales

€2.2 billion

free cash flow

RAW MATERIALS

Our brands' products and operations rely on natural resources and raw materials from both local and global farms. The brands maintain long-standing strategic partnerships with farmers and local producers, carefully selecting the best partners to supply and process raw materials for high-quality own-brand products. They partner to drive down carbon emissions and protect, restore and sustain ecosystems, making it easier for customers to make sustainable choices while we build a more sustainable business.

by 2040

reach net-zero carbon emissions across our own operations

by 2050

become a net-zero business across our entire supply chain, products and services

MANUFACTURING

Own brand

Our brands develop, brand and market own-brand lines in-house to help them offer great value across different price points and a relevant local assortment. They partner to have them produced and packaged for sale. All our brands are reformulating own-brand product recipes to reduce sugar, salt, colorants and additives while safeguarding product integrity and safety. Of our own-brand food production sites, 98% are Global Food Safety Initiative (GFSI)-certified or comply with an acceptable level of assurance standard. We aim to achieve >55% of own-brand sales from healthy products by 2025. Our brands are also working to reduce plastic and increase recyclable materials in own-brand packaging.

Consumer packaged goods (CPGs)

Various suppliers manufacture branded products that are delivered to our brands' DCs. These suppliers benefit from the unique customer insights our brands develop through their strong local presence and long experience in grocery retail. We also share expertise and scale with other food retailers through the Coopernic European Buying Alliance and AMS.

OUR VALUE CREATION MODEL

1 2 3 Inputs continued

WAREHOUSING AND DISTRIBUTION

After products are delivered to our brands' DCs, they are prepared for transport to stores, dark stores, pick-up points and customers' homes. We continuously adapt our supply chain to better serve customers – for example, through automated warehouses and fulfillment centers that enable faster delivery. We develop innovative proprietary technology solutions and contribute to a healthier planet, for example, by converting transportation fleets to zero-carbon alternatives and reducing energy use through route optimization technology and improved fill mechanisms.

83

hubs / DCs operated by our brands

1,812

pick-up points operated by our brands

7.1%

online grocery penetration

4.9%

net consumer online sales growth (at constant rates)

RETAIL

Our well-known local brands serve 60 million customers weekly in more than 7,659 grocery, small-format and specialty stores and online, through our own and third-party apps and websites. Our brands include the top online retailer in the Benelux, bol.com. While the majority of our revenue comes from selling products to customers, growing complementary revenue streams driven by digital and in-store media allows us to save and reinvest across the value chain.

Our brands and businesses employ, in aggregate, 414 thousand associates worldwide, with 54% under collective labor agreements. These motivated and talented associates are key to our brands' success; they are not only committed to providing the best shopping experience but also reducing its environmental impact, for example, by building and remodeling energy-efficient stores and replacing or retrofitting refrigerator systems with lower-GHG alternatives. Several of our brands already use renewable sources for a portion of their energy needs, and have plans to increase their renewable electricity use even further by 2023 or 2024.

CUSTOMERS

Our value chain ends where it begins – with the customer. Ahold Delhaize has grown from two family-run grocery stores into an international family of local omnichannel brands. For over 150 years, our brands have been helping people eat well, and have remained grounded in service to customers and communities – which extend far beyond their own neighborhoods to families all around the world. As these communities have grown, so too has our responsibility to protect people and the planet. Our brands are empowering customers to make better choices and help create a better world by providing the best possible options, access to information on healthy living and well-being, making donations and partnering with others to create a better world. We hope to achieve 100% recyclable, reusable or compostable plastic packaging from our own-brand products by 2030 and reduce food waste by 50% from 2016-2030.

71%

of net sales are generated by loyalty card members

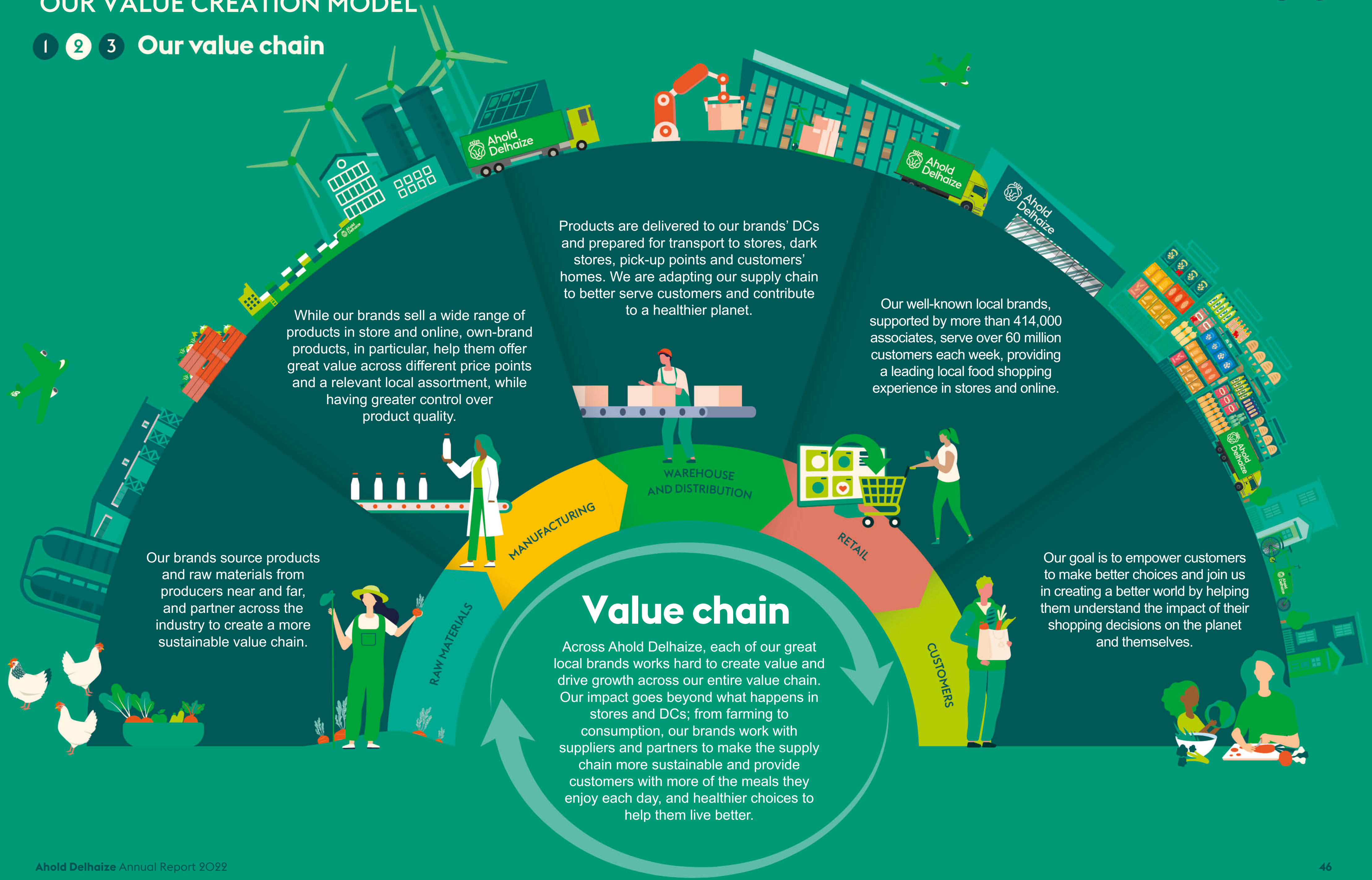
~25.2 million

active loyalty card holders (11.3% increase from 2021)

OUR VALUE CREATION MODEL

1 2 3

Our value chain



Our brands source products and raw materials from producers near and far, and partner across the industry to create a more sustainable value chain.

While our brands sell a wide range of products in store and online, own-brand products, in particular, help them offer great value across different price points and a relevant local assortment, while having greater control over product quality.

Products are delivered to our brands' DCs and prepared for transport to stores, dark stores, pick-up points and customers' homes. We are adapting our supply chain to better serve customers and contribute to a healthier planet.

Our well-known local brands, supported by more than 414,000 associates, serve over 60 million customers each week, providing a leading local food shopping experience in stores and online.

Our goal is to empower customers to make better choices and join us in creating a better world by helping them understand the impact of their shopping decisions on the planet and themselves.

Value chain

Across Ahold Delhaize, each of our great local brands works hard to create value and drive growth across our entire value chain. Our impact goes beyond what happens in stores and DCs; from farming to consumption, our brands work with suppliers and partners to make the supply chain more sustainable and provide customers with more of the meals they enjoy each day, and healthier choices to help them live better.

OUR VALUE CREATION MODEL

1 2 3 Value and impact created

The following explains how Ahold Delhaize and our brands create value and lists the main outputs and outcomes that describe the economic, social or environmental value created through our activities for our four main stakeholder groups.

OUR CUSTOMERS

96%

of net sales from markets where our brands have a #1 or #2 position

4.9%

of net consumer online sales growth in 2022

Outcomes

- Customers' ability to shop wherever and whenever they want.
- Enhanced omnichannel presence and improved customer experience.

OUR ASSOCIATES

79%

2022 associate engagement score (2021: 79%)

€13 billion

wages in 2022

53%

women in the workforce

5.2%

reduction in the number of injuries that result in lost days per 100 full-time equivalents

5.4 million+

completed learning modules in 2022

Outcomes

- Diverse and skilled workforce.
- Safe place to work.

OUR COMMUNITIES

€218 million

in charitable donations in 2022

2.8 thousand

tonnes total CO_2-equivalent scope 1 and 2 emissions (reduction of 56 thousand tonnes compared to 2021)

238 thousand

tonnes of food waste (2.5% decrease compared to 2021)

75%

of production sites of own-brand products in high-risk countries audited against an acceptable standard with a valid audit report or certificate and no noncompliance on deal-breakers in 2022

Outcomes

- Food and monetary donations.
- Paying our fair share of taxes.
- Providing healthy products and helping customers make healthier choices.
- Acting to reduce environmental footprint and waste.

OUR SHAREHOLDERS

€1.05

per share dividend for 2022

€1 billion

returned to shareholders via share buyback program in 2022

Outcomes

- Strong balance sheet with attractive returns to shareholders through a sustainably growing dividend and the return of excess liquidity to shareholders.
- Funding of growth in key retail and e-commerce channels – inorganic and organic.
- Improved internal digital capabilities.

ENGAGING WITH OUR STAKEHOLDERS

As leading global retailers, Ahold Delhaize and the brands take into account the needs of many different stakeholder groups in our day-to-day business. We define stakeholders as individuals, groups or organizations that can affect or can be affected by our business. The four most impactful stakeholder groups to Ahold Delhaize are customers, associates, shareholders and communities.

The value we create for them depends not only on our own efforts at Ahold Delhaize and the brands, but also by factors in the external environment, market developments (see *Evolving market trends*) and the relationships we build with our stakeholders.

They make us better by challenging us, sharing insights into their concerns, offering feedback on how we are doing and collaborating with us to solve problems. We commit to transparency and high integrity with everyone who has an interest in our company.

We proactively manage relationships to foster open dialogue with, and capture feedback from, our stakeholders in both formal and informal ways throughout the year. Their feedback drives our annual materiality assessment, which identifies the areas that are important to them and where they believe we can make an impact. This helps us to ensure that our strategy and reporting are in line with their expectations and our most significant impacts.

	CUSTOMERS	ASSOCIATES	SHAREHOLDERS
EXPECTATIONS	• A seamless and easy shopping experience, enabled by technology. • High-quality products that are healthier while still tasty and affordable. • Empowered customer choice through great value and easy access to affordable and healthy food options.	• Inclusive workplace, with healthy work-life balance, where everyone is respected, feels a sense of belonging and has equitable access to opportunities. • The individual space to grow and develop personally and professionally. • A safe working environment and access to additional support in challenging times.	• Delivery of consistent, stable earnings growth, strong free cash flow, dividends and share repurchase programs. • Being a sustainable food retailer through a best-in-class approach to minimize the material impacts on the business from environmental and social issues and through solid governance.
HOW WE ENGAGE WITH THEM	• Customer service in stores, on the telephone and online. • Direct feedback to our brands' associates, websites and social media. • Customer surveys, studies and focus groups. • Communications campaigns to support customers in areas such as affordable and healthy food options. For example, Giant Food expanded its "More for You" value campaign by introducing a bulk item aisle that offers savings on larger-sized products. The brand also ran a new promotion through its Giant Flexible Rewards loyalty program that enabled customers to redeem rewards points for highly sought-after own-brand products – such as bread, milk, vegetables and bottled water – at reduced point requirements.	• Annual associate engagement survey and pulse surveys. See *Cultivate best talent* for results. • Continuous dialogue in stores, warehouses and support offices. • Frequent touchpoints, including performance review processes, recognitions, reward and benefit programs and training. • (Virtual) town halls, expert sessions and other meetings and events to facilitate connections. • Associate mental health initiatives. • Sponsorship and support of BRGs. • Community work.	• Quarterly disclosures on both financial and non-financial performance briefings and presentations. • One-to-one or group meetings with analysts and shareholders. • Regular regional roadshows or conferences. • Other shareholder meetings, such as the annual General Meeting of Shareholders or Investor Day (November 2021). See our website at *www.aholddelhaize.com* for more details.
WHAT WE DISCUSS	• Customers value products that are made with respect for people, animals and the planet, and they share our concerns about food and plastic waste. Key social and climate topics that customers talk to us about include human rights, animal welfare and deforestation. • Convenient online shopping with pick-up or delivery options became even more important to customers due to the pandemic, and remain important.	• Associates take pride in working for Ahold Delhaize and the brands and have access to support and training to maximize their growth. • Associates make their voices heard, and this helps us progress toward our aspiration to be 100% inclusive, every day.	• We are transparent about our progress on our Leading Together strategy, including performance against our targets to build a more sustainable business. • We engage on numerous topics impacting the food retail industry, including the growth of the online food channel, competitive market dynamics and the role of sustainability within our business model.

ENGAGING WITH OUR STAKEHOLDERS

COMMUNITIES

	CHARITIES AND CIVIC ORGANIZATIONS	GOVERNMENTS	NON-GOVERNMENTAL ORGANIZATIONS (NGOS)	SUPPLIERS
EXPECTATIONS	• Being integral parts of the communities our brands serve. • Helping address broader societal challenges.	• Respecting regulations. • Adopting a stakeholder approach that takes into account society and the environment.	• As a major global grocery retailer, helping resolve global challenges related to climate, health, human rights and other topics.	• Long-term relationships that are mutually beneficial. • Cooperation on important topics, such as health and climate.

HOW WE ENGAGE WITH THEM	• Partnerships with local community organizations and charities. For example, a food rescue partnership to ensure fresh, nutritious products approaching their shelf life are salvaged, preventing food waste while ensuring healthy foods go to those who need them the most.
	• Since 2020, The GIANT Company has partnered with the Rodale Institute, the global leader in regenerative organic agriculture, to create a more sustainable food chain from farm to table through education, research and trainings.
	• Brand-owned foundations. For example, bol.com started the Bright Sparks ("bollebozen") initiative, through which it contributes to creating equal opportunities for children in the Netherlands and Belgium by encouraging them to enjoy reading stories, and helping them develop digital skills.
	• Sponsorships. For example, Ahold Delhaize has supported the Rotterdam Philharmonic Orchestra Academy since 2020. This program offers talented young musicians an extensive orchestral program in one of Europe's leading symphony orchestras.
		• Engagement with public policy makers through industry associations, face-to-face meetings, written contact, information on our website and participation in public hearings or conferences.
		• During 2022, Ahold Delhaize supported the development of EU deforestation regulation and participated in panels at the EU industry days and the EU Agricultural Outlook Conference on how to transition to a more sustainable food system.
		• In September, the Ahold Delhaize USA brands supported the White House Conference on Hunger, Nutrition and Health, collectively committing to donate 500 million meals, partner with over 400 local producers, support a national nutrition guidance standard, and provide up to $5 million in produce incentives through partnerships.
		• In April, Albert Heijn organized a special meeting for customers, industry associations, NGOs, scientists and government officials during the Beter eten Festival, bringing to life how Albert Heijn contributes to a healthier and more sustainable society.
			• Timely responses to NGO requests.
			• Individual meetings:
			  • For example, we had several meetings with Friends of the Earth Netherlands to discuss our climate plans to reduce scope 1, 2 and 3 carbon emissions.
			• Being a founding partner and member of various ESG-related networks and institutions, for example:
			  • Founding partner of the LEAD network, which aims to attract, retain and advance women in Europe's Consumer Goods and Retail sector.
			  • Member of Network for Executive Women.
			  • Founding partner of the World Resources Institute's 10X20X30 initiative.
			  • Member of the Ellen MacArthur Foundation to mitigate the impact of plastics.
			  • Signatory of the UN Global Compact.
			• Providing input for and discussing results of benchmarks on ESG topics.
				• Individual meetings and online communication.
				• Supplier events. For example, the European Not-for-Resale team hosted its third annual Supplier Innovation Days event, during which 19 suppliers presented the latest market innovations and concepts to stakeholders in Europe and the U.S.
				• Partnerships, including:
				  • "Better for Nature and Farmer Programme," Albert Heijn's cooperation with more than 1,100 suppliers and farmers. Through the program, we make agreements about sustainability, innovations and the earning capacity within our food chain.
				  • ADvantage, ADUSA Supply Chain's industry-leading supplier collaboration program. One year after its launch, the program now includes more than 200 consumer packaged goods suppliers partnering with Ahold Delhaize USA brands to innovate supply chain management practices and ensure customers can access the products they need, when they need them, through their channel of choice.

WHAT WE DISCUSS	• Community stakeholders provide valuable feedback, for example, on how our brands can be stronger partners in creating healthier communities.	• We engage with public policy makers to protect and strengthen the reputation of Ahold Delhaize and its brands and to create a favorable policy and regulatory framework for the company and its brands and for the entire sector in the long term.	• Opportunities to improve our performance and transparency on topics including human rights, climate change, deforestation and animal welfare. • In some cases, NGOs expect us to change policies or work with our brands' suppliers to improve their ESG performance.	• Input on how our brands can create better products for customers. • Finding new ways to reduce food waste and increase economic, social and environmental value for the communities our brands' suppliers source from throughout the supply chain. • Discussing the impact of climate change on the supply chain and ways to mitigate the risks.

ENGAGING WITH OUR STAKEHOLDERS

COMMUNITIES (CONTINUED)

	FRANCHISEES AND AFFILIATES	INDUSTRY ASSOCIATIONS	SCHOOLS AND RESEARCH INSTITUTES
EXPECTATIONS	• The opportunity to build a profitable business. • Reliable supply of high-quality products at a competitive price. • The ability to offer customers store options that rely on proximity and fast shopping. • Community support.	• Commitment by Ahold Delhaize and the brands to jointly address industry challenges, establish coalitions of action and drive implementation. • Cooperation in shaping operational standards. • Engagement with industry peers and external stakeholders.	• Funding, (customer) insights and sponsorship for joint research projects.

HOW WE ENGAGE WITH THEM	• Individual meetings. For example, in Belgium, store visits are made on a weekly basis by a Delhaize consultant and regularly by a representative of the Delhaize Affiliate Partnership department.
	• Strategic business reviews.
	• Simplification and acceleration of the store opening process.
	• Joint meetings, including training sessions and product discovery days.
	• Best-practice sharing. We put forward affiliates that are best-in-class so they can share their experience with others.
		• Local, national, regional and global industry association memberships, Chambers of Commerce and national retail federations, for example:
		  • Consumer Goods Forum (Global)
		  • Business association, VNO-NCW (Netherlands)
		  • Eurocommerce (European Union)
		  • FMI: The Food Industry Association (U.S.)
		  • National Retail Federation (U.S.)
		  • Dutch Food Retail Association, CBL (Netherlands)
		  • The Federation for Commerce and Services, Comeos (Belgium)
		  • The Association of Commerce and Tourism, SOCR CR (Czech Republic)
		  • The Association of Large Commercial Networks, AMRCR (Romania)
		  • Confédération Luxembourgeoise du Commerce – Fédération de l'Alimentation et de la Distribution, CLC-FLAD (Luxembourg)
			• Joint industry lab with academic institutions. For example, AIRLab, the joint project by Ahold Delhaize and academic institutions, is driving innovations at the intersection of retail, AI and robotics.
			• Sponsorships and scholarships. At the end of 2019, Ahold Delhaize committed to sponsoring the IMC Weekend School for three years. During this period, which concluded at the end of 2022, Ahold Delhaize supported the "Future-proof entrepreneurship" course, which was taught at several locations in the Netherlands.
			• Educational initiatives. For example, in 2022, Giant Food started the New School Nutrition Program, through which it helped address food insecurity at schools in the communities the brand serves. Also, Alpha Beta offers scholarships to the American Farm School in Thessaloniki and the Agricultural University of Athens, where the team has educated over 10,000 primary and secondary school students on the benefits of healthy eating.

WHAT WE DISCUSS	• Input on operating stores and engaging with local communities. • Strategy around healthy products and sustainability. • Competition in the brands' markets.	• Key industry challenges around climate, waste, health, human rights, supply chains and safety. • The belief that change needs to be driven globally and top-down in order to be successful. • Anticipating and understanding local, national and regional public policy developments, for example, the credit card network routing market in the U.S. and the role of supermarkets in making Dutch fresh food chains more sustainable.	• Academic research on topics such as robotics is often very specific and theoretical. Collaboration with Ahold Delhaize helps universities find real-life use cases for their technologies and co-create scalable solutions.

Top image: AIRlab stacking challenge, helping us redefine retail through technology.

Bottom image: Daniella Vega and Imke van Gasselt from our Health & Sustainability team handing over our climate plan to Neele Boelens (then chair of Young Friends of the Earth Netherlands) at our 2022 annual General Meeting of Shareholders.

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LOCAL MATTERS

Giant Food United States

PERFORMANCE REVIEW

TARGETS AND RESULTS

KEY FINANCIAL TARGETS[1]	TARGET 2022	RESULTS IN 2022	TARGET 2023
Group underlying operating margin	≥ 4.0%	4.3%	≥ 4.0%
Diluted underlying EPS growth[2]	Low-to mid-single-digit % decline vs. 2021	16.5%	Around 2022 levels
Net capital expenditures	~ €2.5 billion	€2.2 billion	~ €2.5 billion
Free cash flow[3]	~ €1.7 billion	€2.2 billion	~ €2.0 billion
Dividend payout ratio[4]	Absolute increase in dividend per share 40-50% payout ratio	10.5% increase in dividend per share 40% payout ratio	Absolute increase in dividend per share 40-50% payout ratio
Share buyback[5]	€1 billion	€1 billion	€1 billion

1 See *Definitions and abbreviations* for definitions.
2 At current rates.
3 Target excludes M&A.
4 The dividend payout ratio for results in 2022 is calculated as a percentage of underlying income from continuing operations on a 52-week basis.
5 Management remains committed to the share buyback and dividend program, however the program is subject to material macro-economic changes or changes in corporate activities, such as material M&A activity.

Note: Targets are based on the previous year's full year results unless stated otherwise.

PERFORMANCE REVIEW

TARGETS AND RESULTS

DRIVE OMNICHANNEL GROWTH	TARGET 2022	RESULTS IN 2022	TARGET 2023
Net consumer online sales growth	≥ 15%	+4.9%	High single-digit growth
Loyalty sales growth[1]		+19%	Double-digit growth
Complementary revenue streams growth	≥ 20%	+26%	≥ 20%

ELEVATE HEALTHY AND SUSTAINABLE	TARGET 2022	RESULTS IN 2022	TARGET 2023
Healthy own-brand sales	54.2%	54.4%	55.0%
Food waste reduction[2]	18%	33%	34%
CO_2-emissions reduction[3]	Further reduction	32%	Further reduction

CULTIVATE BEST TALENT	TARGET 2022	RESULTS IN 2022	TARGET 2023
Associate engagement score	≥ 80%	79%	≥ 79%
Inclusive workplace score	≥ 79%	80%	≥ 80%

STRENGTHEN OPERATIONAL EXCELLENCE	TARGET 2022	RESULTS IN 2022	TARGET 2023
Save for Our Customers	≥ €850 million	€979 million	≥ €1 billion
Supply chain initiatives	85% U.S. in-house self-distribution and two fully automated frozen facilities live by the end of 2022	80% U.S. in-house self-distribution	Two fully automated frozen facilities in the U.S. during 2023
Improving online productivity	Continued semi-automated capacity expansion at bol.com and facility expansion in Europe. Ramping up of micro-fulfillment center in Philadelphia, Pennsylvania, U.S.	Successful launch of bol.com semi-automated facility in the Netherlands and ramping up of micro-fulfillment center in Philadelphia, Pennsylvania, U.S.	Opening of the first mechanized home shopping center in Barendrecht in the Netherlands

1 Loyalty sales measures the sales generated by active addressable loyalty card holders. See *Definitions and abbreviations* for more information.
2 The reduction is measured against the restated 2016 baseline: 5.09 t/€ million. See *ESG statements* for more information.
3 The reduction is measured against the restated 2018 baseline: 4,164 thousand tonnes CO_2-equivalent emissions. See *ESG statements* for more information.

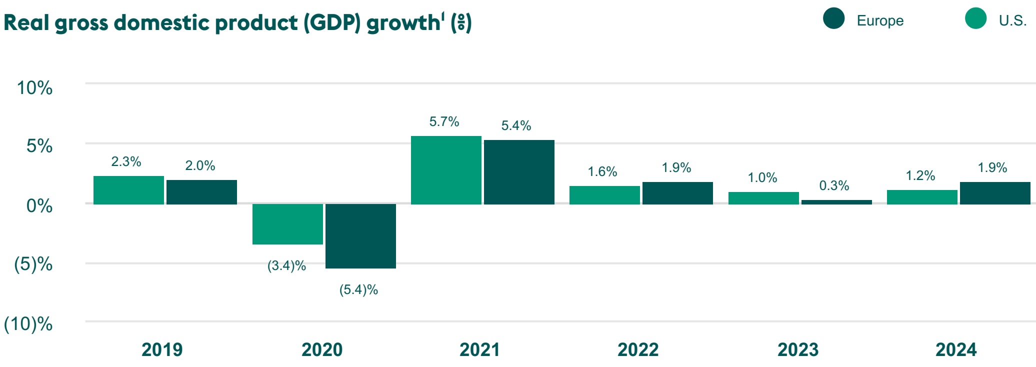
MACRO-ECONOMIC TRENDS

In 2022, Ahold Delhaize faced economic pressures on multiple fronts.

SLOWDOWN IN GDP GROWTH

The year 2022 was marked by high economic volatility, partly caused by post-pandemic effects, such as supply chain challenges, labor market instability and the rise of inflation, partly resulting from Russia's war in Ukraine. The war provoked one of the highest energy price shocks since 1970, which led to a global economic slowdown (source: "Economic Outlook," Organization for Economic Co-operation and Development (OECD)). While gross domestic product (GDP) reached 3.1% globally in 2022, the U.S. showed a growth of 1.6% and the Euro area a growth of 1.9% (source: "Data mapper," International Monetary Fund (IMF)).

Real gross domestic product (GDP) growth[1] (%)

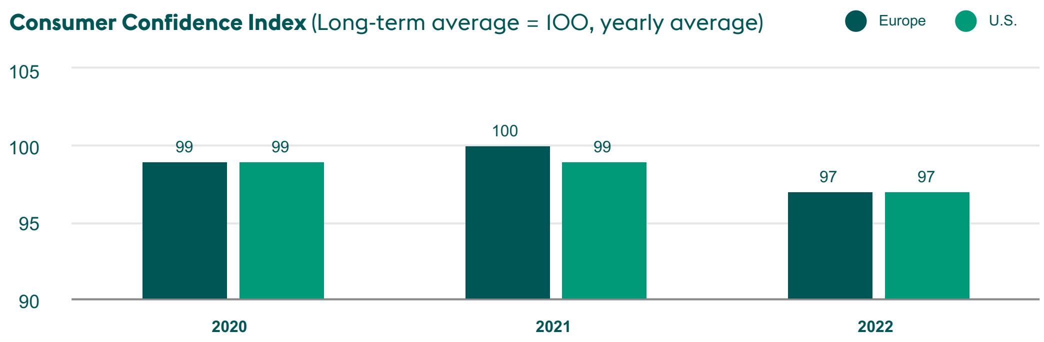


1 GDP represents the total value at constant prices of final goods and services produced within a country within a specific time period.
Source: IMF (GDP reports: Annual percentage change, 2022)

DECREASED LEVELS OF CONSUMER CONFIDENCE

The gap between income and the cost of living widened throughout 2022. Reduced consumer spending power pushed the consumer confidence index to a record low of 97% in Europe and the U.S. in 2022 (source: "Main Economic Indicators," OECD).

Consumer Confidence Index (Long-term average = 100, yearly average)



Source: OECD: Main Economic Indicators: CCI, Amplitude adjusted, Long-term average = 100, yearly average change, 2022

SURGING LEVELS OF INFLATION

Our segments experienced unprecedented growth of inflation in 2022, driven by increased costs of commodities (food, labor and energy) in all of our brands' markets. The timing and level of inflation varied significantly per segment.

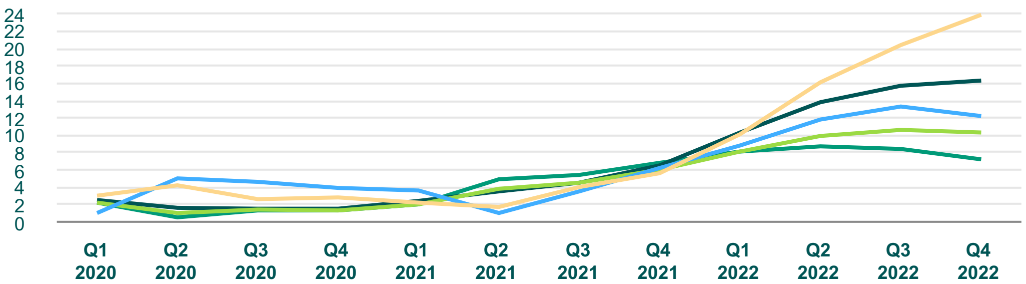
In Europe, the Consumer Price Index (CPI) grew steadily throughout 2022 and reached an all-time high of 16.2% in Q4. The U.S. recorded an annual inflation rate of 7.1% in Q4 (source: OECD), however the increase throughout the year was less sharp than in Europe. As a result of the exceptional market dynamics in all the countries where our European brands operate, we experienced an increased level of governmental intervention in support of consumers and businesses. This varied from subsidies for consumers and support to help energy companies limit energy price increases, to guidance on product pricing to limit inflation.

Food inflation rates were under even higher pressure, with the CPI for food and beverages reaching 23.8% in Europe and 12.1% in the U.S. by the fourth quarter of 2022. Consumers adapted to price increases by changing their shopping habits – buying in bulk, taking fewer trips to stores, entertaining at home, buying more own brands and reducing utilities consumption (source: "Consumers changing eating, shopping habits as inflation pushes up price," CNBC).

MACRO-ECONOMIC TRENDS

Consumer Price Index (CPI) and CPI for food and beverages

OECD Europe U.S. U.S. food EU food



Source: OECD (Consumer Price Indices – Complete Database, 2022)

STEEP INCREASE IN CONSUMER GROCERY SPENDING

Consumer spending growth was considerable in 2022, reaching $50.4 trillion globally, compared to $46.5 trillion in 2021. Spending in the non-grocery sector outpaced grocery spending at 8.7% versus 7.8% respectively.

Despite lower overall GDP growth during the year, personal consumption increased. Consumer spending grew by 8.5% globally in 2022, and for grocery, it grew by 7.8%. In Europe, grocery share as a percentage of consumer spending was 18.3% in 2022, while, in the U.S., it reached 10.3% (source: Edge Retail Insights by Ascential).

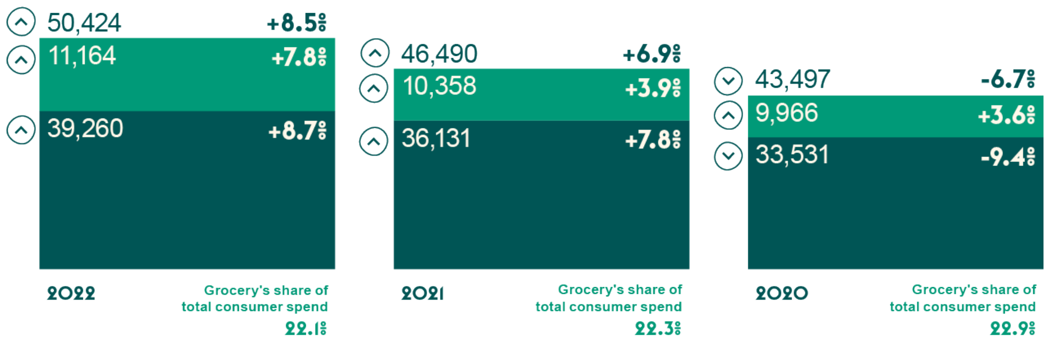
CONSUMER SPENDING SPLIT 2022-2020	2022	2021	2020
World			
Growth grocery spending	**7.8%**	3.9%	3.6%
Grocery as % of total consumer spending	**22.1%**	22.3%	22.9%
United States			
Growth grocery spending	**7.8%**	0.4%	7.8%
Grocery as % of total consumer spending	**10.3%**	10.4%	10.8%
Europe			
Growth grocery spending	**7.1%**	4.0%	3.7%
Grocery as % of total consumer spending	**18.3%**	18.5%	19.2%

Source: Edge Retail Insight by Ascential (various reports in 2022; the data for 2021 and 2020 has been re-stated by Ascential)

Consumer spending increased despite a decrease in purchasing power and manifested in a growing trend towards savings and changes in spending behaviors. Consumers started to make more conscious decisions about spending money as energy bills and grocery prices went up. For example, consumers cut back on hospitality and non-essential expenses, spending less on clothing, electronics and furnishings (source: "December 2022 Consumer Survey – Retail and Consumer goods," PwC).

Global consumer spending development (grocery and non-grocery)

Non-grocery Grocery



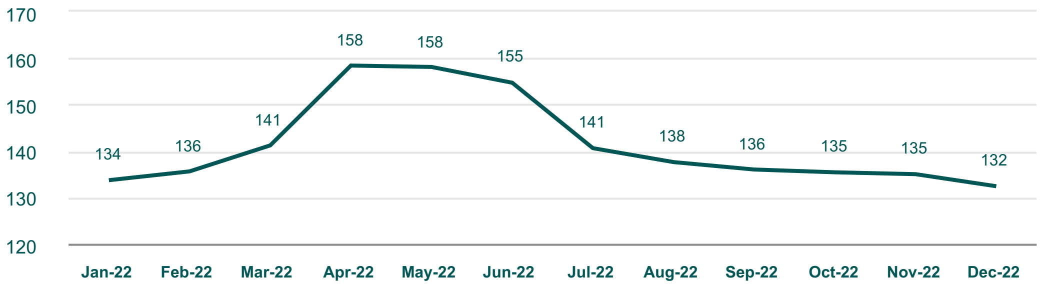
Source: Edge Retail Insight by Ascential (Market – Global Consumer Trends in USD at 2022 exchange rate)

RISING COSTS OF PRODUCTS

Prices for food commodities spiked considerably in 2022 – especially meat, dairy and vegetable oils – driving up food product costs globally. The Food and Agriculture Organization of the United Nations (FAO) food price index shows that the prices for five main commodities (sugar, meat, dairy, vegetable oils and cereals) increased by 14% on average in 2022 versus the prior year. This had a considerable effect on food retailers and consumers.

FAO food price index (2014-2016 = 100)

FAO



Source: Food and Agriculture Organization of the United Nations (2020-2022); FAO food price index consists of the average of five commodity group price indices: meat, dairy, cereals, vegetable oils and sugar.

TARGETS AND RESULTS

MACRO-ECONOMIC TRENDS

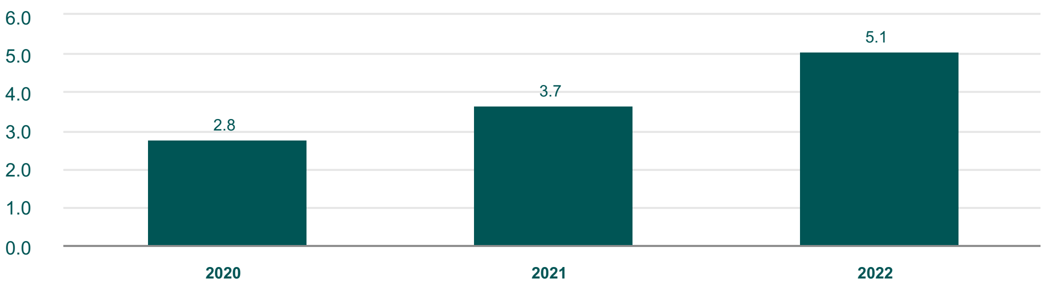
INCREASE IN NOMINAL WAGES AND SALARIES

As a result of rising inflation, wages and salaries in both Europe and the U.S. rose in 2022 compared to the previous year. Despite this, the economic slowdown, rising inflation and the start of recessionary behaviors (including reduced and more cautious spending) all increased challenges on household budgets. Expressions such as "heat or eat" were commonplace, as dramatic rises in gas and electricity burdened consumer spending. In the U.S., wages and salary increases were higher than the previous year, at roughly 5.0% in 2022 (source: U.S. Bureau of Labor Statistics, news release on Employment Cost Index, December 2022). In Europe, wages and salaries rose significantly; in each of the first three quarters of 2022 there was a year-over-year increase of around 3%-4% (source: "Euro indicators 2022," Eurostat). Many central banks have reacted to this spike by starting to aggressively tighten monetary policy. These efforts are aimed at preventing further inflation growth (source: IMF, various reports in August 2022).

Despite significant nominal wage increases in 2022, real wages declined in many countries during the year, increasing poverty levels, inequality and social unrest as well as cost pressure for businesses. Inflation rose proportionally faster in North America, where average real wages dropped by -3.2% in the first half of 2022, while in the European Union, real wage growth reached -2.4% in the same period (source: "Rising inflation brings striking fall in real wages, ILO report finds," International Labour Organization).

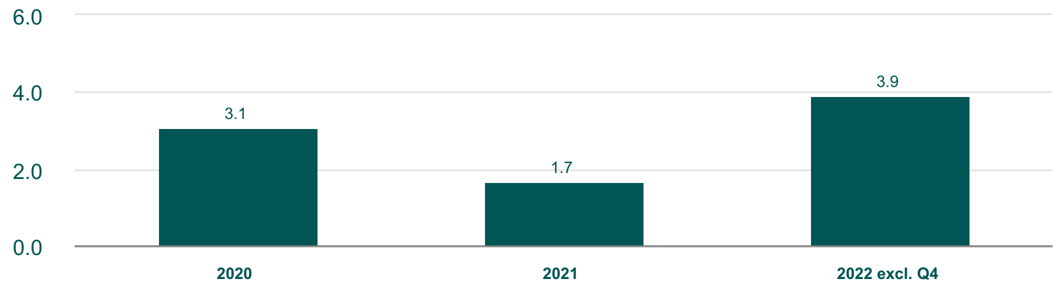
The overall employment situation was stable throughout 2022, with the explosion of unemployment at the beginning of the COVID-19 pandemic having settled. In the U.S., the unemployment rate decreased to a historically low range of 3.5%-3.7% since March 2022. The number of unemployed people remained unchanged, at around six million throughout the year (source: "The Employment Situation - December 2022," U.S. Bureau of Labor Statistics). In Europe, the unemployment rate continued to decrease throughout 2022 from on average 6.5% in Q4 2021, toward 6.0% in November 2022 (source: "Euroindicators November 2022," Eurostat).

Wages and salaries for U.S. civilian workers (12-month % change)



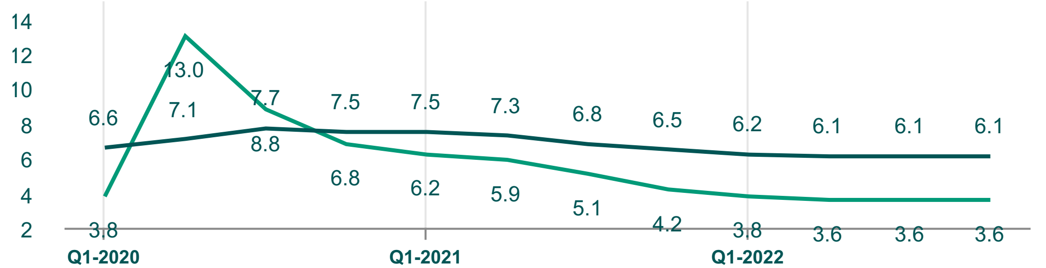
Source: U.S. Bureau of Labor Statistics (Charts related to the latest "Employment Cost Index" news release)

Wages and salaries for European workers (12-month % change)



Source: Eurostat (Labor cost index)

Monthly unemployment rates (%)



Source: OECD (Labor market statistics 2022)

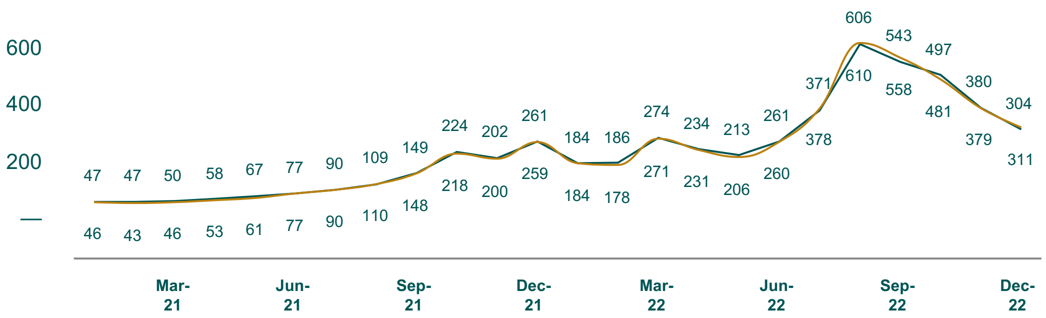
MACRO-ECONOMIC TRENDS

SPIKING ELECTRICITY COSTS

European energy markets have been tightening ever since the pandemic, but this escalated after the Russian invasion of Ukraine. Higher gas and, as a result, electricity prices, contributed to higher inflation, due to the heavy reliance on gas from Russia (around 25% of total EU gas consumption) (source: “Infographic – Where does the EU’s gas come from?” European Council). Electricity prices in Europe increased from 47-77 €/Mwh in the first half of 2021 to 378-606 €/Mwh in the second half of 2022 (see the graph: “Futures prices for the Netherlands and Belgium (€/Mwh)”). The increase in electricity prices in the U.S. was marginal, compared to Europe (source: “Short-term Energy Outlook,” U.S. Energy Information Administration).

Many governments have tried to mitigate the impact of soaring electricity prices for businesses and consumers by covering part of the costs (source: Various news in 2022, Bloomberg). Ahold Delhaize secures its electricity supply and prices by purchasing the electricity in advance where possible; this allows the company to manage the risks arising from the volatile energy market.

Futures prices for the Netherlands and Belgium (€/Mwh)

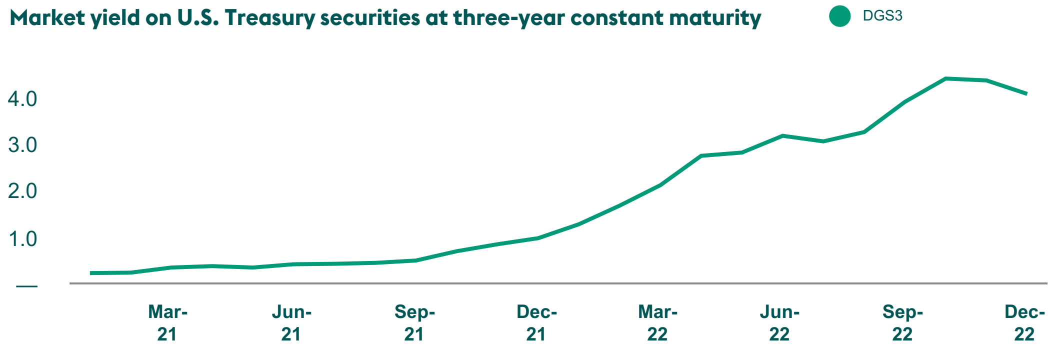


Source: ICE ENDEX

RISING INTEREST RATES

Our operational results were also affected by the movement of interest rates in 2022. The three-year constant maturity market yield on U.S. Treasury securities increased throughout the year, which favorably impacted the present value of our insurance liabilities. In addition to that, our pension and other post-employment benefits were positively affected by the increase of the discount rates. More details on pensions can be found in *Note 24.*

Market yield on U.S. Treasury securities at three-year constant maturity



Source: Board of Governors of the Federal Reserve System (U.S.), Market yield on U.S. Treasury securities at three-year constant maturity, quoted on an investment basis [DGS3], retrieved from FRED, Federal Reserve Bank of St. Louis

FOREIGN EXCHANGE RATE FLUCTUATIONS

In 2022, the value of the U.S. dollar reached its highest level in two decades, boosted by interest rate increases, high inflation and relatively stable economic growth (source: “What does a strong U.S. dollar mean for developing countries?” UN Department of Economic and Social Affairs). U.S. interest rates increased significantly in 2022. As a result, the U.S. dollar appreciated by 12.5% against the euro (source: Bloomberg). A strengthening dollar positively influenced our consolidated financial results. The majority of the Ahold Delhaize brands’ operations are located in the United States and denominated in U.S. dollars, which is translated into euros for consolidated results. For more information, see *Note 2* to the consolidated financial statements.

CURRENCY		2022	2021	CHANGE IN THE AVERAGE ANNUAL VALUE OF THE CURRENCY
U.S. dollar	USD/EUR	**0.9515**	0.8461	12.5%
Czech crown	CZK/EUR	**0.0407**	0.0390	4.4%
Romanian leu	RON/EUR	**0.2028**	0.2032	(0.2)%
Serbian dinar	RSD/EUR	**0.0085**	0.0085	0.1%

Source: Average exchange rates 2021-2022, Bloomberg

TARGETS AND RESULTS

GROUP PERFORMANCE

NET SALES

€87.0bn 6.9%*

15.1% vs. 2021

COMPARABLE SALES GROWTH (EXCLUDING GASOLINE SALES)

5.4%

OPERATING INCOME

€3.8bn 4.9%*

13.5% vs. 2021

UNDERLYING OPERATING INCOME

€3.7bn 3.5%*

11.9% vs. 2021

UNDERLYING OPERATING MARGIN

4.3% (0.1) pp*

(0.1) pp vs. 2021

FREE CASH FLOW

€2.2bn 22.5%*

35.2% vs. 2021

*At constant rates.

GROUP PERFORMANCE

€ MILLION	2022	2021	CHANGE	% CHANGE
Net sales	**86,984**	75,601	11,383	15.1%
Of which: online sales	**8,618**	7,704	914	11.9%
Cost of sales	**(63,689)**	(54,916)	(8,773)	16.0%
Gross profit	**23,295**	20,685	2,610	12.6%
Other income	**663**	531	132	24.8%
Operating expenses	**(20,190)**	(17,896)	(2,294)	12.8%
Operating income	**3,768**	3,320	448	13.5%
Net financial expense	**(552)**	(517)	(36)	6.9%
Income before income taxes	**3,216**	2,803	413	14.7%
Income taxes	**(714)**	(591)	(123)	20.8%
Share in income of joint ventures	**44**	33	11	33.5%
Income from continuing operations	**2,546**	2,246	301	13.4%
Income (loss) from discontinued operations	**—**	—	—	(164.8)%
Net income	**2,546**	2,246	300	13.4%
Operating income	**3,768**	3,320	448	13.5%
Adjusted for:				
Impairment losses and reversals – net	**235**	61	174	
(Gains) losses on leases and the sale of assets – net	**(198)**	(76)	(122)	
Restructuring and related charges and other items	**(78)**	26	(103)	
Underlying operating income	**3,728**	3,331	397	11.9%
Underlying operating income margin	**4.3%**	4.4%	(0.1) pp	
Underlying EBITDA[1]	**7,161**	6,335	826	13.0%
Underlying EBITDA margin[1]	**8.2%**	8.4%	(0.1) pp	

1 Underlying operating income was adjusted for depreciation and amortization in the amount of €3,432 million for 2022 and €3,004 million for 2021. The difference between the total amount of depreciation and amortization for 2022 of €3,433 million (2021: €3,007 million) in Note 8 and the €3,432 million (2021: €3,004 million) mentioned in this footnote relates to items that were excluded from underlying operating income.

GROUP PERFORMANCE

SHAREHOLDERS

€ UNLESS OTHERWISE INDICATED	2022	2021	% CHANGE
Net income per share attributable to common shareholders (basic)	**2.56**	2.18	17.2%
Underlying income per share from continuing operations	**2.56**	2.20	16.5%
Dividend payout ratio	**40%**	42%	(1.7)pp
Dividend per common share	**1.05**	0.95	10.5%

OTHER INFORMATION

€ MILLION	2022	2021	% CHANGE
Net debt[1]	**14,416**	13,946	3.4%
Free cash flow[2]	**2,188**	1,618	35.2%
Capital expenditures included in cash flow statement (excluding acquisitions)	**2,490**	2,371	5.0%
Number of employees (in thousands)	414	413	0.2%
Credit rating/outlook Standard & Poor's	**BBB / positive**	BBB / stable	—
Credit rating/outlook Moody's	**Baa1 / stable**	Baa1 / stable	—

Certain key performance indicators contain alternative performance measures. The definitions of these measures are described in the *Definitions and abbreviations* section of this Annual Report.
1 For reconciliation of net debt, see *Financial position* in this report.
2 For reconciliation of free cash flow, see *Cash flows* in this report.

INFLATION HAS A POSITIVE IMPACT ON SALES, BUT A NEGATIVE IMPACT ON PROFITABILITY

In 2022, Ahold Delhaize delivered robust results, with strong sales growth, while maintaining a strong underlying operating margin. Group net sales were driven by positive contributions from comparable sales growth (excluding gasoline), foreign currency translation benefits, higher gasoline sales and, to a lesser extent, by the DEEN acquisition. The acquisition of 38 DEEN stores by Albert Heijn in the Netherlands was completed in September 2021. There was no significant COVID-19-related impact on sales throughout 2022, apart from the first two months of the year, when brick-and-mortar sales in the Benelux were positively impacted by lockdowns.

Continued supply chain disruptions, resulting from the COVID-19 pandemic and labor shortages when markets reopened, resulted in significant overall price inflation, especially within food and labor markets and the broader supply chain. In Europe, inflation was even further accelerated by the war in Ukraine, resulting in significantly increased energy prices. The overall cost of living increased and households were put under high pressure, which has led to a change in consumer behavior in both of our segments.

In addition to the impact felt by the consumer, our local brands also experienced the consequences of inflation, the war in Ukraine and the resulting higher energy prices. Our cost of sales increased significantly, as well as other expenses, causing pressure on the underlying operating margin. Despite these challenging circumstances, Ahold Delhaize's local brands were able to meet these new consumer demands and price through cost inflation realistically, using their deep understanding of commodity prices in their local markets. However, some of our local brands were faced with restrictions on pricing in their local markets.

Foreign exchange translation did have a significant effect on the financial results, as the majority of our brands' operations are located in the United States and denominated in U.S. dollars. In addition, interest rate increases had a positive effect on our Group operating income margin as consequently higher discount rates on insurance and pension liabilities triggered a release in reserves versus last year.

Overall net sales increased by 15.1% to €86,984 million due to higher prices, while volumes decreased following the lower demand resulting from the pressure on consumer spending. Pressure on units-per-basket growth was clearly visible in both regions throughout the course of 2022.

Net online sales grew at double-digit rates in the U.S., while, in Europe, net online sales declined at very low single-digit rates. The non-food e-commerce markets of our European brands softened and caused a difficult year-over-year comparison in the first half of the year as brick-and-mortar non-food retail sales recovered from prior-year lockdown measures.

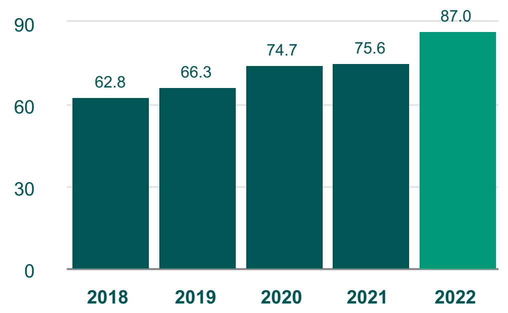
Despite the high inflationary cost pressure on gross profit and underlying expenses, our brands were able to safeguard margins, thanks to our Save for Our Customers cost savings program. Our brands optimized internal processes in stores and supply chain and intensively worked with suppliers to mitigate cost increases for customers while alleviating pressure on the operating income. Thanks to these great efforts, our underlying operating margin only slightly decreased by 0.1 pp to 4.3%.

Free cash flow increased year over year by 22.5% at constant rates to €2,188 million, driven by strong operating cash flow growth in the United States, lower paid income taxes and increased divestments in the U.S. versus the prior year.

TARGETS AND RESULTS

GROUP PERFORMANCE

Net sales over time (€ billion)



Net sales contribution by segment

The United States	63.5%
Europe	36.5%

STRONG INCREASE IN NET SALES

Net sales for the financial year ending on January 1, 2023, were €86,984 million, an increase of €11,383 million, or 15.1%, compared to net sales of €75,601 million for the financial year ending on January 2, 2022. At constant exchange rates, net sales were up by €5,594 million or 6.9%.

Gasoline sales increased by 48.1% in 2022 to €1,334 million. At constant exchange rates, gasoline sales increased by 31.4%, driven by the ongoing war in Ukraine leading to a considerable increase in gasoline prices worldwide in 2022.

Net sales excluding gasoline increased in 2022 by €10,950 million, or 14.7%, compared to 2021. At constant exchanges rates, net sales excluding gasoline increased in 2022 by €5,276 million, or 6.6%, compared to 2021. Sales growth was mainly driven by inflation, which accelerated shelf prices in our brands' stores, foreign currency translation benefits and a slight benefit from the 2021 acquisition of 38 DEEN stores in the Netherlands.

In addition, comparable sales growth excluding gasoline sales increased by 5.4% in 2022 compared to 2021.

Net sales split by category

€ MILLION	2022	2021	CHANGE VERSUS PRIOR YEAR	% CHANGE	CHANGE VERSUS PRIOR YEAR AT CONSTANT EXCHANGE RATES	% CHANGE AT CONSTANT EXCHANGE RATES
Net sales	**86,984**	75,601	11,383	15.1%	5,594	6.9%
Of which gasoline sales	**1,334**	901	433	48.1%	319	31.4%
Net sales excluding gasoline	**85,650**	74,700	10,950	14.7%	5,276	6.6%
Of which online sales	**8,618**	7,704	914	11.9%	519	6.4%
Net consumer online sales	**11,323**	10,401	922	8.9%	528	4.9%

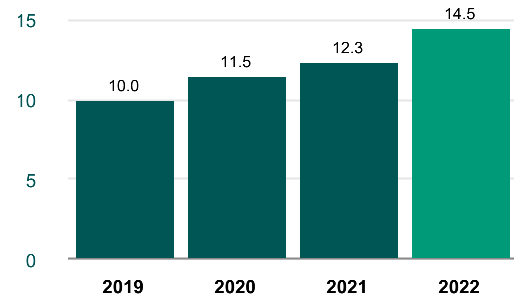
Healthy sales

	2022	2021 restated	2025 TARGET
% of healthy own-brand food sales as a proportion of total own-brand food sales	**54.4%**	53.4%	55.6%

During 2022, we further increased sales of healthy own-brand products as a proportion of total own-brand food sales to 54.4%. This increase resulted from the continuous efforts by our European brands to reformulate and expand their own-brand product ranges. For example, Delhaize Serbia introduced more products that qualify as A and B under Nutri-Score in order to expand its healthy assortment. In the U.S., the result was driven by higher volume and a positive mix, supported by improved customer propositions. For example, in the U.S., Food Lion integrated the Guiding Stars nutrition guidance program through in-store communications and marketing campaigns.

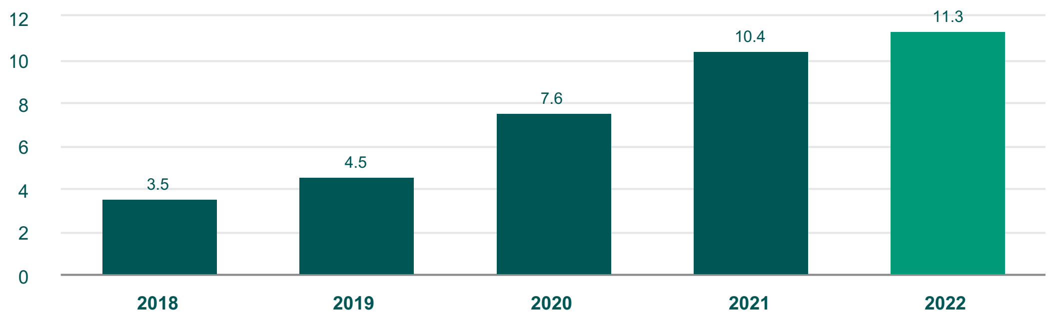
See *ESG statements* for more information on how we measure the percentage of healthy own-brand sales.

Own-brand healthy food sales (€ billion)

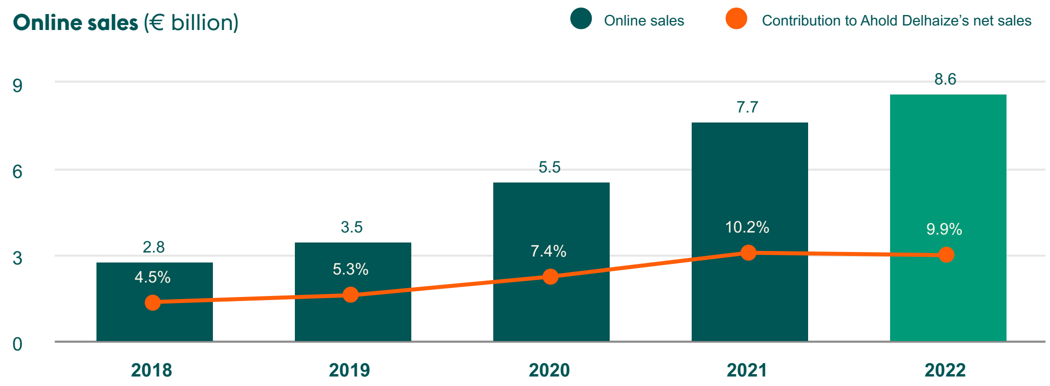


GROUP PERFORMANCE

Net consumer online sales (€ billion)



Online sales (€ billion)



	2022	2021	CHANGE VS PREVIOUS YEAR
% of online grocery penetration[1]	**7.1%**	6.8%	0.3 pp

1 See the *Definitions and abbreviations* for more information on how this is calculated.

Online sales continued to grow

In 2022, we continued to deliver strong net consumer online sales, which amounted to €11,323 million and increased by 4.9% at constant exchange rates. Online sales growth contributed €8,618 million to net sales (2021: €7,704 million).

Most of the online sales growth originated from the U.S., where there was a continued positive trend of consumers shifting to online shopping. Net online sales at the U.S. brands increased by 14.5% in constant currency, also supported by an increased number of click-and-collect points (1,549 vs. 1,389 in 2021). This growth builds on the strong 68.9% constant currency growth in the previous year.

Our local brands facilitated many initiatives that enabled this growth. Some of our U.S. brands reduced the minimum-order value and service and delivery fees, and others added new Instacart geographies. Furthermore, the brands added 160 pick-up locations at stores while reducing lead times. In addition, geofencing was rolled out to more than 650 stores, reducing wait times by an average of 24%. Geofencing is a service that triggers an action when a device enters a set location. For example, it enables click-and-collect teams to receive a message when a customer's phone is near the store, enabling them to collect orders in advance and reduce wait times.

The U.S. brands re-assessed the PRISM platform (proprietary software), which enables the automation of complex processes and the management of documents and data, in December 2022. In 2023, the U.S. segment will work towards full implementation by migrating Food Lion and Hannaford to this platform.

These and many other initiatives not only led to growth in net online sales for the U.S. brands, but also enabled the brands to offer a more personalized digital experience through improved functionality and an improved technology stack for stability and scalability, supporting peak traffic and site availability.

In Europe, net consumer online sales decreased by (0.1%). The decline was due to weak non-food e-commerce market conditions in the Benelux, which contracted at a high-single-digit rate as brick-and-mortar non-food retail sales recovered from prior-year lockdown measures, particularly in the first quarter of the year. Despite this challenging trend, bol.com expanded in several categories, increased the number of Plaza partners and again increased its market share.

While non-food e-commerce softened, grocery sales at our European brands continued to increase, with ah.nl being the main driver. The optimization of digital advertising opportunities as well as the exploration of complementary revenue streams not only led to increased profitability but also to increased sales.

GROSS PROFIT

Gross profit was up by €2,610 million, or 12.6%, compared to 2021. At constant exchange rates, gross profit increased by €951 million, or 4.3%. Gross profit margin (gross profit as a percentage of net sales) for 2022 was 26.8%, a decrease of approximately 60 basis points compared to 27.4% in 2021, affected mainly by an increase in our brand's own logistics and distribution expenses, as well as the dilutive impact of inflation on vendor allowances. Margin pressure driven by food inflation has been milder compared to the market, due to continued savings initiatives across the business, driven by our successful Save for Our Customers program, in particular, increasing "Buy Better" initiatives and sourcing alliances.

Food waste

	2022	2021 restated	2030 TARGET
Tonnes of food waste per food sales (t/€ million)	**3.38**	4.07	
% reduction in food waste per food sales (t/€ million)[1]	**33%**	20%	50%

1 The reduction is measured against the 2016 baseline of 5.09 t/€ million. See *ESG statements* for more information.

Reducing food waste is not only one of our most important sustainability KPIs but also an important lever to improve our margins.

We decreased tonnes of food waste per food sales by 0.7 in 2022 compared to 2021.

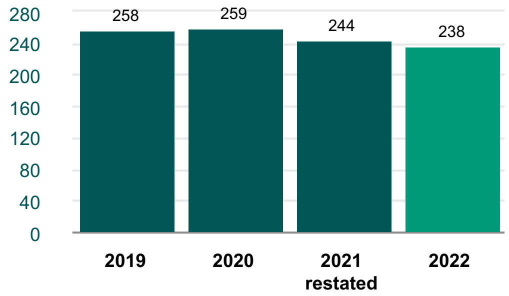
In 2022, absolute food waste totaled 238 thousand tonnes, 2.5% less than the total of 244 thousand tonnes in 2021. One way our brands reduce food waste is through food donations. In 2022, our brands donated 21% of unsold food to feed people, compared to 19% in 2021.

Food sales increased by 17.2%, mainly driven by inflation and exchange rates.

In addition, our brands continued to find innovative ways to reduce food waste by giving customers access to fresh produce, meat, dairy, bakery and other items nearing their best-by date at discounts of up to 50% off. For example, in the U.S., the brands partnered with Flashfood, an app customers can use to check the availability of fresh food nearing its expiration date. The mobile app helps regular shoppers save over $500 a year on their grocery bills and stops these products from going to waste. Another example is Albert Heijn's recently launched "Leftovers" campaign, providing price savings on products being phased out or left over at the end of the day.

See also *ESG statements* for more information on how we measure our performance on food waste.

Absolute food waste (in thousands of tonnes)[1]



1 Note that the 2019 and 2020 figures were not restated to the same ESG reporting scope. See *ESG statements* for more information.

GROUP PERFORMANCE

OPERATING EXPENSES

In 2022, operating expenses increased by €2,294 million, or 12.8%, to €20,190 million, compared to €17,896 million in 2021. At constant exchange rates, operating expenses increased by €861 million, or 4.5%. As a percentage of net sales, operating expenses decreased by 0.5 percentage points to 23.2%, compared to 23.7% in 2021. Excluding gasoline sales and at constant exchange rates, operating expenses as a percentage of net sales decreased by 0.5 percentage points. Operating expenses as a percentage of sales were slightly lower in 2022 compared to 2021, despite the current challenging economic environment and significant increase in energy costs, driven by strong operational excellence and tight cost control.

Operating expenses include impairments, gains (losses) on leases and the sale of assets, restructuring and related charges, and other items that management believes can distort an understanding of the trend related to the development of our underlying business. Impairment losses and reversals, gains (losses) on leases and the sale of assets – net, and restructuring and related charges are summarized below. Operating expenses in 2022 were considerably affected by increasing energy costs in the U.S. and Europe. However, in deregulated markets, we were, to a certain extent, successful during the year in hedging our energy contracts and optimizing expenses. In some of our regulated markets where local governments have intervened, we were more affected, as options to mitigate energy cost pressure were limited.

Carbon emissions

	2022	2021 restated	2030 TARGET
Absolute CO_2-equivalent emissions from own operations (scope 1 and 2) (thousand tonnes)[1]	**2,837**	2,892	
% reduction in absolute CO_2-equivalent emissions from own operations (scope 1 and 2)[1]	**32%**	31%	50%

1 Reduction is from a restated 2018 baseline of 4,164 thousand tonnes CO_2-equivalent emissions. See *ESG statements* for more information.

Our scope 1 and 2 CO_2-equivalent emissions are mainly driven by energy consumption, refrigerant leakage and transport, which are all directly linked to our operating expenses.

At the end of 2022, our brands operated 7,659 stores, compared to 7,452 stores at the end of 2021. Despite the increase in the number of stores, CO_2-equivalent emissions decreased by 32% compared to our 2018 baseline compared to 31% in 2021. The main drivers for this reduction were the increased amount of renewable energy consumed and more efficient refrigeration systems. CO_2-equivalent emissions from transport increased.

Carbon emissions from energy consumption were 1,323 thousand tonnes in 2022, compared to 1,394 thousand tonnes in 2021. Carbon emissions per square meter of sales area from energy consumption in 2022 were 152 kg compared to 162 kg in 2021.

Our brands continued to install energy-efficiency measures, such as LED lighting and more energy-efficient refrigeration systems. In 2022, more than 300 of the Ahold Delhaize USA brands' stores completed LED conversions and more than 25 stores (partly) retrofitted open refrigerated cases with doors, to improve operating efficiency.

By the end of 2024, Delhaize Serbia's entire store network is expected to use LED lighting, and by the end of November of 2022, the existing fluorescent lighting in brand's DC was replaced by LED lighting. This is expected to cut power consumption by about 700 MWh per year on the brand level.

We continued to source more green energy through power purchase agreements (PPAs) in 2022. A total of 24% of the energy consumed came from renewable sources compared to 22% in 2021.

Carbon emissions from refrigerant leakage in 2022 was 1,185 thousand tonnes compared to 1,182 thousand tonnes in 2021. Carbon emissions per square meter were 137 kg, equal to 2021. This was driven by our brands using refrigerants with a lower Global Warming Potential (GWP) and an increase in leakage. Our brands continue to install refrigeration systems with a lower GWP, or even natural refrigerants, when they remodel stores. This helped to reduce the GWP in 2022 to 2.679 from 2.691 in 2021.

Albert in the Czech Republic also installed temperature sensors that detect cooling failures and monitor the quality of food in refrigerators and freezers.

Carbon emissions from fuel consumption of owned trucks increased to 327 thousand tonnes compared to 315 thousand tonnes in 2021.

See also *ESG statements* for more information on how we measure carbon emissions for scope 1 and 2.

GROUP PERFORMANCE

IMPAIRMENT LOSSES AND REVERSALS – NET

Ahold Delhaize recorded the following impairments and reversals of impairments of assets – net in 2022 and 2021:

€ MILLION	2022	2021
The United States	**(212)**	(48)
Europe	**(24)**	(13)
Total	**(235)**	(61)

Impairment charges in 2022 were €235 million, up by €174 million compared to 2021. The main contributor to this increase relates to the impairment charge of FreshDirect taken in the third quarter. This impairment was largely related to the broad-based re-rating of the sector valuations and reduced scope of that business, which is now predominantly focused on the New York Tri-State area.

GAINS (LOSSES) ON LEASES AND THE SALE OF ASSETS – NET

Ahold Delhaize recorded the following gains (losses) on leases and the sale of assets – net in 2022 and 2021:

€ MILLION	2022	2021
The United States	**181**	49
Europe	**17**	21
Global Support Office	**—**	6
Total	**198**	76

The gains (losses) on leases and the sales of assets in 2022 were €198 million, which was €122 million higher than in 2021, largely due to the sale of four U.S. warehouses to US Foods.

RESTRUCTURING AND RELATED CHARGES AND OTHER ITEMS

Restructuring and related charges and other items in 2022 and 2021 were as follows:

€ MILLION	2022	2021
The United States	**33**	80
Europe	**49**	(106)
Global Support Office	**(4)**	—
Total	**78**	(26)

Restructuring and related charges and other items in 2022 resulted in a €78 million net gain. This net gain is €103 million higher compared to 2021. In 2022, the restructuring and related charges in the U.S. were mainly driven by a net gain related to a further reduction of the defined benefit obligation of the FELRA and MAP, related to the American Rescue Plan Act (see *Note 24*). In Europe, the net gain was mainly driven by a release of a wage tax provision in Belgium, partially offset by one-off items in the Netherlands. In 2021, the income also mainly related to a partial release of the defined benefit obligation of the FELRA and MAP benefit related to the American Rescue Plan Act in the U.S. In Europe, the charges mainly related to claims and disputes, and the restructuring costs related to the DEEN acquisition.

OPERATING INCOME

Operating income in 2022 went up by €448 million, or 13.5%, to €3,768 million compared to €3,320 million in 2021. The increase of €448 million is mainly explained by the changes in gross profit and operating expenses, as explained above. At constant exchange rates, operating income was up €174 million, or 4.9%.

NET FINANCIAL EXPENSES

Net financial expenses in 2022 were up by €36 million, or 6.9%, to €552 million, compared to €517 million in 2021. The increase was primarily due to the strengthening U.S. dollar against the euro, resulting in a €47 million higher interest expense on U.S. dollar-denominated debt. This was partially compensated by higher interest income from cash and short-term deposits.

INCOME TAXES

In 2022, income tax expense was €714 million, up by €123 million, compared to €591 million in 2021. The main reason for the increase in income tax expense is the higher income before income tax.

The effective tax rate, calculated as a percentage of income before income tax, was 22.2% in 2022 (2021: 21.1%). The details behind the effective tax rate increase can be found in *Note 10*.

SHARE IN INCOME OF JOINT VENTURES

Ahold Delhaize's share in income of joint ventures was €44 million in 2022, or €11 million higher than last year.

Our share of JMR's results decreased by €5 million, compared to last year, due to an additional €11 million tax charge. Our share of Super Indo's results remained constant this year compared to last year. Our share of individually immaterial joint ventures increased by €16 million, compared to last year, related to our share in the sale of property at one of our joint ventures in the U.S. For further information about joint ventures, see *Note 15* to the consolidated financial statements.

TARGETS AND RESULTS

GROUP PERFORMANCE

UNDERLYING OPERATING INCOME AND UNDERLYING OPERATING INCOME MARGIN

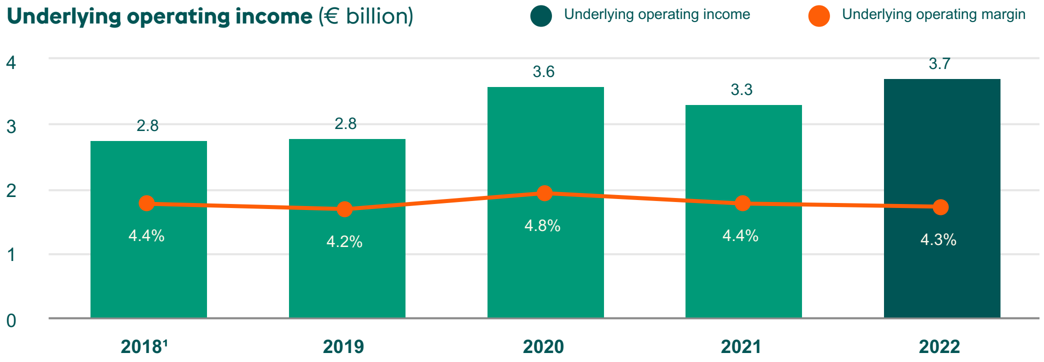
Underlying operating income was €3,728 million in 2022, up €397 million, or 11.9%, versus €3,331 million in 2021. The contribution by segment was 70% by the U.S. and 30% by Europe respectively, an eight-point movement up in the U.S. and down in Europe compared with 2021. This difference in contribution was driven by relatively stronger U.S. growth, favorable foreign currency translation benefits from U.S. dollars to euros and relatively weaker European margins. Underlying operating income margin in 2022 was 4.3%, compared to 4.4% in 2021. At constant exchange rates, underlying operating income increased by €127 million, or 3.5%, compared to 2021.

Our 2022 results were mainly driven by intensified efforts by our brands to deliver customers great value through our Save for Our Customers cost savings program, as tight cost management continues to remain a core objective of our business model.

Our Save for Our Customers program delivered €979 million in 2022, positively impacting our gross profit and operating expenses, yielding 15% more savings than originally expected in 2022, despite the challenging market environment. These savings have offset higher labor, distribution and energy costs.

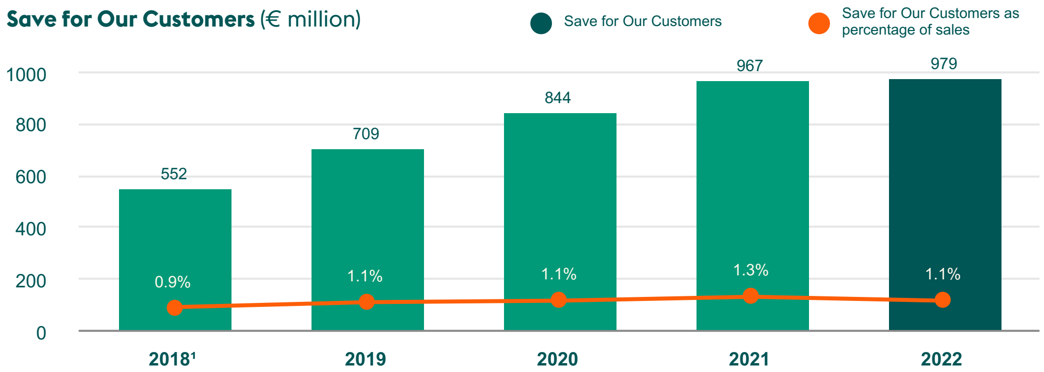
Through this program, our great local brands absorb cost increases to invest in better customer propositions and to keep shelf prices as low as possible, enabling customers to manage their shopping baskets efficiently and ensuring access to affordable and healthy food options in this inflationary environment.

Underlying operating income (€ billion)



1 2018 figures have been restated to reflect the impact of the implementation of IFRS 16 Leases. Financial information prior to 2018 has not been restated to reflect the impact of the implementation of IFRS 16 Leases.

Save for Our Customers (€ million)



1 2018 figures have been restated to reflect the impact of the implementation of IFRS 16 Leases. Financial information prior to 2018 has not been restated to reflect the impact of the implementation of IFRS 16 Leases.

Underlying operating income contribution by segment[1]

The United States	69.7%
Europe	30.3%

1 Before Global Support Office costs.

FINANCIAL POSITION

FINANCIAL POSITION

€ MILLION	January 1, 2023	% OF TOTAL	January 2, 2022	% OF TOTAL
Property, plant and equipment	**12,482**	**25.7%**	11,838	25.9%
Right-of-use asset	**9,607**	**19.8%**	9,010	19.7%
Intangible assets	**13,174**	**27.1%**	12,770	27.9%
Pension assets	**54**	**0.1%**	71	0.2%
Other non-current assets	**2,419**	**5.0%**	2,439	5.3%
Cash, cash equivalents and short-term deposits and similar instruments, and current portion investment in debt instruments[1]	**3,223**	**6.6%**	3,143	6.9%
Inventories	**4,611**	**9.5%**	3,728	8.2%
Other current assets	**2,984**	**6.1%**	2,713	5.9%
Total assets	**48,555**	**100.0%**	45,712	100.0%
Group equity	**15,405**	**31.7%**	13,721	30.0%
Non-current portion of long-term debt	**15,164**	**31.2%**	14,739	32.2%
Pensions and other post-employment benefits	**696**	**1.4%**	1,107	2.4%
Other non-current liabilities	**2,209**	**4.5%**	1,966	4.3%
Short-term borrowings and current portion of long-term debt and lease liabilities[1]	**2,476**	**5.1%**	2,350	5.1%
Payables	**8,191**	**16.9%**	7,563	16.5%
Other current liabilities	**4,415**	**9.1%**	4,266	9.3%
Total equity and liabilities	**48,555**	**100.0%**	45,712	100.0%

1 Short-term borrowings and current portion of long-term debt comprise €1,327 million lease liabilities, €204 million short-term borrowings, €712 million bank overdrafts and €233 million current portion loans (for more information see *Note 26* to the consolidated financial statements).

Ahold Delhaize's consolidated balance sheets as of January 1, 2023, and January 2, 2022, are summarized as follows:

Total assets increased by €2,843 million. Property, plant and equipment increased by €644 million, primarily driven by the appreciation of the U.S. dollar relative to the euro and by regular capital expenditures surpassing depreciation charges. For more information, see *Note 11* to the consolidated financial statements.

Right-of-use assets increased by €598 million. The main drivers of this increase were investments, reassessments, modifications to leases and the appreciation of the U.S. dollar relative to the euro, being higher than depreciation. For more information, see *Note 12* to the consolidated financial statements.

Intangible assets increased by €404 million. The higher balances in 2022 were almost entirely due to higher goodwill, driven by the appreciation of the U.S. dollar relative to the euro and, to a much lesser extent, by the acquisition of Cycloon. The goodwill recognized from this acquisition is attributable to the synergies expected from the combination of the operations with bol.com. An impairment loss related to FreshDirect was recognized for goodwill and other intangible assets. For more information, see *Note 14* to the consolidated financial statements.

Cash, cash equivalents and short-term deposits and similar instruments, and current portion investment in debt instruments increased by €80 million, mostly related to an amount held under a notional cash pooling arrangement, which is fully offset by an identical amount included under Short-term borrowings and current portion of long-term debt and lease liabilities.

Inventories increased by €884 million to €4,611 million. This increase was significantly driven by increased levels across all brands, due to higher cost inflation and the appreciation of the U.S. dollar relative to the euro. In the U.S., store inventories increased as they normalized and returned to pre-pandemic levels. In addition, the warehouse inventories increased due to the self-distribution transformation logistics program.

Payables increased by €627 million, mostly driven by an increase in inventories.

Our pension and other post-employment benefits decreased by €411 million to €696 million. For more information, see *Note 24*.

TARGETS AND RESULTS

FINANCIAL POSITION

In 2022, gross debt increased by €551 million to €17,640 million, primarily due to exchange rate movements on the U.S. dollar. primarily because of the impact of the stronger U.S. dollar on Ahold Delhaize's outstanding U.S. dollar-denominated liabilities. Other movements included an increase in lease liabilities (€227 million) partly offset by a decrease in the amount held under the notional cash pooling arrangement.

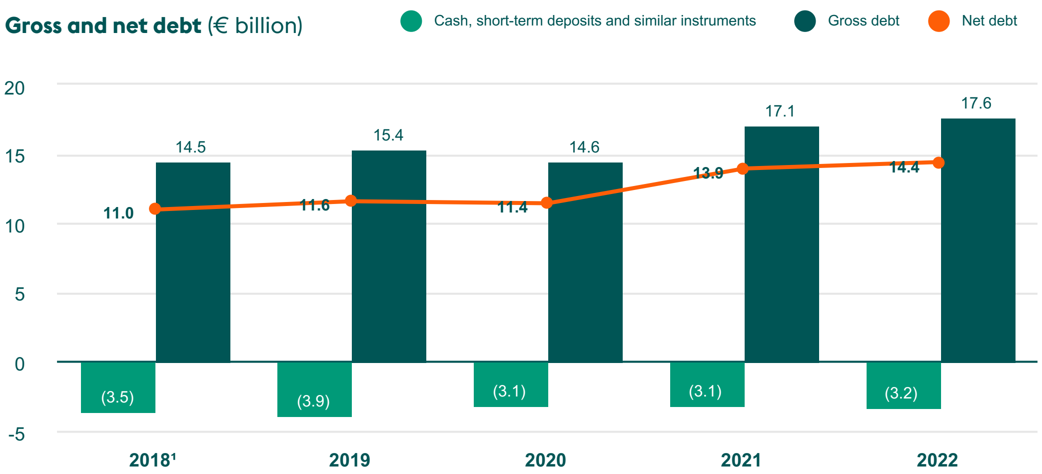
Ahold Delhaize's net debt was €14,416 million as of January 1, 2023 – an increase of €471 million from January 2, 2022. The increase in net debt was mainly the result of exchange rate movements on the U.S. dollar, an increase in leases, the payment of the common stock dividend (€979 million) and the completion of the €1 billion share buyback program, partly offset by strong free cash flow generation (€2,188 million).

DEBT

€ MILLION	January 1, 2023	January 2, 2022
Loans	**4,527**	4,678
Lease liabilities	**10,637**	10,061
Non-current portion of long-term debt	**15,164**	14,739
Short-term borrowings and current portion of long-term debt[1]	**2,476**	2,350
Gross debt	**17,640**	17,089
Less: cash, cash equivalents, short-term deposits and similar instruments, and short-term portion of investments in debt instruments[2, 3, 4, 5]	**3,223**	3,143
Net debt	**14,416**	13,946

1 Short-term borrowings and current portion of long-term debt comprise €1,327 million lease liabilities, €204 million short-term borrowings, €712 million bank overdrafts and €233 million current portion loans (for more information see Note 26 to the consolidated financial statements).
2 Short-term deposits and similar instruments include investments with a maturity of between three and 12 months. The balance of these instruments at January 1, 2023, was €16 million (January 2, 2022: €15 million) and is presented within Other current financial assets in the consolidated balance sheet.
3 Included in the short-term portion of investments in debt instruments is a U.S. Treasury investment fund in the amount of €125 million (January 2, 2022: €135 million).
4 Book overdrafts, representing the excess of total issued checks over available cash balances within the Group cash concentration structure, are classified in accounts payable and do not form part of net debt. This balance at January 1, 2023, was €414 million (January 2, 2022: €397 million).
5 Cash and cash equivalents include an amount held under a notional cash pooling arrangement of €712 million (January 2, 2022: €807 million). This cash amount is fully offset by an identical amount included under short-term borrowings and current portion of long-term debt.

Gross and net debt (€ billion)



1 2018 figures have been restated to reflect the impact of the implementation of IFRS 16 Leases. Financial information prior to 2018 has not been restated to reflect the impact of the implementation of IFRS 16 Leases.

LIQUIDITY

LIQUIDITY POSITION

€ MILLION	January 1, 2023	January 2, 2022
Total cash and cash equivalents (*Note 20*)	**3,082**	2,993
Short-term deposits and similar instruments (*Note 19*)	**16**	15
Investments in debt instruments (FVPL) – current portion (*Note 19*)	**125**	135
Cash, cash equivalents, short-term deposits and similar instruments, and short-term portion of investments in debt instruments	**3,223**	3,143
Less: Notional cash pooling arrangement (short-term borrowings)	**712**	807
Liquidity position	**2,511**	2,336

Ahold Delhaize views available cash balances and funds from operating activities as its primary sources of liquidity, complemented by external sources of funds when deemed to be required. Ahold Delhaize manages short-term liquidity based on projected cash flows. As of January 1, 2023, the Company's liquidity position primarily consisted of €2,511 million of cash (including short-term deposits and similar instruments and current portion of investments in debt instruments, adjusted for cash held under a notional cash pooling arrangement), and the undrawn portion of the €1.5 billion revolving credit facility.

Based on the current operating performance and liquidity position, the Company believes that cash provided by operating activities, the available cash balances and the undrawn portion of the revolving credit facility will be sufficient to fund working capital needs, capital expenditures, interest payments, dividends, the announced €1 billion share buyback program, and scheduled debt repayments for the next 12 months. In addition, the Company has access to the debt capital markets based on its current credit ratings.

GROUP CREDIT FACILITY

Ahold Delhaize has access to a €1.5 billion committed, unsecured, multi-currency and syndicated revolving credit facility. On December 9, 2022, the Company closed a five-year €1.5 billion sustainability-linked revolving credit facility including two one-year extension options, refinancing and upsizing the 2020-dated €1 billion facility with a maturity in December 2024. This facility links the cost of borrowing to the Company's annual performance on sustainability KPIs that are aligned with its Grounded in Goodness strategy.

The credit facility contains customary covenants and a financial covenant that requires Ahold Delhaize, in the event that its corporate rating from Standard & Poor's and Moody's is lower than BBB / Baa2, respectively, not to exceed a maximum leverage ratio of 5.5:1. The maximum leverage ratio was unchanged compared to the prior credit facility, dated 2020.

During 2022 and 2021, the Company was in compliance with these covenants. Due to its credit rating, it was not required to test the financial covenant. As of January 1, 2023, there were no outstanding borrowings under the facility.

CREDIT RATINGS

Maintaining investment grade credit ratings is a cornerstone of Ahold Delhaize's financial strategy because such ratings optimize the cost of funding and facilitate access to a variety of lenders and markets. Ahold Delhaize's current credit ratings from the solicited rating agencies are as follows:

- Standard & Poor's: corporate credit rating BBB, with a positive outlook since September 2022 (2021: BBB with stable outlook).
- Moody's: issuer credit rating Baa1, with a stable outlook since February 2018 (2021: Baa1 with stable outlook).

CASH FLOWS

CONSOLIDATED CASH FLOWS

Ahold Delhaize's consolidated cash flows for 2022 and 2021 are as follows:

€ MILLION	2022	2021
Operating cash flows from continuing operations	**6,110**	5,468
Purchase of non-current assets (cash capital expenditure)	**(2,490)**	(2,371)
Divestment of assets/disposal groups held for sale	**288**	82
Dividends received from joint ventures	**38**	28
Interest received	**56**	16
Lease payments received on lease receivables	**115**	103
Interest paid	**(174)**	(138)
Repayments of lease liabilities	**(1,755)**	(1,569)
Free cash flow	**2,188**	1,618
Proceeds from long-term debt	**—**	848
Repayments of loans	**(162)**	(427)
Changes in short-term loans	**(93)**	90
Changes in short-term deposits and similar instruments	**—**	44
Dividends paid on common shares	**(979)**	(856)
Share buyback	**(997)**	(994)
Acquisition/(divestments) of businesses, net of cash	**(7)**	(534)
Other cash flows from derivatives	**—**	—
Other	**(41)**	(7)
Net cash from operating, investing and financing activities	**(92)**	(218)

Operating cash flows from continuing operations were higher by €642 million. At constant exchange rates, operating cash flows from continuing operations were higher by €186 million, or 3.1%. The purchase of non-current assets was higher by €119 million, or €43 million lower at constant exchange rates.

FREE CASH FLOW

Free cash flow, at €2,188 million, increased by €570 million compared to 2021, mainly driven by an increase in operating cash flow of €642 million and a favorable impact from net investments of €87 million compared to last year, partially offset by higher repayment of lease liabilities of €185 million.

The positive changes in operating cash flow result from higher sales-driven operating results in the U.S. and lower income taxes paid of €534 million versus 2021. This mainly relates to the payment of an additional assessment notice of approximately €380 million that our subsidiary Delhaize Le Lion/De Leeuw SCA received and that was paid in 2021 (see *Note 34* to the consolidated financial statements for more information on this additional assessment notice). Operating cash flow was offset by a decrease of €713 million in working capital, caused by increased inventories driven by normalizing post-pandemic store inventories as well as higher warehouse inventories following the transformation to self distribution in the U.S. Unfair Trading Practice (UTP) legislation also had a negative working capital impact from payables in several of our European markets.

In 2022, the main uses of free cash flow included:

- Share buyback program, for a total amount of €997 million.
- Common stock final dividend of €0.52 per share for 2021, paid in 2022, and common stock interim dividend of €0.46 per share for 2022, resulting in a total cash outflow of €979 million.

CAPITAL INVESTMENTS AND PROPERTY OVERVIEW

Capital expenditure (CapEx), including acquisitions and additions to right-of-use assets, amounted to €4,107 million in 2022 versus €5,776 million in 2021, reflecting the absence of major acquisitions in 2022. Total cash CapEx for the year amounted to €2,490 million in 2022, an increase of €119 million compared to the previous year. Total regular CapEx was largely unchanged compared to last year; the small reduction presented in this Annual Report is the result of a lower need for investments in logistics in 2022.

Capital investments were primarily allocated to the expansion, remodel and maintenance of our store network, online channel, supply chain and IT infrastructure and the development of our digital capabilities.

A portion of our annual investments are focused on reducing our carbon footprint, These include the replacement of refrigeration systems to allow for the use of refrigerants with lower GWP, projects to reduce the energy consumption in our facilities, the gradual phase-out of internal combustion vehicles with electric alternatives, and other initiatives. Supporting such efforts, investment proposals are required to be aligned with the latest company standards regarding energy consumption and the mitigation of potential harmful effects caused by refrigerants.

At the end of 2022, Ahold Delhaize brands operated 7,659 stores, compared to 7,452 in 2021. The Company's total sales area amounted to 9.8 million square meters in 2022, an increase of 0.6% over the prior year.

CAPITAL EXPENDITURES

€ MILLION	2022	2021	CHANGE VERSUS PRIOR YEAR	% OF SALES
The United States	**2,283**	2,235	49	4.1%
Europe	**1,743**	1,925	(181)	5.5%
Global Support Office	**26**	28	(2)	
Total regular capital expenditures	**4,053**	4,187	(134)	4.7%
Acquisition capital expenditures	**54**	1,589	(1,534)	0.1%
Total capital expenditures	**4,107**	5,776	(1,669)	4.7%
Total regular capital expenditures	**4,053**	4,187	(134)	4.7%
Right-of-use assets[1]	**(1,591)**	(1,748)	157	(1.8)%
Change in property, plant and equipment payables (and other non-cash adjustments)	**28**	(68)	96	—%
Total cash CapEx (cash capital expenditure)	**2,490**	2,371	119	2.9%
Divestment of assets/disposal groups held for sale	**(288)**	(82)	(206)	(0.3)%
Net capital expenditure	**2,202**	2,289	(87)	2.5%

1 Right-of-use assets comprises additions (€559 million), reassessments and modifications to leases (€1,035 million) (for more information see *Note 12* to the consolidated financial statements) as well as additions (€2 million) and reassessments and modifications to leases (€(5) million) relating to right-of-use assets included within investment properties (for more information see *Note 13* to the consolidated financial statements).

NUMBER OF STORES

The total number of stores (including stores operated by franchisees) is as follows:

	OPENING BALANCE	OPEN/ ACQUIRED	CLOSED/ SOLD	CLOSING BALANCE
The United States	2,048	9	(6)	**2,051**
Europe	5,404	286	(82)	**5,608**
Total number of stores	7,452	295	(88)	**7,659**

	2022	2021	CHANGE VERSUS PRIOR YEAR
Number of stores operated by Ahold Delhaize	**5,619**	5,553	66
Number of stores operated by franchisees	**2,040**	1,899	141
Number of stores operated	**7,659**	7,452	207

Franchisees operated 2,040 stores in the Netherlands, Belgium, Luxembourg and Greece.

The total number of pick-up points is as follows:

	2022	2021	CHANGE VERSUS PRIOR YEAR
The United States	**1,549**	1,389	160
Europe	**263**	253	10
Total	**1,812**	1,642	170

At the end of 2022, Ahold Delhaize operated 1,812 pick-up points, which was 170 more than in 2021. These are either standalone, in-store or office-based and include 1,549 pick-up points in the U.S., of which 1,547 are click-and-collect points.

CAPITAL INVESTMENTS AND PROPERTY OVERVIEW

Ahold Delhaize also operated the following other properties as of January 1, 2023:

Warehouse/distribution centers/ production facilities/offices	**180**
Properties under construction/ development	**89**
Investment properties	**741**
Total	**1,010**

Investment properties consist of buildings and land not employed in support of our retail operations. The vast majority of these properties were subleased to third parties. Of these, many consisted of shopping centers containing one or more Ahold Delhaize stores and third-party retail units generating rental income.

The total number of retail locations owned or leased by Ahold Delhaize was 6,293 in 2022. This total includes 662 stores subleased to franchisees and 12 pick-up points in stand-alone locations. Ahold Delhaize also operates 223 gas stations in the premises of some of the group's stores. The total number of retail locations owned or leased increased by 113 compared to 2021.

The following table breaks down the ownership structure of our 6,293 retail locations (inclusive of stores subleased to franchisees) and 1,010 other properties as of January 1, 2023.

	RETAIL LOCATIONS	OTHER PROPERTIES
Company owned % of total	20%	49%
Leased % of total	80%	51%

TARGETS AND RESULTS
EARNINGS AND DIVIDEND PER SHARE

Income from continuing operations per common share (basic) was €2.56, an increase of €0.38, or 17.2% compared to 2021. The main driver of this increase came from favorable foreign currency translation impacts related to a strengthening U.S. dollar in 2022 versus 2021, and higher constant currency sales. The decrease in the number of outstanding shares as a result of a €1 billion share buyback program carried out in 2022 provided a further contribution (see *Note 21* to the consolidated financial statements for more information on the share movements). Underlying income from continuing operations per common share (diluted) was €2.55, an increase of €0.36, or 16.5%, compared to 2021, also driven by favorable foreign currency translation.

Ahold Delhaize's policy is to target a dividend payout ratio range of 40-50% of its underlying income from continuing operations. Underlying income from continuing operations for 52 weeks amounted to an estimated €2,551 million in 2022 and €2,262 million in 2021. As part of our dividend policy, we adjusted income from continuing operations as follows:

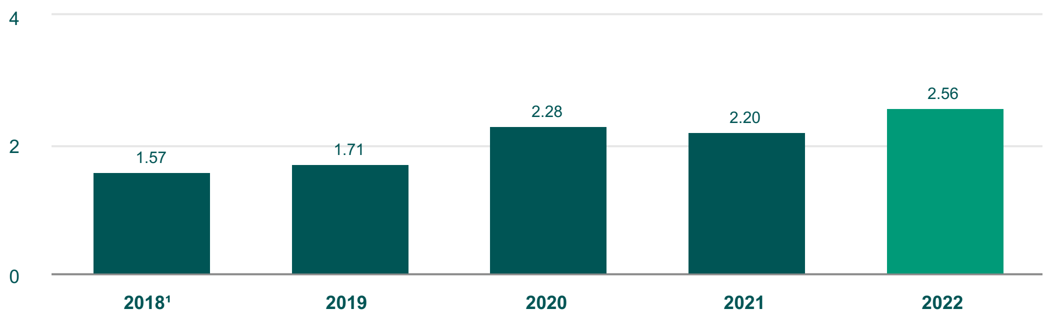
€ MILLION	2022 (BASED ON 52-WEEKS)	2021 (BASED ON 52-WEEKS)
Income from continuing operations	**2,546**	2,246
Adjusted for:		
Impairment losses and reversals – net	**235**	61
(Gains) losses on leases and the sale of assets – net	**(198)**	(76)
Restructuring and related charges and other items	**(78)**	26
Unusual items in net financial expense	**—**	—
Tax effect on adjusted and unusual items	**44**	6
Underlying income from continuing operations	**2,551**	2,262
Income from continuing operations per share attributable to common shareholders	**2.56**	2.18
Underlying income from continuing operations per share attributable to common shareholders	**2.56**	2.20
Diluted underlying income per share from continuing operations	**2.55**	2.19

We propose a cash dividend of €1.05 per share for the financial year 2022, an increase of 10.5% compared to 2021, reflecting our ambition to sustainably grow dividend per share. This represents a payout ratio of 40% of underlying net income from continuing operations for 52 weeks.

If approved by the General Meeting of Shareholders, a final dividend of €0.59 per share will be paid in April 2023. This is in addition to the interim dividend of €0.46 per share, which was paid in September 2022. In 2022, dividend payments totaled €979 million (vs. €961 million in 2021).

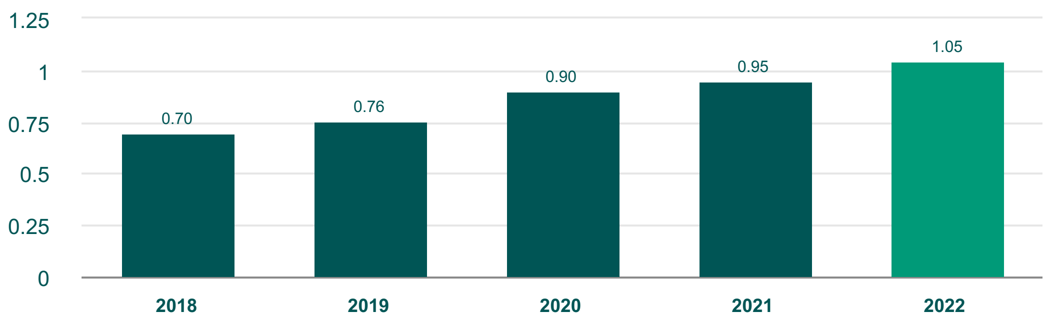
See **Information about Ahold Delhaize shares** for further details.

Underlying income from continuing operations per common share (basic)



1 Our 2018 figures have been restated to reflect the impact of the implementation of IFRS 16 Leases.

Dividend per common share



FINANCIAL REVIEW BY SEGMENT

KEY FINANCIAL AND NON-FINANCIAL INFORMATION

The segmental key financial and non-financial information per region for 2022, 2021, 2020 and 2019 is presented below:

	THE UNITED STATES				EUROPE			
	2022	2021	2020	2019	2022	2021	2020	2019
Net sales (€ millions)	**55,218**	45,455	45,470	40,066	**31,767**	30,147	29,266	26,194
Net sales ($ millions)	**57,959**	53,699	51,838	44,841				
Of which: online sales (€ millions)	**4,157**	3,228	1,968	985	**4,461**	4,477	3,579	2,508
Of which: online sales ($ millions)	**4,367**	3,814	2,259	1,101				
Net sales growth in local currency	**7.9%**	3.6%	15.6%	1.5%	**5.0%**	2.8%	12.1%	3.5%
Comparable sales growth[1]	**7.4%**	2.6%	13.3%	1.1%	**2.9%**	2.8%	9.5%	2.7%
Comparable sales growth (excluding gasoline sales)[1]	**6.8%**	1.9%	14.4%	1.4%	**2.9%**	2.8%	9.6%	2.7%
Net consumer online sales (€ millions)	**4,157**	3,228	1,968	985	**7,166**	7,173	5,608	3,562
Net consumer online sales ($ millions)	**4,367**	3,814	2,259	1,101				
Operating income (€ millions)	**2,605**	2,231	1,006	1,668	**1,173**	1,209	1,380	1,140
Operating income ($ millions)	**2,733**	2,631	1,064	1,867				
Underlying operating income (€ millions)	**2,603**	2,150	2,466	1,712	**1,131**	1,306	1,325	1,205
Underlying operating income ($ millions)	**2,727**	2,543	2,789	1,916				
Underlying operating margin	**4.7%**	4.7%	5.4%	4.3%	**3.6%**	4.3%	4.5%	4.6%
Number of employees/headcount (at year-end in thousands)	**239**	239	239	215	**175**	174	175	165
Number of employees/FTEs (at year-end in thousands)[2]	**155**	160	158	143	**94**	99	91	88
Contribution to Ahold Delhaize net sales	**63.5%**	60.1%	60.8%	60.5%	**36.5%**	39.9%	39.2%	39.5%
Contribution to Ahold Delhaize underlying operating income[3]	**69.7%**	62.2%	65.0%	58.7%	**30.3%**	37.8%	35.0%	41.3%

1 For the year 2022, 2021 and 2019, comparable sales growth is presented on a comparable 52-week basis. In the year 2020, comparable sales growth is presented on a 53-week basis.
2 Included in the 94,000 FTEs in Europe in 2022 (2021: 99,000; 2020: 91,000; 2019: 88,000) are 40,000 FTEs in the Netherlands (2021: 40,000; 2020: 32,000; 2019: 31,000).
3 Before Global Support Office costs.

FINANCIAL REVIEW BY SEGMENT

THE UNITED STATES

NET SALES

€55.2bn 7.9%*

2021: €45.5bn 21.5% vs. 2021

COMPARABLE SALES GROWTH (EXCLUDING GASOLINE SALES)

6.8%

OPERATING INCOME

€2.6bn 3.9%*

2021: €2.2bn 16.8% vs. 2021

UNDERLYING OPERATING INCOME

€2.6bn 7.2%*

2021: €2.2bn 21.1% vs. 2021

UNDERLYING OPERATING MARGIN

4.7% —pp*

2021: 4.7% — pp vs. 2021

NET CONSUMER ONLINE SALES

€4.2bn 14.5%*

2021: €3.2bn 28.8% vs 2021

*At constant rates.

GROUP PERFORMANCE

€ MILLION	2022	2021	CHANGE VERSUS PRIOR YEAR	% CHANGE	% CHANGE AT CONSTANT RATES
Net sales	**55,218**	45,455	9,763	21.5%	**7.9%**
Of which online sales	**4,157**	3,228	**929**	28.8%	**14.5%**
Comparable sales growth	**7.4%**	2.6%			
Comparable sales growth excluding gasoline	**6.8%**	1.9%			
Operating income	**2,605**	2,231	375	16.8%	**3.9%**
Adjusted for:					
Impairment losses and reversals – net	**212**	48	164		
(Gains) losses on leases and the sale of assets – net	**(181)**	(49)	(132)		
Restructuring and related charges and other items	**(33)**	(80)	47		
Underlying operating income	**2,603**	2,150	453	21.1%	**7.2%**
Underlying operating income margin	**4.7%**	4.7%			

In 2022, net sales were €55,218 million, an increase of €9,763 million or 21.5% compared to 2021. At constant exchange rates, net sales showed an increase of 7.9%. Sales growth was positively impacted by inflation, the store remodel program (mainly at Stop & Shop and Food Lion), the acquisition of 71 stores from Southeastern Grocers in 2021 and online channel acceleration.

Online sales were €4,157 million, up by 14.5% compared to the prior year at constant exchange rates. The increase versus last year was primarily driven by the addition of 160 pick-up locations, annualized sales for 272 pick-from-store locations opened in 2021, and the expansion of e-commerce offerings across the U.S. brands.

In addition, sales growth was further supported by the strong performance and development of partnerships with third-party delivery services; reduced customer lead and wait times; improving customer value through reduced fees and reducing minimum order values, service and delivery fees; and continued work on product launches and new releases. This year, we also invested in improving the digital experience and modernizing our technology to support peak traffic.

FINANCIAL REVIEW BY SEGMENT

THE UNITED STATES

Own-brand food sales (%)

Branded food sales	67.9%
Own-brand food sales	32.1%

Net sales by category (%)

Fresh	45.6%
Non-perishables	37.9%
Non-food	9.3%
Pharmacy	4.8%
Gas	2.4%

The Ahold Delhaize USA brands continue to strengthen the value proposition by expanding their leading own-brand offerings. In 2022, own-brand food sales as a percentage of total food sales accounted for 32.1%.

As a percentage of total sales, the relative share of fresh, pharmacy and gas in total sales remained constant, while the share of non-perishables increased and the share of non-food decreased this year compared to last year.

Comparable sales excluding gasoline for the segment increased by 6.8%, with most of the growth attributable to food inflation and strong performance across our brand offerings, notably at Food Lion. In addition, sales in the U.S. benefited this year from nine new store openings and 104 remodels.

Operating income increased by €375 million, or 16.8%, compared to 2021. Underlying operating income was €2,603 million and is adjusted for the following items:

- Impairment losses and reversals – net: in 2022, impairment charges amounted to €212 million, versus €48 million in 2021. In 2022, the impairments related primarily to the goodwill and other intangible assets of FreshDirect. The impairments in 2021 related primarily to investment properties and underperforming stores at Stop & Shop.
- (Gains) losses on leases and the sale of assets – net: in 2022, this total net gain was €181 million, mainly related to the sale of four investment properties to US Foods. In 2021, a €49 gain was recorded mainly from the sale of land, the sale of pharmacy scripts, lease terminations and new subleases.
- Restructuring and related charges and other items: in 2022, the net gain in the amount of €33 million was mainly attributed to a further reduction of the defined benefit obligation of the FELRA and MAP, related to the American Rescue Plan Act (see *Note 24*). In 2021, this income also resulted from a partial release of defined benefit obligation of the FELRA and MAP (see *Note 24*).

In 2022, underlying operating income was €2,603 million, up by €453 million or 21.1% compared to last year. At constant exchange rates, underlying operating income increased by 7.2%.

The United States' underlying operating margin in 2022 was 4.7%, the same as in 2021. The 2022 sales were positively affected by inflation. Inflationary pressures in both product cost and operating expenses, related to supply chain, such as fuel, labor challenges and the labor market, as well as energy costs, created pressure on our margins and operating income in the U.S. This negative impact was offset by positive insurance results, which reflects the favorable discounting effect on the Company's insurance provisions driven by the increase in interest rates and a provision reduction for holiday pay.

THE UNITED STATES

GROWTH DRIVERS IN ACTION

Drive omni-channel growth

The Ahold Delhaize USA brands have continued to invest in the digital channel and remodeling of stores. Peapod Digital Labs announced an end-to-end, in-house retail media business, building on the existing AD Retail Media network to create a simplified, measurable way to engage omnichannel customers.

The brands also continue to invest in infrastructure to support the growth of e-commerce. Peapod Digital Labs and the local retail brands invested in fulfillment operations, both in-store and in central fulfillment warehouses, to automate picking, optimize delivery routes and get orders to customers faster, with less manual effort. This year, our U.S. brands reached 1,547 click-and-collect points.

The U.S. brands are enhancing their offerings, increasing the quality of services and maximizing value for customers. They invest in remodeling programs to keep stores fresh and modern and incorporate omnichannel elements, such as pick-up and order storage areas. Stop & Shop has continued to focus on the New York City market, with 45 store remodels completed, while Food Lion has continued to integrate the acquired Southeastern Grocer stores, remodeling 29 stores this year. Stop & Shop has also done extensive work to review assortments for customers in multicultural areas, such as the Bronx, New York.

Elevate healthy and sustainable

During the year, the U.S. brands have further expanded their innovation and partnership opportunities. Starting with Food Lion, all the U.S. brands, collaborated with ExxonMobil, Cyclyx International and Sealed Air, to become the first retailers in the U.S. to successfully launch a circular food packaging demonstration. Giant Food partnered with Loop to sell an assortment of products with reusable packaging at stores in the Washington D.C. area.

In addition, Stop & Shop and The GIANT Company reduced food waste in their stores by rolling out the Flashfood concept. In another great example of their dedication to sustainability, all the brands now offer sustainably sourced seafood across their entire assortments of seafood products.

In order to reach its net-zero ambitions, Hannaford announced its commitment to 100% renewable energy by 2024.

Lastly, the brands are partnering with leading non-profits like World Wildlife Fund and The Nature Conservancy to prioritize sustainability issues and opportunities, such as regenerative agriculture and deforestation in line with our healthy and sustainable ambitions.

Cultivate best talent

During the year, our great local brands maintained a strong focus on our DE&I aspiration of creating an environment that is 100% gender balanced, 100% reflective of the brands' markets and 100% inclusive.

At the forefront of DE&I are courageous conversations that foster greater awareness. For example, FreshDirect hosted its first panel of LGBTQ+ associates for an open conversation about the importance of Pride Month and the challenges and opportunities the LGBTQ+ community faces in today's society.

In addition, the growth of Business Resource Groups (BRGs) is driving change among our people, communities and culture. RBS, The GIANT Company and Giant Food all hosted BRG summits that spanned many topics, such as allyship, breaking the gender and racial gap and much more.

Mental health and well-being remains a key focus to help our people lead balanced lives. For example, Stop & Shop hosted a well-attended virtual session for store managers on using the My Rewards Every Day Employee Assistance Program to help their teams and themselves.

Strengthen operational excellence

Ahold Delhaize USA continues its journey of supply chain transformation, digitalization and optimization of operations, to enhance its productivity.

In 2022, ADUSA Supply Chain successfully transitioned the York, Pennsylvania, automated DC into its self-managed network. This brings our total number of network facilities to 19. ADUSA Supply Chain also implemented a new solution for all direct-to-store delivery vendors, providing better visibility into cost, margins and profits on items received at stores.

In addition, Ahold Delhaize USA companies are advancing their technological capabilities to provide improved insights and create business efficiencies. One of the projects completed in 2022 was the successful implementation of SAP S/4HANA to transform the brands' legacy finance systems.

In the midst of high inflation, the U.S. brands are helping customers efficiently manage their spending. Supported by our Save for Our Customers cost savings program, our brands are working with suppliers to mitigate cost increases for customers, introducing more value-oriented products, expanding high-quality own-brand assortments and delivering personalized value through digital omnichannel loyalty programs.

FINANCIAL REVIEW BY SEGMENT

EUROPE

NET SALES

€31.8bn 5.0%*

2021: €30.1bn 5.4% vs. 2021

COMPARABLE SALES GROWTH (EXCLUDING GASOLINE SALES)

2.9%

OPERATING INCOME

€1.2bn (3.3)%*

2021: €1.2bn (2.9)% vs. 2021

UNDERLYING OPERATING INCOME

€1.1bn (13.7)%*

2021: €1.3bn (13.4)% vs. 2021

UNDERLYING OPERATING MARGIN

3.6% (0.8) pp*

2021: 4.3% (0.8) pp vs. 2021

NET CONSUMER ONLINE SALES

€7.2bn (0.1)%*

2021: €7.2bn (0.1)% vs. 2021

*At constant rates.

EUROPE SEGMENT

€ MILLION	2022	2021	CHANGE VERSUS PRIOR YEAR	% CHANGE	% CHANGE AT CONSTANT RATES
Net sales	**31,767**	30,147	1,620	5.4%	**5.0%**
Of which online sales	**4,461**	4,477	(15)	(0.3)%	**(0.3)%**
Net consumer online sales	**7,166**	7,173	(7)	(0.1)%	**(0.1)%**
Comparable sales growth	**2.9%**	2.8%			
Comparable sales growth excluding gasoline	**2.9%**	2.8%			
Operating income	**1,173**	1,209	(36)	(2.9)%	**(3.3)%**
Adjusted for:					
Impairment losses and reversals – net	**24**	13	11		
(Gains) losses on leases and the sale of assets – net	**(17)**	(21)	4		
Restructuring and related charges and other items	**(49)**	106	(155)		
Underlying operating income	**1,131**	1,306	(175)	(13.4)%	**(13.7)%**
Underlying operating income margin	**3.6%**	4.3%			

Net sales in 2022 were €31,767 million, up by €1,620 million or 5.4% compared to 2021. At constant exchange rates, net sales were up by 5.0%. Sales growth was driven by high price inflation, in particular in the second half of the year and by the acquisition of 38 DEEN stores in the Netherlands with incremental sales contribution up to Q4 2022. With high levels of inflation, our brands were focused on helping customers efficiently manage their spending. Our cost reduction programs also helped the local brands to absorb cost increases relating to energy, transport and labor, enabling us to keep prices as low as possible.

Net consumer online sales were €7,166 million, down by 0.1% compared to last year, mainly driven by non-food e-commerce. With COVID-19 restrictions being lifted, the overall e-commerce market in Europe declined. Within these market conditions, the first half of 2022 was characterized by lower year-over-year results. However, bol.com was able to limit sales decline by (1.8)% in 2022 after growing 26.6% last year. In addition, the brand was able to increase its market share in a declining market. Bol.com's market share growth was largely driven by its successful customer proposition, including its loyalty program, category expansion and strong campaigns and a new logistical service proposition that enabled the brand to build stronger relationships with suppliers and Plaza network partners. Its third-party platform, which currently offers a marketplace to more than 50,000 Plaza partners, remains an important growth driver for bol.com. The European brands' robust online grocery offering continued to serve consumers well, with sales largely compensating for the loss in non-food.

EUROPE

Own-brand food sales (%)

Branded food sales	50.8%
Own-brand food sales	49.2%

Net sales by category (%)

Fresh	44.1%
Non-perishables	31.4%
Non-food	24.5%

The Ahold Delhaize brands in Europe continued to grow their already relatively high own-brand share in 2022 by expanding their own-brand assortments. This enabled our brands to offer value and help consumers manage their spending in a time of cost increases and uncertain outlooks. In 2022, own-brand food sales comprised 49.2% of total food sales.

As a percentage of total sales, the relative share of non-food and non-perishables decreased, while the share of fresh increased.

Comparable sales excluding gasoline increased by 2.9%, mainly driven by higher prices and partly offset by lower volumes. Simultaneously, most of our local brands were able to increase market share. Albert Heijn and our brands in Romania and Czech Republic were the largest contributors to this comparable sales increase.

Operating income decreased by €36 million, or 2.9%, to €1,173 million, affected by the following items that Ahold Delhaize adjusts to arrive at underlying operating income:

- Impairment losses and reversals – net: In 2022, impairment charges amounted to €24 million. Belgium, the Netherlands and Serbia account for the majority of impairment charges. In the Netherlands and Belgium, this was mainly related to underperforming stores. In Serbia, it related to a fire in a hypermarket. In 2021, impairment charges amounted to €13 million, mainly related to underperforming stores in Greece, the Czech Republic, and the Netherlands.
- (Gains) losses on leases and the sale of assets – net: In 2022, the total net gain was €17 million, mainly related to the Netherlands (€10 million), driven by the sale of store operations and by the Czech Republic (€6 million). In 2021, this total net gain was €21 million, also mainly related to the Netherlands (€8 million) and the Czech Republic (€8 million)
- Restructuring and related charges and other items: In 2022, the charges amounted to a net gain of €(49) million, mainly driven by a release of a wage tax provision in Belgium, partially offset by one-off items in the Netherlands. In 2021, the charges amounted to €106 million, and included one-off items mainly related to restructuring and settlements in the Netherlands (€36 million) and in Belgium (€66 million).

In 2022, underlying operating income in Europe was €1,131 million, down by €175 million, or 13.4%, compared to 2021. Underlying operating margin was 3.6% in 2022, down 0.8 percentage points compared to 2021. Margins in Europe were severely affected by rising energy and utility costs and a challenging economic environment. Other cost escalations and volume deleveraging added pressure, and an increased cost of product combined with higher operating expenses diluted margins further. Savings from our brands' Save for Our Customers programs helped to mitigate this impact.

The European brands' net sales consist of sales to consumers and to franchise stores. Franchise stores operate under the same format as Ahold Delhaize-operated stores. Franchisees purchase merchandise primarily from Ahold Delhaize, pay a franchise fee and receive support services.

GROWTH DRIVERS IN ACTION

Drive omni-channel growth

Our brands in Europe expanded their ecosystem and increased personalized omnichannel offerings by leveraging technology and innovative customer solutions. The brands have 11.4 million loyal customers with around 51% loyalty sales penetration. They are making great progress in expanding market share, with the vast majority gaining share across different markets. They have implemented various initiatives to improve long-term e-commerce profitability, by driving new complementary revenue streams and cost improvements, such as reducing structural fulfillment and home delivery costs.

Our brands are strengthening their premium loyalty programs; for example, Delhaize enhanced its SuperPlus loyalty program with a 10% discount on fresh products. They are also building deeper digital relationships with customers while accelerating their digital media businesses. For example, we acquired a stake in advertising technology company, Adhese, to drive the development of digital advertising opportunities. At the same time, Albert Hejin and bol.com continued to grow their digital media businesses by optimizing digital advertising opportunities. Bol.com acquired a majority stake in Cycloon, the largest sustainable social bicycle network in the world. It began delivering for bol.com in September.

Elevate healthy and sustainable

Our European brands have made great progress elevating health and sustainability in 2022.

To reduce energy costs, electricity consumption and carbon emissions, Alfa Beta installed LED lighting in its warehouses, Mega Image installed solar systems in 20 stores and Delhaize Serbia turned off all illuminated advertising in stores and beverage refrigerators.

Albert Heijn adapted the scope 3 CO_2 reduction target for its full value chain from 15% in 2018 to 45% by 2030. In addition, Albert Heijn was named the most sustainable supermarket chain in the Netherlands for the sixth consecutive year. For the second year in a row, bol.com was named the most sustainable e-commerce brand, according to the Sustainable Brand Index™. The brand was also the first e-commerce company in the Netherlands and Belgium to receive the Climate Neutral Certification label.

Albert was awarded the TOP Responsible Company 2022, by the largest platform for responsible business in the Czech Republic and placed among the 10 best ESG-rated companies in their country.

Lastly, Delhaize Belgium improved its discount system with "No waste corners" initiatives in its stores to reduce food waste.

Cultivate best talent

Our European brands have strong working cultures, in line with our DE&I ambition, "We are open for everyone," and our belief that diversity leads to fresh ideas and positive change. Their workforces tend to be highly multi-generational. For example, Gen Z makes up 41% of the total Ahold Delhaize workforce; in the Netherlands this figure is above 80%. Our Young Ahold Delhaize BRG is helping accelerate the development of young team members in the Netherlands and several of our other European brands. Our Czech brand, Albert, launched the Experienced Albert BRG, geared at more experienced associates.

Our European brands continue to expand their unified HR and payroll SAP SuccessFactors platform, bringing more associates into this environment. The successful launch in the Netherlands in 2020 will be mirrored in early 2023 in (Albert Heijn) Belgium, Greece, Romania and the Czech Republic. Preparations throughout 2022 have provided a robust foundation for the transition that will help improve digital and data fluency.

Strengthen operational excellence

In 2022, our European brands delivered record-high savings through our Save for Our Customers program.

They continued to improve productivity by means of automation and standardization through initiatives that include the rollout of electronic shelf labels, dynamic pricing, automated self checkouts and the expansion of robot process automation (RPA).

In addition, the European brands continued to drive sourcing efficiencies on own-brand procurement, A-brand negotiations and Fresh partnerships. In order to accelerate the own-brand procurement savings all our European brands focused on rolling out a harmonized and scalable value offering, to better serve customers in times of declining purchasing power, as well as to unlock additional costs savings.

For example, Delhaize opened the biggest winery facility in the Benelux (9,500 m2). This facility serves as the key wine bottling site and logistics hub for our Benelux brands and will facilitate increased speed of innovation, while improving the cost structure.

GLOBAL SUPPORT OFFICE

GLOBAL SUPPORT OFFICE

€ MILLION	2022	2021	CHANGE VERSUS PRIOR YEAR	% CHANGE
Global Support Office costs	**(10)**	(119)	109	(91.6)%
(Gains) losses on leases and the sale of assets net	**0**	(6)	6	NM
Restructuring and related charges and other items	**4**	0	4	NM
Underlying Global Support Office costs	**(6)**	(125)	119	(95.3)%
of which related to self-insurance activities	**152**	35	117	NM
Underlying Global Support Office costs excluding self-insurance	**(158)**	(160)	2	(1.1)%

Global Support Office costs in 2022 were €10 million, down €109 million compared to the prior year, driven by a better insurance result of €117 million. In 2022, discount rates increased compared to 2021; the increase of 325 basis points led to an insurance result of €117 million.

Underlying Global Support Office costs were €6 million, €119 million lower than 2021. The €117 million increase in self-insurance activities was the result of a significant increase in discount rates. Underlying Global Support Office costs, excluding self-insurance, were €158 million, down €2 million versus last year. This decrease was mainly driven by favorable exchange rate differences.

GLOBAL SUPPORT OFFICE

GROWTH DRIVERS IN ACTION

Drive omni-channel growth

As our tech landscape matures, executing on our Leading Together strategy through our group focus areas (GFAs) is helping enhance our capabilities and drive regional and global opportunities to save both time and costs. These four GFAs are: mechanization, monetization, payments and last mile and multi-fulfillment orchestration.

We believe our GFAs are helping us evolve our business model and drive our ambition to accelerate investments in building scalable and repeatable operational capabilities, with a sharper focus on digital, online, data and automation/mechanization. They are also critically important for omnichannel profitability. We look to collaborate across the brands and support organizations to continue to move forward in these areas.

So far, the GFA teams have already identified opportunities in mechanization by collaborating better; bundling expertise, knowledge and scale; and drafting converging paths on various topics. With the benefits of our GFAs already coming to life, we expect our work in these areas to be mainly self-funded in 2023.

Elevate healthy and sustainable

During 2022, we continued to increase our focus on environmental, social and governance topics. We aligned our scope 3 carbon emissions plan with a 1.5-degree scenario and increased our target to 37% reduction by 2030 compared to our 2020 baseline. In addition, we added a target on reducing absolute virgin primary own-brand plastic product packaging to our existing target on sustainable packaging.

We also set up a dedicated ESG reporting team as part of our Accounting and Reporting department. This team will improve ESG reporting going forward and implement the EU taxonomy and the EU Corporate Sustainability Reporting Directive requirements.

We held our first global meeting since the COVID-19 pandemic where we discussed future expectations around our healthy and sustainable growth driver and worked with all the brands to identify improvements and share best practices to help us achieve our ambitions on healthier people and a healthier planet.

Cultivate best talent

People's mental health and well-being is a priority at our Global Support Office and all the brands. External factors over the past year, ranging from the global pandemic to the war in Ukraine, have taken their toll on communities around the world and associates. Maintaining a healthy balance and ensuring associates can be their authentic selves in a safe environment is important to us. We can proudly say that these values are reflected in this years' associate engagement score of 79%.

Leaders from across Ahold Delhaize were immersed in the dynamics of psychological safety, which fosters trust and allows one to speak up without fear of punishment or humiliation, during a leadership event in the fall. Since then, psychological safety trainings have continued within the Global Support Office and several brands. The four elements of psychological safety – open conversation, willingness to help, attitude to risk and failure and DE&I – are essential to maintaining our culture.

Our recent mental health and awareness week gave associates the opportunity to attend webinars, trainings and even a concert where the stories of refugees were shared.

Strengthen operational excellence

In 2022, we continued to support business growth and realize cost reductions. We want to create organizations and a culture of alignment and collaboration and find new ways to unlock value for critical investments, while accelerating our Save For Our Customers ambition.

In relation to IT, for example, we allocated focus to securing IT product deliveries and mitigating inflation. Our IT service operations team worked to minimize the (potential) business impact of developments such as the war in Ukraine and supply chain disturbances by pro-actively engaging with our supplier base to identify our risk profile and to agree on mitigation measures. In addition, our Global Technology Sourcing & Vendor Management team continued to leverage Ahold Delhaize's scale to achieve further synergies across our regions and brands.

OUTLOOK

SUMMARY

Below is a summary of the full-year outlook for 2023:

PERFORMANCE MEASURE	OUTLOOK 2023
Underlying operating margin	≥ 4%
Diluted underlying EPS growth	Around 2022 levels
Save for Our Customers	≥ €1 billion
Capital expenditures[1]	~ €2.5 billion
Free cash flow	~ €2.0 billion
Dividend payout ratio[2, 3]	40-50% (and year-over-year increase in dividend per share)
Share buyback[3]	€1 billion

1 Excludes M&A.
2 Calculated as a percentage of underlying income from continuing operations.
3 Management remains committed to the share buyback and dividend program, but given the uncertainty caused by the wider macro-economic consequences of the war in Ukraine, they will continue to monitor macro-economic developments. The program is also subject to changes in corporate activities, such as material M&A activity.

CONTINUED SALES GROWTH EXPECTED IN 2023

The macro environment has become increasingly difficult for consumers, who contended with mounting inflation throughout 2022. Inflation levels are expected to remain elevated throughout 2023. In this context, our brands are working hard to reduce costs and create additional efficiencies in order to keep prices as low as possible for customers.

We believe this should ensure continued constant-currency sales growth for our business in 2023, as consumers continue to find significant value at our brands. This is supported by our strong own-brand portfolio, which made up 49% of sales in Europe in 2022, and 32% of sales in The United States. In 2023, we expect to further expand own-brand sales as a percentage of our overall Group sales, with our own-brand portfolio continuing to play a pivotal role in keeping consumers in our stores and supporting our leading local market shares.

Consistent demand from the food-at-home market, in conjunction with the strength of our leading local brands, should drive continued comparable sales growth for our business in 2023, which is likely to be supported once again by above average rates of shelf price inflation.

Expected 2023 comparable sales gains will be supported by new store expansions, particularly across our Central and Southeastern Europe markets, which continue to benefit from a shift in consumer spending away from traditional food markets and towards modern classes of trade for food-at-home purchases. These favorable factors should drive positive 2023 constant currency sales growth and offset modest headwinds from lower gasoline sales owing to reduced fuel prices.

Furthermore, our position as a leading omnichannel supermarket should also serve us well as more consumers are searching for omnichannel solutions and, in turn, spending more of their food-at-home budgets online. We believe our continued investments into our digital platform should foster continued over-proportionate sales growth in this channel during 2023.

WEAK MACRO-ECONOMIC INDICATORS FORECASTED IN 2023, BUT FOOD-AT-HOME DEMAND HAS HISTORICALLY PROVEN RESILIENT

On a macro level, the IMF's January 2023 outlook forecasts weak real GDP growth in both the U.S. and Europe during 2023 of +1.4% and +0.7%, and 2024 of 1.0% and 1.6%, respectively. This comes as elevated inflation rates are expected to place continued pressure on consumers in 2023, with the IMF forecasting overall consumer CPI growth of +3.5% in the U.S. (2022: +8.1%) and +10.9% in Europe (2022: +15.3%).

While tepid economic growth and continued pressure from inflation are likely to dampen consumer spending in 2023, food-at-home demand has historically been very consistent, growing under a variety of economic climates. This notion is supported by data from the U.S. Department of Agriculture (USDA) that indicates U.S. food-at-home sales have only declined once on an annual basis in the last 50 years.

Importantly, our brands continue to serve communities by providing a strong range of offerings for consumers seeking value, as demonstrated by their high own-brand penetration rates. And with consumers' wallets being stretched by inflation, food-at-home demand is likely to remain resilient in 2023, given its proposition as a cheaper alternative to eating outside of the home.

FURTHER EXPANDING OUR OMNICHANNEL STRATEGY IN 2023

Our approach to being a leading local omnichannel food retailer continues to serve us well, and we expect further disproportionate growth in our e-commerce business during 2023, with growing online penetration rates across our business.

At the same time, we will continue to reinvest in our brands' brick-and-mortar store locations, which we believe will continue to drive sequential improvement in volume and market share trends at the brand.

OUTLOOK

ACCELERATING COST SAVINGS PROFILE TO SUPPORT MARGINS IN 2023

Our 2023 margins will encounter mounting pressure from higher expenses related to energy, labor and product costs, among others. These issues are compounded by economically challenged consumers, who are contending with high rates of CPI inflation and declining purchasing power.

Nonetheless, we expect to sustain our industry-leading Group underlying operating margin of at least 4%. This outlook reflects a balanced approach with strong cost savings and expected sales leverage largely offsetting cost pressures.

Given the challenging cost environment for our brands' operations, we have made additional plans in 2023 over and above our typical Save for Our Customers program to reduce costs and gain operational efficiencies. We are introducing a new initiative called "Accelerate." This initiative builds on our existing Leading Together efforts to create more agile organizations, capture more scale and empower associates to take action to drive efficiency. By evaluating additional savings and efficiency levers to streamline our organizations and processes, optimize go-to-market propositions, further increase joint sourcing and consolidate IT, our clear priority is to unlock resources to accelerate and further support our Save for Our Customers program and focus investments on high-return, high-impact projects to enhance the customer experience at our brands.

After achieving cost savings of €979 million in 2022, our Save for Our Customers program is expected to yield at least €1 billion in 2023, as we continue along the path towards our target of a cumulative €4.0 billion in cost savings over the four-year period ending in 2025.

Our 2023 Save for Our Customers program will be aided by our U.S. supply chain transformation, through which over 90% of our center-store volumes will be self distributed by year end. Other drivers are expected to come from our initiatives in joint sourcing, automation and data and media monetization, among others.

In Europe, we continue to identify opportunities to drive synergies and scale across our businesses through product sourcing and operating model alignment, such as in our Central and Southeastern Europe markets.

We plan on improving online profit margins in 2023 as part of our ambition to make e-commerce profitable on a fully allocated channel basis by 2025. For example, we plan to open our first automated e-commerce fulfillment center in the Netherlands in late 2023 as part of our brands' initiatives to drive growth and efficiencies in their online operations.

STRONG FREE CASH FLOW GENERATION EXPECTED AGAIN IN 2023

Our operational outlook for 2023 translates into strong cash flow generation, which is reflected in our 2023 free cash flow forecast of approximately €2.0 billion[1]. This starts with our expectation of strong 2023 operating cash flows, predicated on solid sales growth and good margins.

Meanwhile, pressure on working capital, driven largely by the activation of UTP law in several of our European markets and the continuation of U.S. self distribution with new facilities, is expected to be partially offset by supply chain-driven stock optimization programs focusing on improved forecasting and replenishment. Overall, we expect our free cash flow generation to remain strong over the upcoming years as well, in line with our medium-term cumulative free cash flow forecast of €7.5 billion over the four-year period from 2022 to 2025.

NET CAPITAL EXPENDITURE OF APPROXIMATELY €2.5 BILLION[1]

We anticipate 2023 net capital expenditures of €2.5 billion, up from €2.2 billion in 2022, with increased investments into our digital and online capabilities, as well as our healthy and sustainable initiatives. Over the next four years, we will maintain strong levels of reinvestment back into our businesses, with net capital expenditures expected to average 3.0% of sales.

RETURNING CAPITAL TO SHAREHOLDERS CONTINUES

The strong level of free cash flow embedded in our 2023 outlook supports our €1 billion share repurchase authorization announced in November 2022, as well as our dividend policy, which calls for sustainable growth in our annual cash dividend and a 40%-50% payout ratio from underlying net income.

We propose a cash dividend of €1.05 for the financial year 2022, an increase of 10.5% compared to 2021. If approved by the General Meeting of Shareholders, a final dividend of €0.59 per share will be paid on April 27, 2023. This is in addition to the interim dividend of €0.46 per share, which was paid on September 2, 2022.

CULTIVATE BEST TALENT TARGETS

The growth and development of associates is at the core of our commitment to cultivate best talent. High engagement helps drive business, professional and personal growth. In 2023, we will continue to target the following metrics: an associate engagement score of 79% or greater and an inclusive workplace score of 80% or greater. We will also ensure that the development indices are aligned across all brands, to allow Ahold Delhaize to uniformly assess associates' voices in this focus area.

ESG AMBITIONS EXTENDED TO INCLUDE SCOPE 3

In addition to our formal financial outlook, during 2023, we expect to continue to make progress on the ESG initiatives embedded in our "Grounded in Goodness" strategy, which focuses on healthier people and a healthier planet. This comes on the heels of an active 2022, in which we updated our scope 3 CO_2-emissions reduction target, issued our second Human Rights Report, and closed on a new €1.5 billion Sustainability-linked Revolving Credit Facility.

Specifically, our new CO_2-emissions reduction target for our entire value chain (scope 3) was updated to at least 37% by 2030 compared to 2020, and to become net zero by 2050. This goes along with our prior net-zero target on our scope 1 and 2 emissions by 2040, bringing us in line with the UN's goal of keeping global warming below 1.5°C.

1 Excludes M&A

OUTLOOK

Meanwhile, our 2022 Human Rights Report provided an update on our efforts to ensure human rights are respected, both within Ahold Delhaize and the brands and across the supply chains they rely on. Additionally, the report gave an update on key programs in our own operations, including the DE&I aspiration to achieve 100% gender balance at all levels, to be 100% reflective of the markets the brands serve, and to strive for 100% inclusion.

Lastly, we ended the year by closing on a new €1.5 billion Sustainability-linked Revolving Credit Facility in December. The facility links the cost of borrowing to Ahold Delhaize's annual performance on sustainability KPIs, including our scope 1 and 2 emissions-reduction targets, food waste reduction, and our initiatives to help customers make healthier choices.

In 2023, we remain focused on executing our "Grounded in Goodness" strategy, aimed at making healthy and sustainable choices easy for everyone.

Our brands will continue to promote healthy and sustainable diets by reformulating own-brand products and using their loyalty programs to reward customers for making healthier choices.

We also plan to provide further color on our new scope 3 CO_2-emissions reduction targets during 2023. And we aim to make progress on our approach to biodiversity, to help reduce deforestation and land conversion.

Our ability to engage associates and give them opportunities to develop are critical drivers of our business performance. We will continue to create a culture where all associates are respected, driven by our strategic DE&I framework.

This section provides an overview of the most important ESG targets that will drive our Healthy and Sustainable strategy and that represent the areas where we want to make a difference in years to come.

ESG performance indicators

PERFORMANCE INDICATOR DESCRIPTION	2023 TARGET	2025 TARGET[1]	2030 TARGET	2040 TARGET	2050 TARGET
% of healthy own-brand food sales as a proportion of total own-brand food sales	55.0%	55.6%			
Reduction in tonnes of food waste per food sales (t/€ million) against 2016 baseline	34%	>38%	50%		
Absolute CO_2-equivalent emissions from own operations (scope 1 and 2) (thousand tonnes) against 2018 baseline		34%	50%	Net zero	
% reduction in absolute CO2-equivalent emissions from our value chain (scope 3) against 2020 baseline			37%		Net zero

1 2025 targets for healthy sales, food waste and scope 1 and 2 carbon emissions increased due to strong 2022 performance.

PERFORMANCE REVIEW

INFORMATION ABOUT AHOLD DELHAIZE SHARES

SHARES AND LISTINGS

Koninklijke Ahold Delhaize N.V. is a public limited liability company registered in the Netherlands with a listing of shares on Euronext's Amsterdam Stock Exchange (AEX) and Euronext Brussels (Ticker: AD, Bloomberg code: AD NA, ISIN code: NL0011794037, CUSIP: N0074E105, Reuters code: AD.AS).

Ahold Delhaize's shares trade in the United States on the over-the-counter (OTC) market (www.otcmarkets.com) in the form of American Depositary Receipts (ADRs) (ticker: ADRNY, Bloomberg code: ADRNY US, ISIN code: US5004675014, CUSIP: 500467501).

The ratio between Ahold Delhaize ADRs and the ordinary Netherlands (euro-denominated) shares is 1:1, i.e., one ADR represents one Ahold Delhaize ordinary share.

Structure: Sponsored Level I ADR

J.P. Morgan (the Depositary) acts as the depositary bank for Ahold Delhaize's ADR program. Please also see *Contact information* for details on how to contact J.P. Morgan regarding the ADR program.

SHARE PERFORMANCE IN 2022

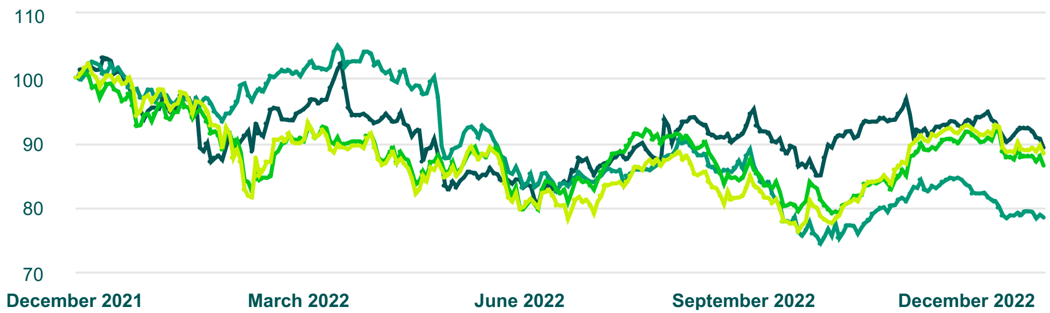
On December 30, 2022, the closing price of an Ahold Delhaize ordinary share on Euronext Amsterdam was €26.84, a 10.9% decrease compared to €30.14 on December 31, 2021. During the same period, the Euro STOXX 50 index decreased by 11.7% and the AEX index decreased by 13.7%.

During 2022, Ahold Delhaize shares traded on Euronext Amsterdam at an average closing price of €27.53 and an average daily trading volume of 2.9 million shares. Ahold Delhaize's market capitalization was €26.2 billion at year-end 2022. The highest closing price for Ahold Delhaize's shares on Euronext Amsterdam was €31.09 on January 11, 2022, and the lowest was €24.21 on June 23, 2022.

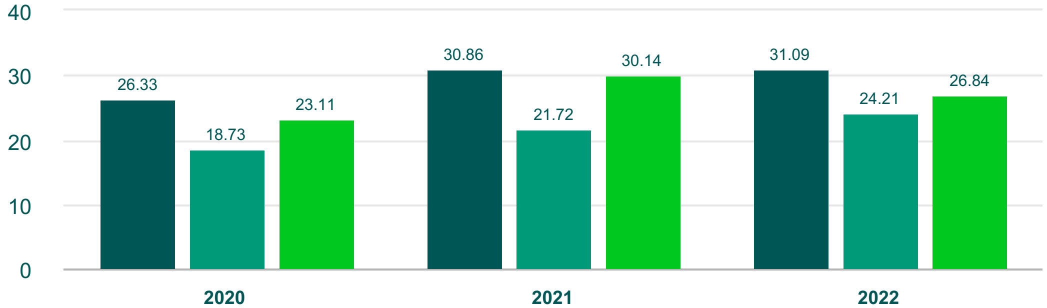
The complete list of the select peer group includes: Walmart Inc., Kroger Co., Tesco Plc., Costco Wholesale Corporation, Carrefour SA, J Sainsbury Plc., Target Corporation, Albertsons Companies, Inc and Casino SA. The chart represents the performance of Ahold Delhaize shares along with the AEX, Euro Stoxx 50, and our peer group, on an equal weighted basis. The price performance of our shares shown in the graph above is not necessarily indicative of future stock performance.

On December 30, 2022, the closing price of Ahold Delhaize's ADR was 16.4% lower than the closing price on December 31, 2021 ($34.27). In the same period, the Dow Jones Index decreased by 8.8% and the S&P 500 decreased by 19.4%. In 2022, the average daily trading volume of Ahold Delhaize American Depositary Receipts (ADRs) was 110,558.

Ahold Delhaize share price performance



Ahold Delhaize share price (£)



PERFORMANCE REVIEW

INFORMATION ABOUT AHOLD DELHAIZE SHARES

Performance of Ahold Delhaize's common shares on Euronext Amsterdam

	2022	2021
Closing common share price at calendar year-end (in €)	**26.84**	30.14
Average closing common share price (in €)	**27.53**	25.98
Highest closing common share price (in €)	**31.09**	30.86
Lowest closing common share price (in €)	**24.21**	21.72
Average daily trading volume	**2,902,713**	3,103,721
Market capitalization (€ million)	**26,232**	30,482

Source: FactSet

EARNINGS PER SHARE

During 2022, Ahold Delhaize realized a basic income from continuing operations per share of €2.56 and diluted income from continuing operations per share of €2.54. Basic underlying income from continuing operations was €2.56 per share, and diluted underlying income from continuing operations was €2.55 per share. This difference between our reported and underlying income from continuing operations is related to a net €4 million of one-time charges.

SHARE CAPITAL

During 2022, Ahold Delhaize's issued and outstanding share capital decreased by approximately 34 million common shares to 977 million common shares. This decrease resulted mainly from the share buyback of €1 billion as announced on November 15, 2021, marginally offset by the issuance of shares for the Company's share-based compensation program.

The common shares issued decreased by 52 million to 994 million at the end of 2022. The difference between the common shares outstanding and common shares issued are the treasury shares.

As of January 1, 2023, there were 16,372 thousand shares held in treasury, the majority held by Ahold Delhaize to cover the equity-based long-term incentive plan.

Ahold Delhaize's authorized share capital as of January 1, 2023, comprised the following:

- 1,923,515,827 common shares at €0.01 par value each
- 326,484,173 cumulative preferred financing shares at €0.01 par value each
- 2,250,000,000 cumulative preferred shares at €0.01 par value each

For additional information about Ahold Delhaize's share capital, see *Note 21* to the consolidated financial statements.

Distribution of shares

Shareholders by region[1]:

%	JANUARY 2023	JANUARY 2022
U.K./Ireland	**19.1**	15.8
North America	**30.3**	28.0
Rest of Europe	**10.9**	9.8
France	**8.6**	7.3
The Netherlands[2]	**5.3**	5.3
Rest of the world	**2.5**	3.4
Germany	**5.5**	5.5
Undisclosed[2]	**17.8**	24.8

1 Source: CMi2i.
2 The Netherlands excludes the percentage of shareholdings of all retail holdings and treasury shares, which are included in Undisclosed.

INFORMATION ABOUT AHOLD DELHAIZE SHARES

Significant ownership of voting shares

According to the Dutch Financial Markets Supervision Act, any person or legal entity who, directly or indirectly, acquires or disposes of an interest in Ahold Delhaize's capital or voting rights must immediately give written notice to the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten or AFM) if the acquisition or disposal causes the percentage of outstanding capital interest or voting rights held by that person or legal entity to reach, exceed or fall below any of the following thresholds:

3%	5%	10%	15%	20%
25%	30%	40%	50%	60%
75%	95%			

The obligation to notify the AFM also applies when the percentage of capital interest or voting rights referred to above changes as a result of a change in Ahold Delhaize's total outstanding capital or voting rights. In addition, local rules may apply to investors.

The following table lists the shareholders on record in the AFM register on February 21, 2023, that hold an interest of 3% or more in the share capital of the Company[1].

- Norges Bank. – 3.00% shareholding (3.00% voting rights) disclosed on January 16, 2023
- Goldman Sachs Group Inc. – 4.76% shareholding (4.76% voting rights) disclosed on December 16, 2022
- State Street Corporation – 3.12% shareholding (2.40% voting rights) disclosed on December 1, 2022
- Amundi Asset Management – 3.22% shareholding (3.22% voting rights) disclosed on August 22, 2022
- BlackRock, Inc. – 5.61% shareholding (6.94% voting rights) disclosed on August 19, 2022

1 In accordance with the filing requirements, the percentages shown include both direct and indirect capital interests and voting rights and both real and potential capital interests and voting rights. Further details can be found at *www.afm.nl*.

For further details on the number of outstanding shares, and the percentages of the issued share capital they represent, see Note 21 to the consolidated financial statements.

Shareholder returns

On April 13, 2022, the General Meeting of Shareholders approved the dividend over 2021 of €0.95 per common share. The interim dividend of €0.43 per common share was paid on September 2, 2021. The final dividend of €0.52 per common share was paid on April 28, 2022.

We propose a cash dividend of €1.05 for the financial year 2022, an increase of 10.5% compared to 2021, reflecting our ambition of sustainable growth of the dividend per share. This represents a payout ratio of 40%, based on the expected dividend payment on 52 weeks of underlying income from continuing operations.

If approved by the General Meeting of Shareholders, a final dividend of €0.59 per share will be paid on April 27, 2023. This is in addition to the interim dividend of €0.46 per share, which was paid on September 1, 2022.

Share buyback

On November 15, 2021, Ahold Delhaize announced it would return €1 billion to shareholders by means of a share buyback program, which was completed on December 15, 2022. An additional €1 billion share buyback program was announced on November 9, 2022, which is expected to be completed before the end of 2023. Maintaining a balanced approach between funding growth in key channels and returning excess liquidity to shareholders is part of Ahold Delhaize's financial framework to support our Leading Together strategy. The purpose of the program is to reduce Ahold Delhaize's capital, by canceling all or part of the common shares acquired through the program.

Shareholders key performance indicators 2018-2022

	2022	2021	2020	2019	2018
Dividend per common share[1]	**1.05**	0.95	0.90	0.76	0.70
Final dividend	**0.59**	0.52	0.40	0.46	0.70
Interim dividend	**0.46**	0.43	0.50	0.30	N/A
Dividend yield	**3.9%**	3.2%	3.9%	3.3%	3.2%
Payout ratio	**40%**	42%	40%	44%	42%

1 2022 dividend subject to the approval of the annual General Meeting of Shareholders.

MULTIPLE-YEAR OVERVIEW

The multiple-year overview is provided for ten years, except for environmental, social and governance information. However, the figures prior to 2018 are not comparable because they have not been restated for the impact of IFRS 16. In addition, it should be noted that years prior to 2016 only relate to the former Ahold business. The former Delhaize business is included as of July 24, 2016.

RESULTS, CASH FLOW AND OTHER INFORMATION

€ MILLION EXCEPT PER SHARE DATA, EXCHANGE RATES AND PERCENTAGES	2022	2021	2020	2019	2018 restated[1]	2017[1]	2016[1,2]	2015[1]	2014[1]	2013[1]
Net sales	**86,984**	75,601	74,736	66,260	62,791	62,890	49,695	38,203	32,774	32,615
Of which online sales	**8,618**	7,704	5,547	3,493	2,817	2,393	1,991	1,646	1,267	1,086
Net sales growth at constant exchange rates[3]	**6.9%**	5.0%	12.3%	2.3%	2.5%	28.9%	32.3%	2.3%	0.8%	2.0%
Operating income	**3,768**	3,320	2,191	2,662	2,623	2,225	1,584	1,318	1,250	1,239
Underlying operating income margin	**4.3%**	4.4%	4.8%	4.2%	4.4%	3.9%	3.8%	3.8%	3.9%	4.2%
Net financial expense	**(552)**	(517)	(485)	(528)	(487)	(297)	(541)	(265)	(235)	(291)
Income from continuing operations	**2,546**	2,246	1,397	1,767	1,797	1,817	830	849	791	805
Income (loss) from discontinued operations	**—**	—	—	(1)	(17)	—	—	2	(197)	1,732
Net income	**2,546**	2,246	1,397	1,766	1,780	1,817	830	851	594	2,537
Earnings and dividend per share										
Net income per common share (basic)	**2.56**	2.18	1.31	1.60	1.51	1.45	0.81	1.04	0.68	2.48
Net income per common share (diluted)	**2.54**	2.17	1.30	1.59	1.49	1.43	0.81	1.02	0.67	2.39
Income from continuing operations per common share (basic)	**2.56**	2.18	1.31	1.60	1.53	1.45	0.81	1.04	0.90	0.79
Income from continuing operations per common share (diluted)	**2.54**	2.17	1.30	1.59	1.51	1.43	0.81	1.02	0.88	0.77
Dividend per common share	**1.05**	0.95	0.90	0.76	0.70	0.63	0.57	0.52	0.48	0.47
Cash flows										
Free cash flow	**2,188**	1,618	2,199	1,843	2,165	1,926	1,441	1,184	1,055	1,109
Net cash from operating, investing and financing activities	**(92)**	(218)	(383)	535	(1,587)	827	2,114	73	(1,005)	681
Capital expenditures (including acquisitions)[4]	**4,107**	5,776	4,456	3,604	2,838	1,822	16,775	1,172	1,006	843
Capital expenditures as % of net sales	**4.7%**	7.6%	6.0%	5.4%	4.5%	2.9%	33.8%	3.1%	3.1%	2.6%
Regular capital expenditures[5]	**4,053**	4,187	4,448	3,512	2,772	1,723	1,377	811	740	830
Regular capital expenditures as % of net sales	**4.7%**	5.5%	6.0%	5.3%	4.4%	2.7%	2.8%	2.1%	2.3%	2.5%
Average exchange rate (€ per $)	**0.9515**	0.8461	0.8770	0.8934	0.8476	0.8868	0.9038	0.9001	0.7529	0.7533

1 2018 figures have been restated to reflect the impact of the implementation of IFRS 16 Leases. Financial information prior to 2018 has not been restated for the impact of the implementation of IFRS 16 Leases.
2 Included former Delhaize business as of July 24, 2016.
3 Net sales growth in 2021, 2020, 2016 and 2015 is adjusted for the impact of week 53 in 2020 and 2015. Net sales growth in 2021 and 2016 is calculated based on a 52-week comparison to 2020 and 2015 respectively. Net sales growth in 2020 and 2015 is calculated based on a 53-week comparison to 2019 and 2014, respectively.
4 The amounts represent additions to property, plant and equipment; right-of-use assets; investment property; and intangible assets. The amounts exclude discontinued operations.
5 The amounts represent additions to property, plant and equipment; right-of-use assets; investment property; and intangible assets, excluding the impact from acquisitions. The amounts exclude discontinued operations.

PERFORMANCE REVIEW

MULTIPLE-YEAR OVERVIEW

BALANCE SHEET AND OTHER INFORMATION

€ MILLION, EXCEPT FOR NUMBER OF STORES AND OTHERWISE INDICATED	January 1, 2023	January 2, 2022	January 3, 2021	December 29, 2019	December 30, 2018, restated[1]	December 31, 2017[1]	January 1, 2017[1]	January 3, 2016[1]	December 28, 2014[1]	December 29, 2013[1]
Group equity	**15,405**	13,721	12,432	14,083	14,205	15,170	16,276	5,621	4,844	6,520
Share buyback[2]	**(998)**	(995)	(1,001)	(1,002)	(1,997)	(998)	—	(161)	(1,232)	(768)
Gross debt	**17,640**	17,089	14,554	15,445	14,485	7,250	7,561	3,502	3,197	3,021
Cash, cash equivalents, and short-term deposits and similar instruments and investments in debt instruments – current portion	**3,223**	3,143	3,119	3,863	3,507	4,747	4,317	2,354	1,886	3,963
Net debt	**14,416**	13,946	11,434	11,581	10,978	2,503	3,244	1,148	1,311	(942)
Total assets	**48,555**	45,712	40,692	41,490	39,830	33,871	36,275	15,880	14,138	15,142
Number of stores[3]	**7,659**	7,452	7,137	6,967	6,769	6,637	6,556	3,253	3,206	3,131
Number of employees (in thousand FTEs)[3]	**250**	259	249	232	225	224	225	129	126	123
Number of employees (in thousands headcount)[3]	**414**	413	414	380	372	369	370	236	227	222
Common shares outstanding (in millions)[2]	**977**	1,011	1,047	1,088	1,130	1,228	1,272	818	823	982
Share price at Euronext (€)	**26.84**	30.14	23.11	22.75	22.07	18.34	20.03	19.48	14.66	13.22
Market capitalization[2]	**26,232**	30,482	24,197	24,751	24,938	22,508	25,484	15,944	12,059	12,989
Year-end exchange rate (€ per $)	**0.9341**	0.8795	0.8187	0.8947	0.8738	0.8330	0.9506	0.9208	0.8213	0.7277

1 2018 figures have been restated to reflect the impact of the implementation of IFRS 16 Leases. Financial information prior to 2018 has not been restated for the impact of the implementation of IFRS 16 Leases.
2 In 2016 and 2014, an additional €1,001 million and €1,007 million, respectively, were returned to shareholders through a capital repayment.
3 At December 29, 2013, the number of stores and employees include discontinued operations (Slovakia).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE INFORMATION

	2022	2021 restated	2020	2019	2018
Healthy own-brand food sales (€ million)[1]	**14,491**	12,321	11,516	9,982	9,533
% of healthy own-brand food sales of total own-brand food sales[1]	**54.4%**	53.4%	49.8%	47.9%	47.0%
% reduction in tonnes of food waste per food sales (t/€ million)[2]	**33%**	20%	17%	9%	5%
% reduction in absolute CO2-equivalent emissions from own operations (scope 1 and 2)[3]	**32%**	31%	23%	8%	Baseline

1 2021 figures are restated, see *ESG statements* for more information. Note that the 2020, 2019 and 2018 figures were not restated to the same ESG reporting scope.
2 The reduction is measured against the restated 2016 baseline: 5.09 t/€ million. See *ESG statements* for more information. Note that the 2020, 2019 and 2018 figures were not restated to the same ESG reporting scope and are still reported against the baseline used in 2021, which was 5.48t/€ million.
3 The reduction is measured against the restated 2018 baseline: 4,164 thousand tonnes CO_2-equivalent emissions. See *ESG statements* for more information. Note that the 2020 and 2019 figures were not restated to the same ESG reporting scope and are still reported against the baseline used in 2021, which was 4,073 thousand tonnes.

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LOCAL MATTERS

ENA Greece

RISKS AND OPPORTUNITIES

ERM PRINCIPAL RISK PROFILE

Our Enterprise Risk Management (ERM) assessment is designed to identify, assess and take action on risks and opportunities in line with our strategic, operational, financial and compliance business objectives. All of the most significant, or "principal" risks identified are considered to present a material financial risk.

The principal risks have been categorized by their relationship to strategic, operational, financial, compliance or ESG-related business objectives and linked to the related growth driver. We further differentiate these principal risks by the severity of the net risk (e.g., "critical" or "high") to the organization and how it has changed over the course of the year. The severity categorization is based on our assessment of the likelihood of the risk occurring, the potential financial and/or reputational impact, and the relevant mitigating actions we have in place.

Except for the addition of climate-related and insurance risks, the principal risks reported are largely similar compared to what was disclosed in our Annual Report 2021; however, there has been a general heightening of the severity of a significant number of these risks. This is largely associated with the impact of the challenging macro-economic environment and inflationary pressures, which have broad implications on the risks and our abilities to mitigate them. Inherent risk related to cyber security continues to rise, particularly when also taking into consideration the implications of security breach incidents at any of our third-party vendors. The impact of the COVID-19 pandemic on our business operations and risk profile has significantly lessened during the year, however we face different challenges in the post-pandemic adjustment period and continue to monitor developments.

The diagram to the right provides an overview of the principal risks identified by the company, which are inherent to the brands' operations. You can find more detailed information, including a reference to the time horizon of each of the risks, and a description of the actions taken to manage them under *Principal risks and uncertainties*.

See also the definition of risk appetite and risk categories in *Risk Management*.

It is important to note that these categorizations and how they are assigned to each risk are subjective in nature, and the actual materialization and impact of a risk may differ from what is disclosed here.

The assessment of the potential net risk severity and change in risk trend categorizations are defined as follows:

- **Critical:** Permanent reduction of global or local brand reputation and/or monetary loss greater than €100 million.
- **High:** Long-term impairment of global or local brand reputation and/or monetary loss less than €100 million.
- **Risk trend increasing**
- **Risk trend flat**
- **Risk trend decreasing**

ERM PRINCIPAL RISK PROFILE

Following a hardening of the insurance market relating to certain areas of coverage, we have recognized a new principal risk for *Insurance*. In addition, given its increasing significance, we have split the ESG performance risk reported in the previous year into two separate risks, recognizing a principal risk for *Societal expectations on ESG topics*, as well as a new principal risk to separately cover *Climate-related risks*. See Environmental for a more detailed discussion on climate change and the actions we are taking in relation to the carbon emissions in our value chain. Following investment in the area during the year and a reduction in our related liabilities, the previously recognized *Pension plans* risk has been downgraded and is no longer considered a principal risk. It is now categorized for monitoring within *Additional risks and uncertainties*.

We have linked the most significant ESG topics identified, per the *Materiality assessment*, with the related principal risks under *Our integrated approach*. The materiality assessment process enables us to identify and prioritize our most relevant ESG topics based on their impact and importance to Ahold Delhaize as well as their importance to stakeholders.

The following section, *Principal risks and uncertainties*, provides an overview of the principal risks identified, including a description of the risk, developments noted during 2022, and a brief description of the primary mitigating actions in place to manage each risk.

See **Our Leading Together strategy** for more information.

The outcomes of our ERM assessment and ESG materiality assessment, described in the sections *Principal risks and uncertainties* and *Introduction to ESG*, serve as key inputs to our annual strategy and to identifying tangible actions and risk mitigation processes that drive the formation of policies, procedures and controls; the scope of internal audit activities; and our business planning and performance process. The implementation of the identified actions is monitored through performance targets.

The overview of risks should be read carefully when evaluating the company's business, its prospects and the forward-looking statements contained in this Annual Report. These risks are not the only risks that the company faces that may or may not actually materialize and/or have a material adverse effect on Ahold Delhaize's financial position, reputation, results of operations and liquidity or cause actual results to differ materially from the results contemplated in the forward-looking statements contained in this Annual Report, as further set out in the *Cautionary notice*.

See *Risk Management* for more information about our Governance, Risk and Compliance (GRC) Framework, ERM program and risk appetite. See *Materiality assessment* and *Our integrated approach* sections for details on the material ESG topics and how they are related to our risk profile.

DRIVE OMNICHANNEL GROWTH

- Network expansion
- Commercial initiatives
- Monetization initiatives

ELEVATE HEALTHY AND SUSTAINABLE

- Reduced energy emissions
- Strategic partnerships for waste and recycling
- Differentiation based on industry leading healthy and sustainable positioning
- Accelerated transition to renewables

OPPORTUNITIES

In conjunction with the strategic planning and ERM exercises, our brands identify and assess local opportunities in line with our Leading Together strategy. The opportunities that are identified, some of which are described here, are discussed by global and local management through our strategic business planning and performance cycle and translated into brand strategies.

See Our Leading Together strategy for more information.

CULTIVATE BEST TALENT

- Investment in customer services training
- Improved retention of best talent

STRENGTHEN OPERATIONAL EXCELLENCE

- Improved online experience
- Further digitization and automation
- Collaboration initiatives
- Strengthen mechanization, payments and last-mile delivery capabilities

PRINCIPAL RISKS AND UNCERTAINTIES

STRATEGIC RISKS

COMPETITIVE ENVIRONMENT AND MACRO-ECONOMIC DEVELOPMENTS

Changes to the competitive landscape relating to non-traditional competition and an increased focus in the brands' markets on healthy products and sustainability topics (e.g., food waste, sustainable agriculture, climate change, packaging and data integrity), coupled with a deterioration in macro-economic conditions that, without a distinct response by Ahold Delhaize, could result in a loss of competitive advantage, decrease in sales, erosion of margins and an inability to deliver on our strategic objectives.

SEVERITY

TREND

TIME HORIZON

<1 year and 1-3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2022

Deterioration in macro-economic conditions, high inflation, increasing energy prices and rising borrowing costs are eroding households' purchasing power and pose significant challenges to our business. Inflationary pressures are broadening beyond food and energy almost everywhere, with businesses throughout the economy passing on higher energy, transportation and labor costs. See *Macro-economic trends* for further details. Additionally, accelerated changes in the retail landscape, particularly relating to consumer shopping preferences, a focus on value, healthy eating, and the overall channel shift from in-store to online purchasing in recent years continue to pose both challenges and opportunities. Traditional and non-traditional retailers have responded by adjusting product assortments, pricing and promotional offerings; focusing on the health and safety of consumers; and ramping up investment in home delivery or click-and-collect capabilities. We expect consolidation within the retail sector, in the U.S., in particular, and the resulting impact on the competitive environment will require attention.

HOW WE MANAGE THIS RISK

We have continued to implement our Leading Together strategy, which served us well during 2022. Our four key growth drivers are designed to ensure that our brands continue to meet the changing needs and expectations of consumers while offering a competitive value proposition in the markets they serve. For more details on our Leading Together strategy and growth drivers, see *Our Leading Together strategy* and *Our growth drivers*. See *Introduction to ESG* for details on our management approach to these sustainability topics.

We have also introduced four short-term priorities that center around customers, our brands' operations, our Healthy and Sustainable strategy and our portfolio. These priorities, which are enabled by technology and nurturing the best talent, represent the concrete steps we will take through 2025.

OMNICHANNEL AND DIGITAL GROWTH

Our ability to drive omnichannel growth and expand our brands' offerings is dependent upon whether we can strike a balance between growth and profitability, which relies on our brands' capacity to meet demand while maximizing cost efficiency. Our brands have many initiatives underway to better leverage our scale and drive operational improvements. Failure to successfully execute these initiatives may prevent us from realizing our growth ambitions or keeping pace with our competition and consumer expectations. This risk is broken out separately from the competitive environment risk given its importance to our overall strategy.

SEVERITY

TREND

TIME HORIZON

1-3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2022

The impact of COVID-19 has continued to decrease during 2022 and there has been a subsequent increase in out-of-home eating. However, this shift has been limited by the deteriorating macro-economic conditions, which are impacting consumers' disposable income. This, coupled with the changes in consumers' shopping habits established during the pandemic, has meant that the demand for home delivery and click-and-collect offerings has remained strong. In the medium term post-pandemic, some consumer habits, such as working from home and home-cooking, are likely to continue, preventing a sudden swing in demand back to pre-pandemic levels. Our brands will continue to monitor and respond to these evolving consumer habits and adjust their omnichannel offerings accordingly. The decision was made during 2022 to put the bol.com IPO on hold until market conditions are more favorable.

HOW WE MANAGE THIS RISK

While omnichannel and digital growth was already at the core of our Leading Together strategy, the impact of the COVID-19 pandemic led us to prioritize investments in our omnichannel offering, capacity and internal capabilities. This has included additional investments into our platforms, supply chain capabilities and the acquisition and integration of New York City-based FreshDirect. For more information on the progress we have made, see *Drive omnichannel growth*.

PRINCIPAL RISKS AND UNCERTAINTIES

OPERATIONAL RISKS

BUSINESS CONTINUITY

Disruption of critical business processes, due to a long-term or permanent loss of key personnel, facilities, utilities, IT infrastructure or key suppliers, may result in non-availability of products for customers and have a significant adverse impact on commercial operations, revenues, reputation and customer perception.

SEVERITY

TREND

TIME HORIZON

1-3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2022

While disruption related to COVID-19 has eased during 2022, there is still a risk of further waves, and uncertainty still exists around potential new variants. The diverse IT landscape throughout our brands' operations, with dependency on aging legacy systems and third-party service providers, continues to pose challenges and risks to business continuity. Sharply rising energy costs and the risk of future availability restrictions resulting from the war in Ukraine pose threats to operations, particularly in Europe. Supply chain pressures and product availability issues, which were exacerbated due to the war, eased towards the end of the year, but uncertainty remains around particular product categories in some regions. Climate change continues to be top of mind, and climate events during recent years show the need for consistent consideration of investments around climate change adaption and mitigation.

HOW WE MANAGE THIS RISK

We have established a global business continuity strategy, policy and governance structure and framework for ensuring the continuity of operations. This program is supported by dedicated business continuity managers globally and within each of our brands, who activate crisis response protocols and reporting, and provide regular training (including simulations) to senior leadership on crisis management and response to high-impact events. Our business continuity program includes insurance coverage in key areas and monitoring of vendors and third-party service providers. In response to the war in Ukraine, we activated various crisis response protocols in order to balance demand across distribution networks and support the brands' operations.

CYBERSECURITY

Our brands' business operations are dependent on the uninterrupted operation of IT systems. Information security threats or the malicious exploitation of a system vulnerability may result in a compromised IT system, system failure or a breach of sensitive company information.

SEVERITY

TREND

TIME HORIZON

<1 year

GROWTH DRIVERS

DEVELOPMENTS IN 2022

The omnichannel shift and digital transformation have continued during 2022, increasing our "attack surface." We have seen an increased level of malicious attempts on our networks and internet-facing sites and applications. And, although there has been no direct impact on our organization to date, there has also been a continued increase in the frequency and size of payouts by companies whose systems and data have been exploited by malicious hackers.

HOW WE MANAGE THIS RISK

We have in place a global Information Security organization and policy and control framework across all our regions and brands that governs and defines our procedures for mitigating risks to information systems. They include a variety of prevention and detection measures, including, but not limited to, associate training and monitoring of third-party service providers. We consistently improve, tighten and invest in our cyber-defense capabilities to keep pace with the evolving threats facing our company.

PRINCIPAL RISKS AND UNCERTAINTIES

OPERATIONAL RISKS

ORGANIZED LABOR

Our unionized brands may not be able to negotiate acceptable terms for extensions and replacements of contracts as a result of increased demands and/or expectations with regard to compensation and benefits from unions, which may lead to organized work stoppages or other operational, legal, financial or reputational impacts. In addition, availability of labor within each of our brands' respective markets may be insufficient to meet in-store and online demand.

SEVERITY

TREND

TIME HORIZON

<1 year

GROWTH DRIVERS

DEVELOPMENTS IN 2022

The COVID-19 pandemic and the resulting change in working practices has continued to bring the topics of well-being, physical and mental health and safety, and diversity and inclusion more into focus. Inflationary pressures during 2022 are also leading to increased demands from unions and rising labor costs. With the ongoing shift to online and mobile purchasing, competition for digital talent has increased, as well.

HOW WE MANAGE THIS RISK

The HR function in each of the brands manages the relationship with associates and, where applicable, the unions that represent them. Efforts are made to ensure an early bargaining approach is in place to actively manage collective bargaining agreement negotiations and contingency plans are in place to manage the impact of potential union activity. The brands also listen to and act upon associates' feedback on labor and working conditions through our annual associate engagement survey and regular pulse surveys.

PEOPLE

Ahold Delhaize and its brands may not be able to attract, develop and retain top talent in support of current and long-term needs and capabilities.

SEVERITY

TREND

TIME HORIZON

<1 year and 1-3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2022

The COVID-19 pandemic has exposed the vulnerabilities of labor markets and the need for a suitable mix of sustained investment to address labor shortages. While investment in skills is vital for inclusive and sustainable growth, addressing the broader issues of job quality and migration is also important, as is attracting suitable groups of potential employees that may currently be outside the labor market. On the supply side, during 2022, labor shortages were driven by the disruption of mobility and usual migration within Europe, by workers switching sectors during the COVID-19 pandemic, and by workers' reluctance to take up jobs in certain sectors because of concerns over wages and working conditions.

HOW WE MANAGE THIS RISK

The brands are committed to embedding our shared values, capabilities and behaviors within their workforces. They deploy many measures to achieve this, including, but not limited to, developing competitive employee value propositions to attract the best talent in line with their strategic capability plans and needs, implementing a formal talent management cycle and development conversations, and putting in place diversity, equity and inclusion (DE&I) initiatives to drive our aspiration to have a workforce that is representative of the markets our brands serve. They also listen to and act upon associates' feedback through our annual associate engagement survey and regular pulse surveys. For more information on the commitment to associate well-being, health and safety, and D&I, see *In focus: Diversity, equity and inclusion*.

PRINCIPAL RISKS AND UNCERTAINTIES

FINANCIAL RISKS

INSURANCE

New or renewed insurance policies may be subject to increases in premiums and decreases in coverage limits. In addition, insurance coverage over specific lines of coverage may be difficult or prohibitively expensive to obtain.

SEVERITY

TREND

TIME HORIZON

1-3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2022

Risk transfer to insurers is dependent upon insurance market dynamics, including fluctuating risk appetite on certain lines of coverage, the willingness of insurers to underwrite and Ahold Delhaize exposure. Property insurance premiums have increased significantly over the last several years, as a higher frequency of severe weather-related damage is being observed. Likewise, as further cybersecurity-related incidents and attacks are observed worldwide, coverage of related risks continues to increase in cost.

HOW WE MANAGE THIS RISK

Ahold Delhaize and its brands manage the insurable risks through a combination of self-insurance and commercial insurance coverage for workers' compensation, general liability, property, vehicle accident and certain healthcare-related claims. Our self-insurance liabilities are estimated based on actuarial valuations. While we believe that the actuarial estimates are reasonable, they are subject to changes caused by claim reporting patterns, claim settlement patterns, regulatory economic conditions and adverse litigation results. Our process enables us to monitor claim and settlement patterns and evaluate third-party risk.

For a summary of other financial risks identified through our annual ERM assessment, see *Additional risks and uncertainties*.

PRINCIPAL RISKS AND UNCERTAINTIES

COMPLIANCE RISKS

DATA PRIVACY

A lack of security around, or non-compliance with, privacy requirements relating to the capture, usage, processing and retention of customer and associate data may lead to the exposure, misuse or misappropriation of data, which could have a significant legal, financial or reputational impact.

SEVERITY

TREND

TIME HORIZON

<1 year

GROWTH DRIVERS

DEVELOPMENTS IN 2022

In a year with continued increases in online and mobile purchasing coupled with increased social expectations and regulations regarding data privacy, the risks relating to the use and protection of associate and consumer data have also intensified.

HOW WE MANAGE THIS RISK

We manage and maintain up-to-date mitigating measures across the organization, including a global Personal Data Protection policy and procedures, Code of Ethics training, our “Living Data” (data protection) awareness program, the application of various ethics committee reviews of new projects and the rollout of data privacy principles aligned with consumer expectations around the ethical use of data. We extend these measures to key third parties who agree with and are obligated to abide by our Standards of Engagement and to certain vendors who are required to provide regular internal control assurance reports. In addition, we conduct a variety of data breach simulations across all levels of the organization, and have conducted a sensitivity analysis of a data breach scenario. See *Sensitivity analysis* for more on the results.

LEGISLATIVE ENVIRONMENT

Changes in, or failure to comply with, laws and regulations could impact the operations and reduce the profitability of Ahold Delhaize or its businesses, affecting its financial condition, reputation or results of operations. In addition, Ahold Delhaize and its businesses are subject to a variety of antitrust and similar laws and regulations in the jurisdictions in which they operate that may impact or limit their ability to realize certain acquisitions, divestments, partnerships or mergers.

SEVERITY

TREND

TIME HORIZON

1-3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2022

In conjunction with an increased focus on people’s health and safety, there has been increasing concern about the health and safety of the planet. Discussions have intensified over climate change and other ESG topics (e.g., sustainable packaging), and expectations from consumers, investors, legislators and other key stakeholders have increased significantly. Data privacy has been topical once again, with new legislation forthcoming, particularly in some areas of the U.S. Although restrictive measures to curb the spread of COVID-19 remain in some jurisdictions, they have, to a large extent, been lifted.

HOW WE MANAGE THIS RISK

We manage and regularly update a global policy framework with procedures and internal controls that are designed to ensure compliance with certain critical company standards and regulations. Our global policies are supported by brand-level policies tailored to maintain compliance with local regulations. Our global and brand-level Legal, Tax and Compliance teams also maintain real-time knowledge about proposed, upcoming or new legislation through participation in industry associations and lobbying industry bodies. We estimate the exposure to any legal proceedings and record provisions for these liabilities where it is reasonable to estimate and where the potential realization of a loss contingency is more likely than not. For more information on contingencies see *Note 34*.

During 2022, our brands and support organizations continued with company-wide measures to ensure the health, safety and well-being of associates and customers, while maintaining compliance with local laws and government restrictions. We published our second Human Rights Report during 2022, and have developed a methodology that helps each brand explore how it impacts associates, customers, communities and people in its supply chains, while engaging a broad range of internal (and sometimes external) stakeholders across functions and roles. For more information see *Ethics and human rights*.

PRINCIPAL RISKS AND UNCERTAINTIES

COMPLIANCE RISKS

PRODUCT SAFETY

There is a risk that customers may become injured or ill from the use or consumption of products sold by Ahold Delhaize brands, whether they are contaminated or defective, intentionally tampered with, or impacted by food fraud in the supply chain.
In addition, negative impacts on human rights or the environment during the production of our products (e.g., human rights violations by suppliers) may negatively impact the reputation or results of Ahold Delhaize and the brands.

SEVERITY

TREND

TIME HORIZON
1-3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2022

We continue to maintain focus not only on the health and safety of associates and customers, but also on hygiene and the safety of the products our brands sell. Absenteeism rates, which increased during COVID-19, have returned to normal levels. Additionally, in-person quality assurance audits, which had been temporarily suspended due to travel or other restrictions, have started back up again. Deteriorating macro-economic conditions during 2022 and inflationary pressures have the potential to increase cost pressures on our suppliers, with resulting impacts on food standards and fraud.

HOW WE MANAGE THIS RISK

We have implemented a global Product Integrity organization, policies, control framework and standard operating procedures at all of our brands. We also ensure that third-party suppliers sign and adhere to the Ahold Delhaize Standards of Engagement, which outline standards on product safety and ethical and human rights guidelines. Our brands perform a variety of quality assurance reviews and audits in stores, DCs, and at key suppliers and preferred alternative suppliers. We further mitigate our risks in this area through different types of insurance coverage within our brands. For more information on the commitment to respecting human rights, see *Ethics and human rights*.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS

CLIMATE-RELATED RISKS

Climate change involves physical and transitional risks. More frequent and extreme weather events, such as high temperatures, droughts, floods and forest fires, may negatively impact our operational infrastructure and supply chain. Regulatory actions to mitigate and/or adapt to climate change, such as the introduction of carbon taxes, material consumption restraints, land use regulations, transportation regulations or other restrictions on GHGs, may negatively affect our business through higher costs or operational restrictions. See *Task Force on Climate-related Financial Disclosures (TCFD)* for further details on our climate-related risk assessment.

SEVERITY

TREND

TIME HORIZON
1-3 years and >3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2022

A significant number of European countries recorded record temperatures during 2022, and much of the continent experienced drought and summer wildfires. Although significant damage to company property was avoided, wildfires in Greece forced a precautionary closure of company offices and impacted part of the distribution network. Similarly, extreme winter storms in the U.S. during the end-of-year holiday period impacted travel and distribution in several regions. There is a high level of focus on climate change, and governments and regulators around the world continue to drive related regulatory change and increased reporting requirements. We continue to report on the impact of climate change following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). For 2022, the EU Taxonomy reporting requirements increased, due to the additional requirement for reporting on alignment as well as eligibility.

HOW WE MANAGE THIS RISK

Actions to address the risks related to the transition to a lower-carbon economy and related to the physical impacts of climate change are outlined in detail within the risk management section of *Task Force on Climate-related Disclosures (TCFD)*.

PRINCIPAL RISKS AND UNCERTAINTIES

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS

SOCIETAL EXPECTATIONS ON ESG TOPICS

Ahold Delhaize and its brands are subject to external scrutiny from various stakeholders and internal scrutiny from associates on ESG topics, such as plastic packaging; carbon emissions; labor practices and human rights; diversity, equity and inclusion; and sustainable agriculture. There is a risk that, should we not effectively meet society's expectations by demonstrating that we are making a positive contribution and taking actions to mitigate any negative impacts our business may have on society or the environment, we may be exposed to reputational damage or litigation actions. See *Environmental, social and governance* for further information on material ESG topics.

SEVERITY

TREND

TIME HORIZON

1-3 years and >3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2022

Following the trend of increased scrutiny in recent years, we have continued to receive requests for information on our sustainability initiatives and performance metrics from investors and other key stakeholders. Customers and associates have increased expectations on topics such as animal welfare. Investors have shown increasing interest in the development of a more extensive range of ESG metrics, including on biodiversity and regenerative agriculture, and expect companies to provide more insight into the impact they have on people and the environment. During 2022, we updated our climate plan, including the addition of a new scope 3 target, added a new virgin plastic reduction target and were proud to publish our second Human Rights Report, which reflected on the progress Ahold Delhaize and each of its brands made on our Roadmap on Human Rights.

HOW WE MANAGE THIS RISK

Elevate healthy and sustainable is one of the four growth drivers of our Leading Together strategy and we are committed to maintaining our position as an industry leader on sustainability and ESG and to achieving our ambition with regard to decarbonization of our operations and value chain to contribute to a 1.5°C future. A Chief Sustainability Officer (CSO), holding a position on the Executive Committee, has been appointed with accountability for developing a clear, integral and coherent vision in line with our Group strategy, for providing thought leadership, expertise and support to the brands in delivering our ambition and for ensuring focus and collaboration across the organization. The CSO is supported by a cross-functional Sustainability Leadership Team representing all aspects of sustainability.

As part of our integrated approach, we perform an assessment of the material topics facing the organization according to our stakeholders on an annual basis and develop targets and KPIs to measure our performance and ensure actions are being taken to address the most pertinent societal expectations.

ADDITIONAL RISKS AND UNCERTAINTIES

In addition to the principal risks identified, the following risks were identified and considered in conjunction with our annual ERM assessment:

PENSIONS AND OTHER POST EMPLOYMENT BENEFITS

Pensions and healthcare funding obligations may be impacted by interest rate fluctuations, stock market performance, changing pension laws, longevity of participants, and increased costs in specific markets. In addition, some of our brands participate in multi-employer funds (MEPs) which are underfunded and they may be required, in certain circumstances, to increase their contributions to fund the payment of benefits to the MEP. For more information on the financial risks related to the MEPs see *Note 24* to the consolidated financial statements.

Our governance structure includes a pension committee responsible for monitoring pension plan funding as well as the status of our MEPs. Management of each MEP is administered by a board of trustees appointed by the management of the participating employers (plan sponsors) and unions. The relevant Ahold Delhaize brands have been represented as a board of trustee member on several MEP boards and, through these positions, manage and monitor the MEPs' funding.

OTHER FINANCIAL RISKS

Other financial risks include foreign currency translation risk, credit risk, interest risk, liquidity risk, tax-related risks, liabilities to third parties relating to lease guarantees, contingent liabilities and risks related to the legislative and regulatory environment, including litigation. For information on these financial risks, see *Note 25*, *Note 30* and *Note 34* to the consolidated financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

SENSITIVITY ANALYSIS

At Ahold Delhaize, we closely follow the impact of different internal and external risk factors on operations, including our principal risks and uncertainties. The purpose of our sensitivity analysis is to assess these risks in the context of the company's current strategy and to determine their impact on our business and the viability of our business model, as well as on our ability to meet our financial liabilities and other obligations.

Our strategy is based on assumptions relating to: the global economic climate, changes in consumer behavior, competitor actions, market dynamics and our current and planned structure, among other factors.

From the sensitivity analysis we performed of our principal risks and uncertainties, we found the compound impact of the two risk scenarios described here to be the most severe stress scenario.

SCENARIO	ASSOCIATED PRINCIPAL RISKS	DESCRIPTION
Significant macro-economic environment deterioration	Competitive environment and macro-economic developments	Failure to effectively adjust components of our Leading Together strategy in the event of a deteriorating macro-economic environment, materializing in economic recession or sustained periods of low economic growth across all or some areas of operation, could lead to an inability to adapt to various dynamics affecting our performance. Increasing inflation may result in a change in customer behavior, particularly down-trading to value competitors/discounters, as well as additional pressure on our supply chain and cost base, including labor and energy needs. Combined, these affects could result in a loss of market share to other market participants and/or may have a material adverse effect on the company's financial position, operations and liquidity.
Information security and/or data breach and business disruption	Business continuity Information security and data privacy	In the event of a successful data breach, the company or the brands could be subject to material monetary penalties, loss of customers and damage to our corporate reputation; it could also lead to potential litigation. A serious breach could also impact the operation of significant business processes and result in non-availability of products for customers and the inability to operate the day-to-day business at brand level, including stores and DCs.

Top image: Customer shopping at The GIANT Company.

Bottom image: Stop & Shop's robot Marty is one way our brands use technology to improve the customer experience.

ENVIRONMENTAL SOCIAL AND GOVERNANCE

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LOCAL MATTERS
Alfa Beta Greece

INTRODUCTION TO ESG

Environmental, social and governance – also referred to as ESG – represent the three key factors used to measure the sustainability and ethical impact of a business or company. In this section, we outline how we manage ESG topics and performance.

In the next sections, we describe how we assess materiality, to help us understand which ESG topics are most relevant to our stakeholders and define our material topics, linked to our growth drivers and the United Nations Sustainable Development Goals (SDGs). Under the environmental, social and governance sections, we detail our approach, progress and how we measure performance. You'll also find important disclosures around ethics and human rights, the TCFD and tax transparency and responsibility.

Our approach to sustainability and ESG

Ahold Delhaize's overall sustainability strategy is based on the belief that what's healthy and sustainable should be available and accessible to all.

Our approach to sustainability and ESG starts with our efforts to better understand the world we live in; the challenges we face in the short, medium and long term; and what our stakeholders expect of us. Using this knowledge, we determine the topics where we have, or can have, the most impact or that impact us the most. See *Materiality assessment* and *Our material topics* for more information.

Our sustainability and ESG ambitions and strategy are further shaped by the UN SDGs and ESG benchmarks, MSCI and Sustainalytics. We work with frameworks, such as the TCFD, the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) Standards. We also look at future developments and how these could potentially impact Ahold Delhaize, for example, the implementation of the Corporate Sustainability Reporting Directive (CSRD).

Through the mapping of these external requirements to our strategy and growth drivers, we made commitments, and set targets, ambitions and aspirations in several focus areas, such as reducing our carbon footprint and food waste, further increasing healthy sales of own-brand products, improving own-brand plastic product packaging and aiming for 100% diverse and inclusive workplaces. We recognize that our ambitions and aspirations are challenging, but we strive to reach them over time. Our targets drive our day-to-day performance. See *Elevate healthy and sustainable* and *Cultivate best talent* for more information.

How we manage sustainability and ESG

The Executive Committee, supervised and advised by the Supervisory Board (and its Health and Sustainability Committee), has accountability for setting strategy and driving performance. See *Corporate governance* and the *Supervisory Board report* for more information on the Health and Sustainability Committee and topics discussed.

In August 2022, Ahold Delhaize appointed a Chief Sustainability Officer (CSO), giving sustainability a dedicated seat at the Executive Committee table. The CSO is accountable for the success of Ahold Delhaize's integral vision, strategy and goals relative to all aspects of environmental sustainability, healthy eating, social impact (including human rights, associate health, safety and well-being and inclusive practices), ethics and governance.

A cross-functional Sustainability Leadership Team (SLT), chaired by the CSO, was created in 2022 to represent the main dimensions of health and sustainability, social impact and governance in the organization. It includes support functions such as Finance, Communications, Legal and Public Affairs and replaced the former Healthy & Sustainable Steering Committee.

The Global Support Office (GSO) Health & Sustainability function reports directly to our CSO, while the Chief Human Resources Officer (CHRO) remains functionally responsible for HR aspects, including diversity, equity and inclusion (DE&I).

Brand leadership is responsible for establishing and resourcing implementation plans and monitoring performance around locally relevant sustainability and ESG topics.

The Health & Sustainability and HR functions, together with the Finance department's External Reporting team, determine the ESG indicators to be collected and reported to GSO and included in the Annual Report or on our website. Guidance on these ESG indicators is summarized in an ESG Accounting Manual, updated on an semi-annual basis and part of Ahold Delhaize's Accounting and Procedures Manual (ADAPM). The ESG Accounting Manual is approved by the ESG sub-committee of the ADAPM committee, which is cross-functional, including representatives from support functions such as Finance, Human Resources, Legal and Health & Sustainability, as well as from the brands.

Ahold Delhaize's ESG information, as set out in the *ESG statements*, is subject to limited assurance by our external independent auditor. See the *Assurance report on the ESG information* for the opinion and the exact scope of the assurance provided. The external independent auditor is appointed by the annual General Meeting of Shareholders on the recommendation of the Audit, Finance and Risk Committee of the Supervisory Board. See *Corporate governance* for more information. For more information on our governance of climate change specifically, see *Task Force on Climate-related Financial Disclosures.*

Our journey of continuous improvement

Our stakeholders' interest in ESG performance continues to increase. As it is also an important part of how we measure success at Ahold Delhaize, we are committed to making continuous improvements.

In 2021, we started on a journey to further professionalize our ESG data collection, reporting and performance measurement. We prioritized four key indicator clusters: scope 1 and 2 carbon emissions, food waste, own-brand plastic packaging and healthy sales. These are focus areas derived from our elevate healthy and sustainable growth driver. In 2022, we expanded the scope to include topics such as diversity and workplace safety.

This work included creating clear guidance on what we should measure and how. We documented the guidance in our ESG Accounting Manual, involved Finance associates in the data collection and reporting processes and worked with our Information Technology colleagues to identify opportunities to automate data collection and reporting. We also worked on getting a clear picture of the processes and controls in place and identifying areas for improvement.

We are confident that this project improves the quality of our reporting, and has led to the identification of areas for improvement in the application of guidance, errors and changes in our policies to better align our reporting with market and regulatory developments. For more information on how this impacted our previously reported figures and baselines, see *ESG statements*.

MATERIALITY ASSESSMENT

Our materiality assessment process enables us to identify and prioritize our most relevant ESG topics. With sustainability at the heart of our Leading Together strategy, we are committed to creating long-term value for our stakeholders. We conduct this assessment to ensure that our ESG strategy is still in line with stakeholder expectations and external trends. In 2022, we enhanced our materiality assessment approach to continuously prioritize and manage the matters that are truly important to all our stakeholders, society and the environment.

FIRST STEPS TOWARDS DOUBLE MATERIALITY

Our materiality analysis identifies aspects of our business model that are most relevant to Ahold Delhaize and its stakeholders. By continuously monitoring the concerns and expectations of our stakeholders, we make sure the evolution of material issues can be tracked over time, that we identify ESG objectives that create long-term sustainable value and that we are able to define our material topics.

At Ahold Delhaize and the brands, we want to focus on the topics that truly matter to our stakeholders and help us create value. We report mainly on those ESG topics that reflect the company's most significant impacts on the environment and society and are most likely to materialize as ESG risks and opportunities, now or in the future.

To best inform our material matters and topics, we conducted a significant update of our materiality assessment, guided by an expert third party, at the end of 2022. This updated assessment used the GRI Standards and the drafts of the European Sustainability Reporting Standards (ESRS), which incorporates the impact materiality as per GRI 2021.

Our ESG materiality assessment considers ESG material topics, which generally have a longer-term horizon than our principal risks. However, the assessment is not a static exercise; the ESG material topics and the nature of disclosure may evolve over time depending on their materiality from a financial, environmental or societal perspective. We closely monitor how these topics evolve, tracking emerging ESG issues and financial risk.

Our updated assessment was a first step towards implementing a double materiality assessment. Through it, we learned that quantifying the financial impact of the various topics is complex, but we were able to prioritize the topics in relation to each other from a financial perspective. We will use the learnings from this process in our next assessment, which will enable us to comply with CSRD requirements.

Since we performed the update assessment of the material topics at the end of 2022, we will use the insights we derived from it to further develop our strategy and performance measurement going forward to be aligned with the ESRS requirements.

OUR ESG MATERIALITY ASSESSMENT

In this Annual Report 2022, we use the material ESG topics we determined for our Annual Report 2021. We updated this materiality assessment for the new GRI 2021 requirements based on desktop research.

Based on the ESG materiality assessment, we asked stakeholders for feedback on the scale of Ahold Delhaize's impact on ESG topics and how much these topics influence their decision making.

We used the insights from stakeholders, experts and external research to determine our most relevant ESG topics, which, in turn, inform our Leading Together strategy. The final results have been validated and approved by our Executive Committee and Supervisory Board.

Step 1: Understand the organization's context: we selected a long list of topics to use as a starting point by referencing international reporting standards, including the GRI, SASB Standards and the SDGs; media research; a peer review; and a risk and trend analysis of the food industry.

Step 2: Identify actual and potential impacts: we determined the specific relevance of each topic to Ahold Delhaize through online surveys and interviews, collecting input from customers, associates, investors, NGOs, suppliers, producers, farmers and governmental organizations. We asked company management, through an online survey, to identify the topics they believe are most important for Ahold Delhaize and how they are linked to our strategic growth drivers. See also *Engaging with our stakeholders* for more information.

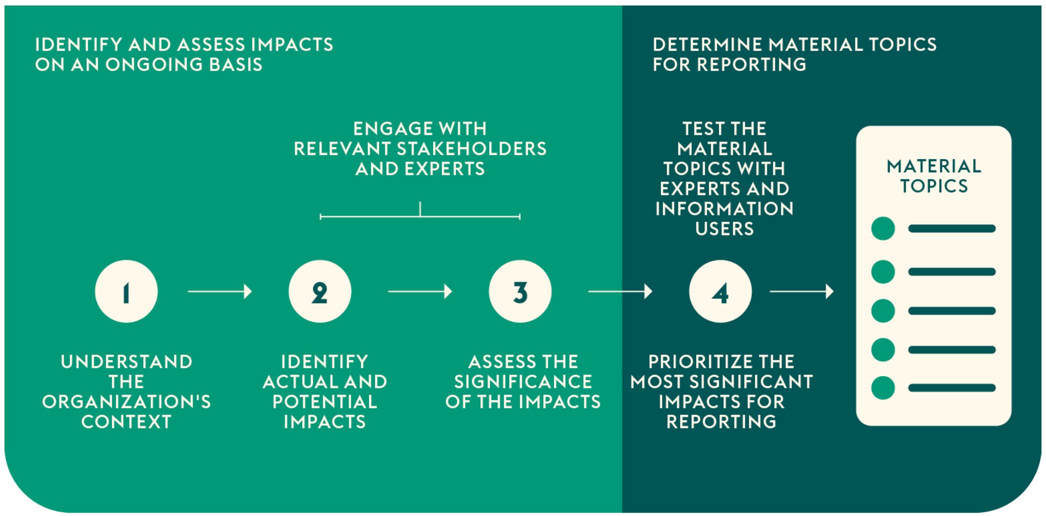
Step 3: Assess the significance of the impacts: we took the long list of ESG relevant matters, determined their significance and impact, and prioritized them to create a short list of material topics.

Step 4: Prioritize the most significant impacts for reporting: we created a list of material topics, which was discussed and approved in a meeting of the Executive Committee.

The overview of our material tier one and tier two topics clarifies how these issues are prioritized. Tier one are the material topics that are deemed strategically important to Ahold Delhaize and our stakeholders. Tier two are other important topics that are material to Ahold Delhaize and our stakeholders.

Process to determine material topics

Our desktop analyses that came after our 2021 analysis included the following steps:



MATERIALITY ASSESSMENT

Our material ESG topics are included in the table below and further explained in *Environmental, social and governance*. They are also linked to our principal risks in *Our integrated approach*. Our disclosures on the ESG topics provide the information necessary to understand the development, performance, position and impact of our activities relating to these topics.

OUR ESG MATERIALITY ASSESSMENT GOING FORWARD

The updated materiality assessment we conducted in 2022 as a first step towards double materiality had several important differences from our previous approach. We conducted online surveys and interviews to gather data and insights on the material topics from both an inside-out (impact Ahold Delhaize has on the economy, society and the environment) and an outside-in (financial risk or opportunity that society and the environment (may) create for Ahold Delhaize) perspective.

In our 2022 year-end assessment, we put further emphasis on engaging internal and external experts (e.g., customers, associates and management, industry associations, trade associations, investors, NGOs, suppliers, producers, academia, farmers and governmental organizations) and discussing the potential financial impacts, risks and opportunities in preparation for the upcoming EU disclosure regulations. When validating the results, we applied a weighting for specific stakeholder groups and for the regions our brands operate in.

The assessment has resulted in two new ESG material topics: animal welfare and business ethics and compliance, both of which are already recognized as important areas by Ahold Delhaize. We support the globally recognized five freedoms of animal welfare as the core of our animal welfare approach. In relation to compliance, we maintain a very low risk appetite, as described in the *Risk Management* section.

Although we already report on the insights collected through our updated materiality assessment, we will address them more thoroughly in our Annual Report 2023. Furthermore, diversity and inclusion is no longer a material ESG topic according to the new assessment. However, since this is an important topic for Ahold Delhaize, we will continue to report on it.

While the 2022 materiality assessment did not result in any significant changes in our overarching strategic goals, it prompted target-setting for the other important topics and a restructuring of our material topics for the upcoming year. Using the insights from our 2022 year-end materiality assessment, we will further develop the approach we take in our next materiality assessment.

OUR MATERIAL TOPICS

ENVIRONMENTAL TOPICS	TOPIC DEFINITION	BOUNDARY[1]	TIER[2]	KEY KPIs[3]	MEASURABLE TARGETS AND AMBITIONS[4]
CO2 emissions and climate change	Reduce greenhouse gas (GHG) emissions in our supply chain and own operations (stores, DCs and logistics) and increase energy efficiency in our own operations.	All parts of the value chain	1	• Percentage reduction in absolute CO_2-equivalent emissions from own operations (scope 1 and 2) – market-based approach – against a set baseline. • Percentage reduction in absolute CO_2-equivalent emissions from our value chain (scope 3) against a set baseline.	* Scope 1 and 2 targets (2018 baseline): • 2025: 34% reduction. • 2030: 50% reduction. • 2040: Net zero: 90% reduction and 10% removals * Scope 3 targets (2020 baseline): • 2024: All our brands in Europe will commit to a baseline current protein ratio and set protein ratio targets. • 2025: Suppliers that represent 70% of our footprint will be asked to commit to SBTi and all our suppliers will be asked to report on scope 3. • 2030: 37% reduction. • 2050: Net zero: 83% reduction and 17% removals.
Food waste	Promote responsible handling to reduce food waste and increase reuse of food waste along the supply chain, in distribution and operations as well as in customers' homes.	All parts of the value chain	1	• Percentage reduction in food waste compared to a set baseline. We measure this with a relative metric: total tonnes of food waste per €1 million of food sales.	By 2025: Our target is to have >38% reduction of total tonnes of food waste per €1 million of food sales against our 2016 baseline. By 2030: Our target is to have 50% reduction of total tonnes of food waste per €1 million of food sales against our 2016 baseline.
Sustainable agriculture	Promote agricultural practices that support healthy ecosystems, economic viability and social equity.	Farming and commodity traders	2	• Percentage sustainable sourcing for seven commodities in our own-brand products[5]. • Percentage reduction in absolute CO2-equivalent emissions from our value chain (scope 3) against a set baseline.	By 2025: Our ambition is to achieve zero deforestation and conversion through 100% sustainable sourcing of soy, palm oil, cocoa, coffee, tea and wood fiber for our own-brand products[5]. Also, see CO2 emissions and climate change in this overview of material topics for the scope 3 targets.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

MATERIALITY ASSESSMENT

Sustainable packaging	Reduce the use of plastic and other packaging materials, decrease the weight of packaging, and increase the recyclability, reusability and recycled content of packaging.	Own brand, selling, consumer	2	• Percentage reduction of absolute virgin plastics used in primary own-brand plastic product packaging. • Percentage of post-consumer recycled content used in primary own-brand product packaging. • Percentage of own-brand primary plastic product packaging being reusable, recyclable or compostable.	By 2025: • Our target is to reduce the use of virgin plastic in own-brand primary product packaging by 5% compared to 2021. • Our target is to have 25% of our total own-brand primary plastic packaging weight made from post-consumer recycled content. • Our target is that 100% of primary own-brand plastic packaging is reusable, recyclable or compostable in practice and at scale.
SOCIAL TOPICS	**TOPIC DEFINITION**	**BOUNDARY[1]**	**TIER[2]**	**KEY KPIs[3]**	**MEASURABLE TARGETS AND AMBITIONS[4]**
Healthy products	Increase the share and availability of healthy products in our brands' assortment and provide information to enable healthier and more sustainable diets for customers and associates.	Product development, own brand, selling, consumer	1	• Percentage of healthy own-brand food sales as a proportion of total own-brand food sales.	By 2025: Our target is to have 55.6% healthy own-brand food sales as a proportion of total own-brand food sales.
Fair labor practices in the supply chain	Promote respect for human rights, wages and incomes and labor practices throughout the supply chain and pay a fair price to suppliers and farmers.	Raw materials, farming and traders, own brand	2	• Percentage of production sites of own-brand products in high-risk countries audited against an acceptable standard with a valid audit report or certificate and no non-compliances on deal-breakers.	By 2025: Our ambition is to have 100% of production sites of own-brand products in high-risk countries audited against an acceptable standard with a valid audit report or certificate and no non-compliances on deal-breakers.
Associate safety, health and well-being	Create a healthy and safe work environment that fosters associate well-being.	Warehouse and distribution, selling	2	• Number of injuries that result in lost days per 100 FTEs.	Our ambition is to have a reduction in the absenteeism rate year-on-year.
GOVERNANCE TOPICS	**TOPIC DEFINITION**	**BOUNDARY[1]**	**TIER[2]**	**KEY KPIs[3]**	**MEASURABLE TARGETS AND AMBITIONS[4]**
Product safety and quality	Guarantee the highest safety and quality standards for the products our brands sell and, at minimum, comply with applicable local legislation.	All parts of the value chain	2	• Percentage of production sites of own-brand food products that are certified according to a GFSI-recognized standard or comply with an acceptable level of assurance standard. • Percentage of high-risk non-food own-brand products that are produced in production units audited by an independent third party against an acceptable standard, or where every lot was tested.	By 2025: Our ambition is to have 100% of the production sites of own-brand food products certified according to a GFSI-recognized standard or comply with an acceptable level of assurance standard.
Available and affordable products	Ensure product availability and affordable pricing of our brands' products to meet the (dietary) needs of customers.	Selling, consumer	2	• Delivery on our Save for Our Customers program.	In 2023: Our target is to deliver more than €1 billion through the Save for Our Customers program.
Diversity and inclusion	Ensure equal treatment of all associates independent of gender, age, religion, race, caste, social background, disability, ethnicity, nationality, membership in workers' organizations, political affiliation, sexual orientation, or any other personal characteristic protected by law.	Warehouse and distribution, selling	2	• Gender balance by level • Reflective of our markets • Inclusive index	We aspire to a workforce that is: • 100% gender balanced at all levels. • 100% reflective of the communities we serve. • 100% inclusive – where all voices are heard.

1 Boundaries as shown in the table provide an indication of where each topic has the most impact, but do not make reference to the reporting boundaries as explained in the *ESG statements*.
2 Tier one: The material topics that are deemed strategically important to Ahold Delhaize and our stakeholders. Tier two: Other important topics that are material to Ahold Delhaize and our stakeholders.
3 See *ESG statements* for more information on the KPIs and performance.
4 See *Environmental*, *Social*, *Governance* sections for more information on the targets and ambitions per ESG-related material topic.
5 For performance on these sustainable agriculture metrics, see *Critical commodity reporting* on our website.

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Percentage reduction in absolute CO_2-equivalent emissions from own operations (scope 1 and 2)[1]

2022	32%
2021	31%
2020	23%

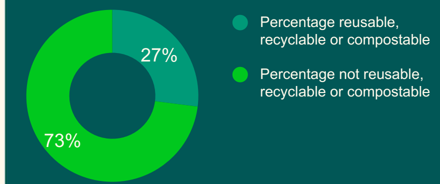
1 Percentage scope 1 and 2 CO_2-reduction from our 2018 baseline (restated). 2020 figure is not restated on the same scope and is still measured against the baseline used in 2021.

Percentage reduction in tonnes of food waste per food sales compared to 2016 baseline[1]

2022	33%
2021	20%
2020	17%

1 Percentage reduction from our 2016 baseline (restated). 2020 figure is not restated on the same scope and is still measured against the baseline used in 2021.

Percentage of reusable, recyclable or compostable own-brand primary plastic packaging in 2022



2022

As part of our strategy to support a healthier planet, and informed by our materiality assessment, we measure and manage our company's environmental impacts relating to carbon emissions and climate change, food waste, sustainable packaging and sustainable agriculture.

For more information on our performance on these environmental topics, see *ESG statements: Environmental*.

CO_2 EMISSIONS AND CLIMATE CHANGE

Developments in 2022

The Intergovernmental Panel on Climate Change (IPCC) 2022 report warned that the world is set to reach the 1.5º C level within the next two decades. The conclusions of the IPCC's Global Warming of 1.5° C special report were startling: it stated that one-half degree more warming would mean substantially more poverty, extreme heat, sea level rise, habitat and coral reef loss, and drought.

During 2022, climate change was also reported for the first time as a principal risk in our ERM assessment; see *Principal risks and uncertainties*.

In November 2022, Ahold Delhaize updated its Climate Plan after setting an updated scope 3 target on its 1.5-degree decarbonization pathway. See *In focus: Carbon emissions in our value chain* and *Climate Plan* for more information.

ENVIRONMENTAL

Our impact

Humans cause climate change by releasing carbon dioxide and other GHGs into the air. Today, there is more carbon dioxide in the atmosphere than there has been in at least the past two million years.

GHGs are produced in different ways:

- **Burning fossil fuels**: Fossil fuels such as oil, gas and coal contain carbon dioxide that has been "locked away" in the ground for thousands of years. When we extract these fuels and burn them in trucks when transporting products or to heat, cool, or operate our stores, we release the stored carbon dioxide into the air. Some of our brands sell fuel to their customers, and, in doing so, produce indirect GHGs.
- **Deforestation**: Forests remove and store carbon dioxide from the atmosphere. Cutting them down means that carbon dioxide builds up more quickly, since there are fewer trees to absorb it. And when we burn trees, they release the carbon they stored. If we sell products produced on deforested land, Ahold Delhaize contributes to deforestation.
- **Agriculture**: Planting crops and rearing animals releases many different types of GHGs into the air. For example, animals produce methane, which is 30 times more powerful than carbon dioxide as a GHG. The nitrous oxide used for fertilizers is ten times worse and nearly 300 times more potent than carbon dioxide. The products in our brands' stores, therefore, also directly and indirectly contribute to the release of GHGs.
- **Cooling fluids:** Hydrofluorocarbons (HFCs) are commonly used chemicals for cooling and represent a major contributor to climate change, causing approximately 1.5% of global carbon emissions worldwide. Ahold Delhaize sells products that require cooling in order to maintain food safety and quality for customers.

Reducing the use of chemical refrigerants and switching to low-GWP refrigerants is our greatest opportunity to reduce our negative impact.

We estimate that the annual value chain GHG emissions (scope 1, 2 and 3) of Ahold Delhaize and the brands total approximately 66 million tonnes of CO_2-equivalent emissions. This figure is broken down in the diagram below.

Our total GHG footprint

Scope 1 and 2	
Energy consumption	2.0%
Refrigerants	1.8%
Transport	0.5%
Scope 3	
Purchased goods	84.3%
Use of sold products	5.1%
Other scope 3	6.3%

Of the categories in the graph above, energy consumption, refrigerants and transport form our scope 1 and 2 footprint. The remaining emissions categories form our scope 3 footprint, representing approximately 96% of our total direct and indirect carbon footprint.

While emissions from our own operations are a small share of our total value chain emissions, it is here that we have direct control and can have the biggest direct impact.

Along our value chain, we have opportunities to reduce emissions from our current product portfolio through targeted interventions upstream and downstream – for example, by encouraging suppliers to set their own science-based targets and working with logistics partners to shift to lower-emission transport options.

With the lion's share of our value chain emissions falling outside of our direct control, societal change and industry collaboration remains critical to achieving our targets and the goals of the Paris Agreement. Influencing wider society and industry collaboration are, therefore, an integral part of our plan.

Our approach and progress

Our approach covers activities within our operations and our value chain, as well as the work our brands do to influence wider society.

In 2019, we committed to science-based targets. Our scope 1 and 2 target was based on a 1.5-degree decarbonization pathway and our scope 3 target on a two-degree decarbonization pathway.

In November 2021, we updated our net-zero ambition and made a public commitment to reach net-zero carbon emissions by 2040. We also joined the Business Ambition for 1.5° C – an urgent call to action from a global coalition of UN agencies, business and industry leaders. The initiative mobilizes companies to set net-zero science-based targets in line with a 1.5° C future. This required us to update our scope 3 ambition to be consistent with the 1.5-degree ambition of the Paris Agreement. We committed to our updated scope 3 ambition in November 2022.

See also the *External validation of our targets* section below for more information.

See the **updated Ahold Delhaize Climate Plan** issued in November 2022.

Own operations (scope 1 and 2)

Scope 1 and 2 emissions come mainly from electricity and refrigeration (approximately 88%). Based on our analysis of potential initiatives, we believe it is possible to reduce emissions by approximately 60% at neutral cost (over the depreciation cycle of the capital expenditure investment). However, initiatives like replacing refrigeration systems and transforming the transport fleet our brands use are more expensive and would require significant capital expenditure at an earlier stage than initially planned, based on the current replacement cycle. Some initiatives might also result in cost savings, such as the implementation of more energy-efficient equipment leading to less electricity usage. Some initiatives can also result in lower repair and maintenance costs.

To reduce GHG emissions in our own operations, we have identified the following key priorities:

Transition to low emitting refrigerants

This priority includes replacing or retrofitting refrigerator systems with lower-GHG alternatives, installing natural / hybrid systems (e.g., new CO_2 systems with GWP 1) and minimizing leakage from all our systems. It has the potential of reducing carbon emissions from using refrigeration equipment by up to 95%.

For example, Hannaford has pioneered the use of trans-critical CO_2 systems in stores and refrigerated warehouses.

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Transition to renewable energy
We are working on increasing onsite generation capacity and use of power purchase agreements (PPAs) and renewable energy credits (RECs). As part of this work, we are establishing long-term partnerships with local renewable energy producers.

For example, The GIANT Company recently entered into a long-term agreement with a solar energy provider that will enable it to avoid more than 100,000 metric tonnes of scope 2 carbon emissions associated with its energy use annually.

Transition from fossil fuels (heating and transportation)
We are converting our heavy-duty vehicle fleets to battery electric vehicles and electrifying facility heating with heat pumps and by using waste heat and other heating solutions.

With the acquisition of Cycloon, the incorporation of Ampère, and by working with other logistics partners, bol.com is making progress on reducing delivery-related emissions. In addition, bol.com was the first e-commerce company in Belgium and the Netherlands to receive the Climate Neutral Certification mark. The brand has also increased shipments sent without outer boxes, to reduce packaging materials, and is exploring reusable packaging options.

For the last few years, several Ahold Delhaize brands in Europe have reduced their reliance on fossil fuel heating from their operations. For example, all new Albert Heijn stores in the Netherlands are built with alternative ways of heating, including heat pumps and heat recuperation.

In the next few years, Albert Heijn's operations in the Netherlands will be completely free from using natural gas.

Increase energy efficiency
Our brands are building and remodeling stores in the most energy efficient way possible by installing energy-efficient equipment, such as LED lights, doors on refrigerator cabinets, heat recuperation, heat pumps, CO_2 refrigeration systems (which not only reduce emissions, but are more energy efficient than conventional refrigerators) and improved insulation. They are also installing sensors – for example, sensors that automate defrosting by sensing when it is needed and are more energy efficient than using a timer.

Our brands continue to further reduce GHG emissions in our own operations. For example, Delhaize Serbia committed that it will use LED lighting in its entire store network by the end of 2024. In 2022, the brand also replaced existing fluorescent lighting in its DC with LED lighting, which is expected to cut power consumption by about 700 MWh per year.

In 2022, more than 270 of the Ahold Delhaize USA brands' stores completed LED conversions and more than 20 stores retrofitted open refrigerated cases to have doors and improve operating efficiency.

Applying an internal carbon price model
We started applying an internal carbon price to investment proposals from the local brands in 2021. We continue to fine-tune the model and further develop climate criteria for CapEx proposals, including guidance on how to link eligibility and alignment reporting under the EU Taxonomy.

Assumptions used in emission targets
Our ability to achieve our carbon emissions reduction targets with the actions above is based on the following assumptions:

- The company needs to replace approximately 30-40% of existing refrigeration systems and will be able to improve approximately 60-70% of existing systems by replacing coolants.
- Within the next years, 50% of the brands' heavy duty vehicle fleets will be converted to battery-powered electric vehicles and 50% to hydrogen fuel cells, with fuel cell electric vehicle technology becoming economical by 2032.
- 100% renewable energy (RECs /PPAs) can be acquired at close to parity with grid power.
- Approximately 20% of heating emissions can be reduced through insulation installation, and the remaining approximately 80% by switching to alternative fuel such as heat pumps, district heating, etc.
- Our 2021 assessment modeled the incremental costs of achieving net-zero emissions, aiming to show how much more we can expect to spend versus a business-as-usual situation. The business-as-usual emissions forecast was carried out in line with expected business growth and evolution (e.g., in e-commerce), extrapolating from the brands' 2022–2024 strategic plans.
- When determining the costs of abatement and reduction initiatives, we used current costs (i.e., we did not assume cost reduction that may take place when technology scales and matures).

Scope 1 and 2 transition plan to achieve targets
Ahold Delhaize and its brands are currently working on concrete transition plans to identify the impact we can expect to materialize as we transition from fossil fuels and chemical refrigerants, increase energy efficiency, and switch to renewable energy. These transition plans will be linked to resource requirements and concrete actions the brands will implement and monitor to ensure progress towards the reduction targets. More detail on these plans will be communicated in 2023.

Our value chain
See *In focus: Carbon emissions in our value chain* for more information on our approach and progress.

How we measure performance
- Percentage reduction in absolute CO_2-equivalent emissions from own operations (scope 1 and 2) – market-based approach.
- Reduction in absolute climate emissions from our value chain (scope 3) against a set baseline.

See *ESG statements* for our performance, as well as our reporting on *EU Taxonomy*.

ENVIRONMENTAL

Our targets

TIMELINE	SCOPE 1 AND 2 (2018 BASELINE)	SCOPE 3 (2020 BASELINE)
Short-term target	34% reduction by 2025[5]	• Suppliers representing 70% of our footprint will be asked to commit to SBTi by 2025 • All our suppliers will be asked to report on scope 3 by 2025 • All our brands in Europe will commit to a baseline current protein ratio and set protein ratio targets by the end of 2024[1]
Medium-term target	50% reduction by 2030[2]	37% reduction by 2030[3]
Long-term target	Net zero: 90% reduction and 10% removals by 2040 (2018 baseline)[3]	Net zero: 83% reduction and 17% removals by 2050 (2020 baseline)[3,4]

1 Protein ratios are discussed further under *In focus: Carbon emissions in our value chain.*
2 The SBTi has approved Ahold Delhaize's scope 1 and 2 near-term science-based emissions reduction target. This target is based upon a 1.5-degree decarbonization pathway.
3 Committed but not yet approved by SBTi, the target is based upon a 1.5-degree decarbonization pathway.
4 Ahold Delhaize has also committed to set long-term emissions reduction targets with the SBTi in line with reaching net zero by 2050.
5 Target is increased to 34% from 29% last year to align future ambitions with 2022 performance.

External validation of our targets

Our medium-term emissions reduction target for scope 1 and 2 (in table to the left), set in 2019, has been formally approved by the SBTi. This means that the SBTi has assessed the target against the emissions reduction pathways necessary for the world to limit global average temperature rise 1.5° C above preindustrial levels and found them to be consistent with that outcome.

In 2022, Ahold Delhaize updated its scope 3 reduction targets (consistent with the Paris Agreement's 1.5-degree ambition) and submitted the revised target for SBTi approval, using 2020 as the new baseline year.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

BUSINESS AMBITION FOR 1.5°C

FOOD WASTE

Developments in 2022

Food waste remained an important topic worldwide in 2022; billions of tonnes of food continue to be wasted while millions of people are hungry or undernourished. Grain shortages, amplified by the ongoing war in Ukraine and droughts in Africa, highlighted the importance of reducing waste and the need to better make use of resources.

Food waste does not only negatively impact food security, it also fuels climate change. If food ends up in landfill, it produces methane, a GHG that contributes to climate change – and when food is wasted, all the energy and water associated with growing, harvesting, transporting and packing the food are also wasted.

Our impact

Food waste can have negative environmental, social and financial impacts. Our brands continue working to reduce the amount of waste as much as possible in our supply chains, stores and even at customers' homes. By reducing the amount of food waste at the source and donating surplus products to food banks, we can reduce our environmental impact while creating a positive social impact.

Unsold food also negatively impacts our financial results due to the lost margin. In 2022, Ahold Delhaize brands donated 21% of unsold food to feed people and reported 238 thousand tonnes of food wasted. A total of 76% of the food wasted in 2022 was recycled; the remainder was sent to landfill or incinerating facilities.

Our approach and progress

We aim to contribute to a food system that ensures everyone has access to nutritious food for generations to come. We continuously review our operational processes to reduce food waste, and divert unsold food to feed those in need within our brands' communities. We have a three-pronged approach to driving down food waste.

1. We reduce food waste across our brands' operations, including stores, warehouses and transport. Specific actions, which can differ by brand and location, include working with suppliers to buy smarter, introducing discounts on almost-expired products, and using technology like dry misting in the fresh food department and electronic shelf pricing.

   For example, according to Delhaize Belgium's research, almost-expired products are more attractive for customers when they are placed in one designated location with a clear message. That is why the brand groups almost-expired products from different categories (dairy, processed meats, etc.) in "no waste corners," labeled with a green win-win sticker in all its supermarkets. The sticker makes it clear to customers that the purchase is a win for both the environment and their wallets. See *Local matters: Local solutions* for more details.

2. We divert surplus food to food banks, charities and innovative operations such as restaurants that cook with unsold food.

   Albert has introduced the first zero food waste concept store in the Czech Republic. The most unique concept in the store, located in Prague's Nove Butovice area, is the special canteen for associates, where Chef Stanislav prepares over 100 meals using unsold store products every day.

3. We send food no longer suitable for human consumption to other recycling methods, to divert it from landfill. These methods can include animal feed production, green energy facilities or industrial uses.

ENVIRONMENTAL

We also look further than our own operations. As a founding member of the World Resources Institute 10x20x30 initiative, Ahold Delhaize brands have so far partnered with 14 major suppliers to root out food loss and waste in the food supply chain.

While we would like to do even more to reduce food waste, our efforts are sometimes limited by external factors, for example, the infrastructure of hunger relief organizations in certain of the markets our brands serve.

See our website for more information on **food waste.**

How we measure performance

- Percentage reduction in food waste compared to a set baseline. We measure this with a relative metric: total tonnes of food waste per €1 million of food sales.

See *ESG statements* for our performance.

Our targets

TIMELINE	TARGET
Short term[1]	We have a target of a 34% reduction in total tonnes of food waste per €1 million of food sales against our 2016 baseline by 2023.
	We have a target of >38% reduction of total tonnes of food waste per €1 million of food sales against our 2016 baseline by 2025.
Medium term	We have a target of 50% reduction of total tonnes of food waste per €1 million of food sales against our 2016 baseline by 2030.

1 2025 target is increased to >38% from 32% last year to align future ambitions with 2022 performance.

SUSTAINABLE PACKAGING

Developments in 2022

Across the globe, millions of tonnes of plastic end up in landfills, burned or leaked into the environment – and that amount is rising every year.

Signatories to the Global Commitment, including Ahold Delhaize, which together account for more than 20% of the plastic packaging market, have set ambitious 2025 targets with the aim to realize a common vision of a circular economy for plastic, in which it never becomes waste. The Global Commitment 2022 progress report concluded, among others, that while strong progress is being made in some areas, key 2025 targets set by signatories to the Global Commitment are expected to be missed. The prospect of not meeting all 2025 targets reinforces the urgency for businesses to accelerate action, particularly around reuse, flexible packaging, and decoupling business growth from packaging use.

Our impact

Our brands continue to improve their own-brand product packaging by switching to more environmentally friendly materials or reusable packaging, eliminating unnecessary plastic packaging and increasing the use of post-consumer recycled content.

In 2022, Ahold Delhaize announced that, by 2025, its brands aim to reduce the use of virgin plastic in their own-brand primary product packaging by 5% compared to 2021. Going forward, we will increase our focus on reducing own-brand primary plastic product packaging, as this has the most direct impact on reducing our footprint.

We pledged that we aim to eradicate plastic waste and pollution at the source via the New Plastics Economy Global Commitment ("The Global Commitment") in 2018. The Global Commitment is led by the Ellen MacArthur Foundation, in collaboration with the UN Environment Programme.

Through The Global Commitment, businesses and governments commit to changing how they produce, use and reuse plastic. The organizations will work to eliminate the plastic items we do not need; innovate so all plastic we do need is designed to be safely reused, recycled, or composted; and circulate everything we use to keep it in the economy and out of the environment.

In our business model, we mainly consume plastics through our own-brand products and various suppliers (consumer packaged goods) that manufacture branded products delivered to our own operations.

In 2022, Ahold Delhaize brands put 185 thousand tonnes of own-brand primary plastic product packaging on the market, of which 27% is currently reusable, recyclable or compostable.

For national brand products, the influence we may have on our suppliers is limited, and we are dependent on the information they are willing to provide to our brands. We encourage our suppliers to pledge to The Global Commitment and become members of the Ellen MacArthur Foundation plastic pact, which requires them to set ambitious 2025 targets to help realize the common vision with strict monitoring by the Foundation. Many of our significant suppliers have already made this commitment, including L'Oreal, MARS, Nestle, PepsiCo, The Coca-Cola Company and Unilever, along with major packaging producers like Amco, plastics producers such as Novamont and resource management specialist Veolia. These suppliers account for a significant portion of the branded products in our brands' operations.

We monitor progress through The Global Commitment Progress Report, through which all the signatories provide an update to the Ellen MacArthur Foundation on the progress they made on the commitments during the year. The 2022 report had three key findings:

1. While progress is being made in some areas, key 2025 targets (for example the target of 100% reusable, recyclable, or compostable plastic packaging) are expected to be missed.
2. The prospect of not meeting all 2025 targets reinforces the urgency for businesses to accelerate action, particularly around reuse, flexible packaging, and decoupling business growth from packaging use.
3. Governments need to take immediate action to accelerate progress and have the opportunity to promote a high ambition level in upcoming negotiations for a legally binding instrument on plastic pollution.

See the **Ellen MacArthur Foundation** website for detailed insights on the retail and food sectors' progress on and challenges in reducing plastic waste.

We also work with several umbrella organizations to find solutions for sustainable packaging. For example, some of our brands are members of national plastic pacts that are implementing solutions towards a circular economy for plastic. For example, Albert Heijn is a member of the Dutch Plastics pact, while Ahold Delhaize USA is a member of the U.S. Plastics Pact and of the Sustainable Packaging Coalition, a membership-based collaborative that believes in the power of industry to make packaging more sustainable.

ENVIRONMENTAL

Our approach and progress

Our approach to sustainable packaging is focused on our own-brand products, as we control the processes within the value chain.

For national brand products, we do not control the plastic consumption or usage within the value chain and we do not always receive detailed data on the type of plastics used within these products. Our approach for branded products is, therefore, to encourage consumer packaged goods suppliers to become members of the Ellen MacArthur Foundation in order to unite more suppliers behind a common vision of a circular economy for plastics.

In line with guidance from the Ellen MacArthur Foundation, we follow a framework designed to help us move towards a more circular system for own-brand products through:

1) Elimination

Eliminating problematic or unnecessary plastic packaging through redesign, innovation and new delivery models is a priority. To achieve a circular economy, we need to curb growth in the total amount of material that needs to be circulated. While plastics bring many benefits, there are some problematic items on the market that need to be eliminated to achieve a circular economy, and sometimes plastic packaging can be avoided altogether while maintaining utility. Elimination is about more than bans on straws and plastic bags – it is a broad innovation opportunity.

For example, Albert Heijn stopped providing free plastic bags in its fruit and vegetable departments across all stores, saving 130 million bags – or 243,000 kilos of plastic – per year. From now on, customers can use sustainable fresh bags that are washable and can be used dozens of times. See also *Local matters: Reusable bags.*

Alfa Beta launched a new type of packaging for its ready meals. The new cardboard trays have 90% less plastic compared to the previous packaging, and the plastic component can be easily separated from the paper tray so both components can be recycled.

2) Shift to reusable

The shift away from single-use towards reusable packaging is a critical part of eliminating plastic pollution.

For example, Giant Food announced that local shoppers can now purchase a selection of products in reusable packaging thanks to a new partnership with Loop, the circular reuse platform developed by TerraCycle. Customers can now walk into any of the 10 participating Giant supermarkets and purchase more than 20 products from leading consumer brands, all packaged in reusable containers instead of single-use packaging.

Albert Heijn also launched a new concept that enables customers to do a large part of their daily shopping more sustainably. It works very simply: customers fill a reusable bag or jar with a product – for example muesli, pasta, sandwich fillings, tea or nuts – and come home with a lot less disposable packaging. The concept has been rolled out to three stores during 2022; based on the learnings from these stores, the concept itself and the communication around it will be improved and tested in additional stores.

3) Recyclable or compostable in practice and at scale

The recyclability of product packaging is complex, as it often comprises several different materials.

Designing packaging to be reusable, recyclable, or compostable is a crucial first step, but a circular economy is only realized if packaging is actually reused, recycled or composted in practice. This requires the necessary systems to be in place to collect, sort and effectively reuse, recycle or compost the packaging.

"Recyclable" means different things to different people in different contexts. In the context of the Global Commitment (endorsed and followed for reporting by Ahold Delhaize), "technically recyclable" is not enough. Recycling does not just need to work in a lab; it should be proven that packaging can be recycled in practice and at scale.

An important step to assess the recyclability of plastic packaging for Ahold Delhaize therefore is to find evidence that, for each plastic packaging category in our own-brand portfolio, an infrastructure for recycling exists in practice and at scale today. That means, essentially, a recycling rate of 30% or higher in geographies together covering more than 400 million inhabitants on the basis of the data in The Global Commitment's Annual Recycling Rate Survey. In several of our brands' markets, and for several plastic packaging types, this is not yet the case and as such, the plastics are not reported as recyclable, even though they may technically be recyclable.

Delhaize Serbia partnered with local community organization Stara Pazova and national waste management company Sekopak to teach 400 preschoolers how important it is to separate packaging waste and prepare it for recycling and how we can all contribute to a better environment. The partners also made the schoolyard greener by planting 33 seedlings.

Similar to how recyclability is defined, for compostability, The Global Commitment also moves beyond technical compostability (i.e., meeting relevant international compostability standards) to compostability proven to work in practice and at scale.

The "in practice and at scale" requirement and suggested threshold result in some signatories reporting low or moderate recyclability percentages today. The threshold also means that progress towards 2025 targets can be expected to follow a "lumpy" trajectory (e.g., if infrastructure to collect and recycle certain high-volume categories of packaging reaches the threshold scale requirement, recyclability scores would increase significantly). However, these definitions set a 2025 ambition level. Working toward this level of ambition and creating transparency on current recyclability percentages demonstrates the commitment of signatories to driving change at scale.

It should be noted that recyclability and compostability percentages reported as part of the Global Commitment are not comparable to assessments and claims of recyclability using different definitions or methodologies. The definitions of recyclability and compostability used in the context of the Global Commitment are designed to be applied at a global level and are not linked to any specific geographical area, local context, or regulations, or on-pack recyclability or compostability labels.

Food Lion is committed to ongoing sustainability efforts including the sale and use of reusable bags in its stores, but also offering plastic bag recycling at every location to help ensure plastic does not end up in the environment. A recycling partner turns the plastic into eco-friendly decking and outdoor material.

For our own brands, we have set a target to ensure 100% of of primary own-brand plastic packaging is reusable, recyclable or compostable in practice and at scale by 2025. We expect that we will not achieve this target, due to issues ranging from the scaling up of reusable packaging to the availability of a robust recycling infrastructure for certain plastic packaging categories within some of our brands' markets.

For this reason, we have set a reduction target on virgin own-brand plastic product packaging, as this is something we have direct control over and that has a direct impact on reducing our footprint.

ENVIRONMENTAL

4) Decoupling from finite (fossil) resources

Moving towards a circular economy for plastic packaging involves decoupling from finite (fossil) resources. This is achieved first and foremost by reducing the need for virgin plastics through elimination, reuse and use of recycled content. Then, over time, any remaining virgin inputs must be switched to renewable feedstocks that are proven to come from responsibly managed sources and to be environmentally beneficial.

For example, two of our brands are testing packaging-free shelves. Albert is piloting a line of 80 products customers can purchase in their own packages. In 2022, Albert Heijn introduced a packaging-free range of around 70 products, from breakfast cereals and spreads to dinner ingredients such as pasta and rice. Customers can fill a reusable bag or jar with the products and save disposable packaging.

In 2022, our brands increased the use of virgin plastic in their own-brand primary product packaging by 1% compared to 2021.

How we measure performance

- Percentage reduction of absolute virgin plastics used in primary own-brand plastic product packaging
- Percentage of post-consumer recycled content used in primary own-brand product packaging
- Percentage of own-brand primary plastic product packaging being reusable, recyclable or compostable.

See *ESG statements* for our performance.

Our targets

TIMELINE	TARGET
Short-term	25% of our total own-brand primary plastic packaging weight will be made from post-consumer recycled content by 2025
	By 2025, our brands aim to reduce the use of virgin plastic in their own-brand primary product packaging by 5% compared to 2021
	100% of primary own-brand plastic packaging is reusable, recyclable or compostable in practice and at scale by 2025

SUSTAINABLE AGRICULTURE

Developments in 2022

As the world's population grows, the challenge of feeding more people with less negative impact on the planet becomes more urgent, and, with it, the need increases for retailers to offer products produced with respect for the environment, including, but not limited to, the protection of biodiversity and responsible water use.

Our impact

Our brands source products from around the world and sell them outside their growing seasons. Bringing products to the stores from outside of local growing regions requires more energy and resources. As a top 10 global food retailer, we have a seat at the table to provide input into how food production and sourcing will look in the future and how food can be produced sustainably, with respect to the environment and protecting biodiversity. With our own-brand products, we can make a real impact, directing what is sold, how it is produced and where.

Our approach and progress

Land-based agricultural production is the basis of the majority of food products sold by the Ahold Delhaize brands. Unsustainable agricultural practices can compromise the production capacity of agricultural land, put pressure on the affordability of food and availability of land and negatively affect biodiversity and the environment.

Biodiversity

Biodiversity is the basis of life, water and soil. Essentially all food products that we sell are directly or indirectly derived from biological resources, either wild or domesticated. In addition, the bulk of what we build with, make medicines from, and use as industrial raw materials is derived from nature. Products that are not sustainably sourced pose a threat to biodiversity worldwide. Natural habitats, forests and wetlands are often converted into monocultures and coupled with the unsustainable use of pesticides, which can further damage the surrounding biodiversity.

Ahold Delhaize acknowledges that food systems need to change to reduce the negative influence on biodiversity. Our brands have already started implementing programs to mitigate the impact of growing the products they sell. As a next step, we will review learnings from our brands to build a global plan to support biodiversity in the coming decades. We are reviewing frameworks like the Task Force on Nature-related Financial Disclosures (TNFD). We expect to be able to share a global approach on biodiversity in due course.

In April, Albert Heijn and Tony's Chocolonely – a Dutch chocolate brand – announced that they will extend their current Open Chain collaboration around Delicata chocolate for another five years and further their impact on cocoa plantations in West Africa. In 2019, Albert Heijn was the first retailer in the Netherlands to take responsibility for making its cocoa chain more sustainable and join Tony's open source initiative, which allows other chocolate makers to adopt Tony's way of working and source their cocoa in a sustainable and fair way. From 2019 to 2022, Tony's and its partners sourced more than 26 million kilograms of traceable cocoa beans through the Open Chain. The number of collaborations with farmers is increasing significantly, jumping from about 6,600 farmers in 2019 to 9,000 in 2021. Delicata almost doubled the amount of traceable beans it purchases, from 1.5 million kilograms in 2019 to 2.7 million kilograms in 2021.

In September 2022, Albert Heijn and World Wide Fund for Nature Netherlands (WWF-NL) announced a partnership to support the goal to halve the environmental footprint of the Dutch customer's shopping basket by 2030. The partnership will draw on the experience WWF-UK has gained working with supermarkets in the UK, to provide a "scientific blueprint" in the Dutch context with actions necessary to achieve that goal. It will be open source and WWF-NL and Albert Heijn will be asking other Dutch retailers to join.

ENVIRONMENTAL

Deforestation

Around the world, forests continue to disappear, often to be used for agricultural, ranching and logging purposes. Deforestation and land conversion are a particular concern for tropical rainforests and ecosystems, which are crucial in capturing carbon and helping mitigate climate change. Tropical rainforests are home to much of the world's biodiversity, and support livelihoods across the globe. In addition, protecting, restoring and sustainably managing natural ecosystems, such as old-growth forests, marshes, mangroves and peatlands, could help to avoid the worst climate scenarios. Because of this, the food industry must help reduce deforestation and land conversion and identify alternative methods to produce the commodities that feed the world.

Ahold Delhaize and its brands aim to achieve zero deforestation and conversion by 2025 through 100% sustainable sourcing of soy, palm oil, cocoa, coffee, tea and wood fiber for our own-brand products. We already have specific policies taking the High Conservation Value approach and the No Deforestation, No Peat, and No Exploitation principle into account on soy, palm oil, wood fiber and beef. We use risk assessments to detect other forms of deforestation or conversion.

Our brands are working to further integrate sustainable agriculture expectations into sourcing requirements. They work directly with suppliers to adopt sustainable agriculture practices that include conserving natural resources, reducing land conversion and improving soil health.

We strive to have 100% of cocoa, wood fiber and palm oil physically certified by a standard that provides for good agricultural practice and no land conversion by 2025. See our *website* for more information.

How we measure performance

- Percentage sustainable sourcing for seven commodities in our own-brand products.
- Reduction in absolute climate emissions from our value chain (scope 3) against a set baseline.

For performance on these metrics, see **Critical commodity reporting** on our website.

Our ambitions

TIMELINE	AMBITION
Short-term	Achieve zero deforestation and conversion by 2025 through 100% sustainable sourcing of soy, palm oil, cocoa, coffee, tea and wood fiber for our own-brand products.

IN FOCUS: CARBON EMISSIONS IN OUR VALUE CHAIN

INTRODUCTION

While scope 1 and 2 CO_2 emissions come from Ahold Delhaize's own operations, scope 3 represents the indirect CO_2 emissions across our entire value chain.

The vast majority of our GHG emissions are scope 3, or indirect emissions that take place across our entire value chain – for example, emissions generated through the production and manufacture of the products we sell and the use of those products. Our value chain consists of thousands of suppliers, producers and farmers who supply hundreds of thousands of products that are sold to millions of customers across the United States and Europe each day.

Our scope 3 emissions are driven by purchased goods and services, use of sold products and other categories (e.g., business travel). The category "purchased goods and services" represented 88% of our scope 3 emissions in 2021.

While our scope 3 emissions are not under our direct control, our brands partner with suppliers to lower them by reducing waste, increasing the number of low-carbon products in their assortments and reducing emissions from outsourced transportation. They also support suppliers in reducing scope 3 emissions higher up in their value chains.

Last year, we committed to becoming net-zero businesses across our entire supply chain, products and services by 2050. In 2022, we updated our interim CO_2-emissions reduction target for the entire value chain (scope 3) to at least 37% by 2030.

With this updated scope 3 interim target, we aim to decarbonize our entire value chain and ensure that all our climate targets are in line with the UN's goal of keeping global warming below 1.5°C. The updated interim target is also aligned with the SBTi's Net-Zero Standard. In accordance with this initiative, we are using our latest available emission profile from 2020 as the baseline for our new target instead of our previous 2018 baseline.

In November 2021, we joined the Business Ambition for 1.5°C, a global coalition of UN agencies, business and industry leaders, in partnership with the SBTi and the UN-led "Race to Zero" campaign. Our updated target is part of the annual climate reporting cycle outlined in the Business Ambition's agreements.

To reduce GHG emissions within our supply chain, we have identified three key priorities:

Accelerating supplier and farmer implementation of science-based targets

An important way we work towards the decarbonization of our value chain is by encouraging and supporting our suppliers to set their own emissions reduction targets in line with the latest scientific evidence, and sign up to the SBTi. As they commit to emissions reduction, this will accelerate improvements in livestock farming, raw material sourcing, deforestation reduction, processing, food waste reduction, packaging and transport. We are proactively engaging with our supplier base and are leveraging our position in the world of food retail to create a positive movement toward the reduction of GHG emissions.

Our brands contribute by supporting their suppliers and farmer partners with concrete environmental actions. For example, the suppliers and farmers can help reduce GHG emissions from livestock through new technologies and practices, such as enteric fermentation (methane reduction through genetic selection or feed additives) and manure management (biogas from liquid manure and the addition of sulfuric acid to shift the pH value of manure).

Of Ahold Delhaize's top 100 suppliers, more than 50 have already set or are committed to setting GHG emissions-reduction targets in line with the SBTi.

Investing in developing low-carbon products

Our brands are driving the improvement of their existing assortments and the development of new assortments with less embedded emissions. They continue to introduce more plant-based protein products, the production of which generally creates less emissions than animal-based products, and support customers in making more sustainable choices.

Our Dutch brand Albert Heijn, for example, committed to achieving a distribution of 60% plant-based and 40% animal-based protein sales by 2030. Delhaize Belgium is taking important steps to support the protein transition and announced in 2022 that it aims to double its plant-based assortment by 2025.

All our brands in Europe will commit to baseline their current protein ratios and set protein ratio targets.

Proactively engaging with customers

Our brands are helping customers understand the impact of their buying decisions and make choices that fit their needs, their tastes and their values. This includes stimulating and rewarding sustainable choices through loyalty programs and discounts, increasing product transparency through navigation systems and product labeling, improving assortments and products with more vegan and vegetarian products, and increasing knowledge about a healthy lifestyle by giving customers access to free dieticians and knowledge platforms.

For example, Delhaize continued to support customers' purchasing power through its SuperPlus loyalty program, which offers discounts on its entire range of products with a Nutri-Score of A and B.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

IN FOCUS: CARBON EMISSIONS IN OUR VALUE CHAIN

Methodology

Ahold Delhaize and its brands have committed to long-term science-based targets to reach a net-zero value chain by 2050 and are encouraging other parties in the value chain to build GHG emissions reduction plans.

Our carbon footprint methodology follows the guidelines of the World Business Council for Sustainable Development (WBCSD) / World Resources Institute (WRI) and GHG Protocol regarding corporate GHG accounting and reporting.

Calculating scope 3 emissions is complex. Our brands have hundreds of thousands of products on their shelves and DCs supplied by more than 10,000 direct suppliers. All of these direct suppliers source materials and ingredients from their own suppliers, resulting in complex supply chains covering all areas of the world.

As a result of this complexity, actual data on our scope 3 GHG emissions is currently not consistently available, and we rely on assumptions and estimates when calculating these emissions. We continue to work to improve this. As our brands reach out to more of their suppliers, we expect increasing access to their data, which will make our data more accurate.

In 2022, validated Carbon Disclosure Project (CDP) supplier data was received for over 30% of our total sales.

We collect scope 3 GHG emissions data on an annual basis. We report on scope 3 emissions with a one-year delay, as information used to calculate the data is, in some cases, received from third parties and not yet available at year end.

Our scope 3 footprint consists of 10 relevant scope 3 emission categories (out of 15 defined by the GHG Protocol). We use two main calculation methods defined by the GHG Protocol, the average data and spend-based methods, and apply the method most suitable to each category.

See **ESG statements** for more information.

Setting updated targets

Our 2030 (near-term) scope 3 carbon emissions reduction target is a combination of two reduction targets for both land-related (referred to as FLAG-related) and non-land-related emissions. Both are aligned with a 1.5°C trajectory and cover 67% of purchased goods and services emissions and 100% of other scope 3 category emissions. FLAG refers to the forest, land, and agriculture sector.

The land-related emissions make up 69% of our GHG footprint and apply the SBTi FLAG Standard, with a linear annual reduction of 3.5%. For the non-land related emissions target, we consider SBTi's 4.2% annual reduction to be aligned with 1.5°C. This results in a total linear annual reduction rate for Ahold Delhaize of 3.7%, or 37% total reduction (3.7% annually for 10 years). The reduction trajectory includes a business-as-usual situation, which takes into account our expected growth, and deducts results unrelated to any effort on the part of Ahold Delhaize, such as suppliers committing to SBTi, greening of the grid and the impact of legislation.

Our long-term (2050) net-zero scope 3 reduction target is consistent with the level of decarbonization required to keep the global temperature increase to 1.5°C compared to pre-industrial temperatures and is also a combination of two reduction targets, like our near-term reduction target. It is based upon 83% emission reductions and 17% removals. According to the requirements of SBTi, the long-term reduction target should represent 90% total emission reductions by 2050 at the latest (80% total emission reductions by 2050 at the latest for FLAG-related) and the 10% remaining emissions neutralized, or offset (up to 20% neutralized or offset for FLAG-related emissions).

We have submitted our updated scope 3 reduction targets for approval to the SBTi.

As a general rule, the use of carbon credits must not be counted as emissions reduction toward the progress of a company's near-term science-based targets. Carbon credits may only be considered an option for neutralizing residual emissions or to finance additional climate mitigation beyond the science-based emissions reduction targets. We follow this principle in our target setting.

Avoided emissions fall under a separate accounting system from corporate inventories and do not count toward science-based targets.

Scope 3 transition plan to achieve targets

Ahold Delhaize and its brands are currently working on concrete transition plans to precisely identify the impact they can expect to materialize for the different levers identified in our study to determine updated targets. These transition plans will be linked to resource requirements and concrete actions the brands will implement and monitor to ensure progress towards the reduction targets. More detail on these plans will be communicated in 2023.

Removals

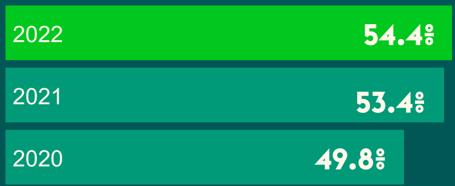
Scope 3 emissions from purchased goods and services are expected to represent approximately 17% of our 2050 scope 3 footprint and these hard-to-abate emissions represent the net-zero situation as it stands now.

We will continue to develop and implement decarbonization technologies and best practices, to potentially reduce the need for carbon removals. Our focus remains on investing in decarbonization opportunities across our operations and value chain. In 2023, we further develop our long-term plan for carbon removals to address hard-to-abate emissions.

For more information on our scope 1 and 2 emissions, see *CO_2 and climate change* under **Environmental.**

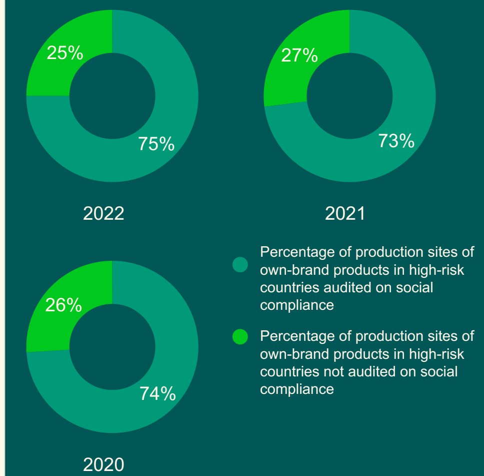
SOCIAL

Percentage of healthy own-brand food sales of total own-brand food sales[1]



1 2021 Figure is restated, see *ESG statements* for more information. the 2020 figure is not restated to the same ESG reporting scope as 2021 and 2022.

Social compliance



See *ESG statements* for more information.

As we work to build a healthier planet, we also focus on healthier people as part of our Grounded in Goodness strategy.

Our commitment to healthier people begins with empowering customers and associates to make better choices when shopping with us, in stores and online. We also support resilient communities, everywhere the brands operate. And finally, we work with farmers and suppliers to ensure that they demonstrate a high standard of business ethics and regard for human rights, and that our products are safe, high quality, and produced in clean, safe and efficient facilities with good working conditions.

Our social impact goes beyond our Grounded in Goodness strategy and includes topics such as customer health and nutrition, human rights in our supply chain, and workplace conditions for associates. We aim to drive positive impact, for example by helping customers and associates make healthy and sustainable choices and keeping people safe. We also strive to reduce negative impacts, by safeguarding human rights in our brands' own operations and across supply chains.

For our performance on these social topics, see *ESG statements*.

HEALTHY PRODUCTS

Developments in 2022

We see a continuing shift in all our markets toward health, well-being and sustainability. Consumers want to eat healthier, but also more sustainably – and are looking to retailers to help them access products that are healthy, nutritional and affordable.

Our impact

Healthy food leads to healthy communities by reducing the risk of chronic diseases and contributing to a community's overall resilience and vitality. Customers look to our brands for fresh, healthy inspiration to help them put delicious, nutritious family meals on the table every day. Our brands work to help make customers (and associates) more aware of what they eat and how it impacts their health. They aim to offer affordable nutritious product choices and other information and support to make healthier eating easier and more appealing.

Our approach and progress

We aim to make healthier eating commonplace by making fresh, nutritious and delicious food available and affordable for everyone. Our local brands make healthier eating easier through their broad ranges of products that include affordable nutritious choices, and with recipes, support services and transparent labeling. They use engaging activities to make healthier food appealing and fun.

All of the Ahold Delhaize brands aim to have a nutritional navigation system implemented by 2025. The U.S. brands, Delhaize in Belgium, Albert Heijn in the Netherlands and Maxi in Serbia have met this target ahead of time. However, our brands in the Central and Southeastern European (CSE) countries are in a difficult position to meet this target. Local authorities are hesitant about the adoption of Nutri-Score (used by Delhaize and Albert Heijn) and are waiting for the European Commission to propose EU-wide legislation for front-of-package-labeling. In light of this sensitive situation, our CSE brands have paused adding more products with the Nutri-Score logo. Nonetheless, they remain supportive of using a navigation system as an efficient way to shift consumers' diets towards healthier food.

Our brands strive to provide healthier choices and guidance to customers while at the same time offering the wide range of products consumers demand. For example, Giant Food and Stop & Shop launched the Fresh Connect Program. Participants can now use prepaid debit cards prescribed by healthcare providers to purchase fresh fruits and vegetables at their local store.

Through a mix of in-store and digital efforts, Food Lion is taking steps to increase the number of occasions customers interact with healthy foods. Their Merchandising team is rolling out a number of programs, such as the "2+1 end cap," an end-of-the-aisle display with two regular items plus a private label Guiding Stars rated tie-in item.

To reach the widest possible group with its communications, Giant Food is using social media platform TikTok to provide delicious recipes and reliable nutrition information from its credentialed nutrition professionals. It's a fun and playful way for everyone to learn about the newest and trendiest products on the shelves. The brand has also created The Healthy Living by Giant podcast, available on Apple, Google, and Spotify, and already in its 100th edition. It features the stories behind food, connecting customers with the farmers, producers, and community experts who help Giant provide healthy choices. The podcast is a resource for customers with lifestyle-related conditions, such as heart health and diabetes, and an inspiration for those looking to try something new or learn more about healthy living.

Stop & Shop opened a Community Wellness Space at a Boston store, and hosts a wide variety of nutrition events there. In addition, the brand is piloting health initiatives, including a better for you beverage display program, healthy meal kits, check-out aisles and Guiding Stars bargain aisles.

Hannaford was proud to celebrate the 20th anniversary of its registered dietitian program, which helps customers make healthy choices by providing free nutrition education. The program has grown significantly since its launch, when it was one of the first programs of its kind to be offered by a large-scale supermarket retailer in the northeastern United States. Hannaford shoppers now have access to free nutrition education from more than 30 dietitians in over 50 stores across New England and New York. Dietitians lead more than 1,000 in-store classes, tours and online seminars each year on topics such as heart-healthy eating, meal planning and nutrition for kids. The brand also provides education at schools, libraries and health care facilities. These efforts have supported more than 200,000 shoppers so far this year.

To stay in line with evolving dietary patterns, the Guiding Stars systems introduced a new way of evaluating beverages in 2022. It provides additional guidance for shoppers and our brands' category teams in identifying beverages that have more health-supporting attributes or those we should limit in our diets. It's a game-changer in encouraging simple shifts toward better choices.

Our brand in Greece is using the Fruit & Vegetables Festival and promotion campaigns for healthy products as levers to boost sales of nutritious foods. It is also helping educate consumers about nutrition in collaboration with nutritionists and through the *#allazoumesinithies* platform, a website that offers helpful information and enables customers to create their own personal nutrition plans.

How we measure performance

Percentage of healthy own-brand food sales as a proportion of total own-brand food sales.

Our targets

TIMELINE	TARGET
Short-term	55.0% healthy own-brand food sales as a proportion of total own-brand food sales by 2023.
	55.6% healthy own-brand food sales as a proportion of total own-brand food sales by 2025.[1]

1 Target is increased to 55.6% from >55% last year to align future ambitions with 2022 performance.

SOCIAL

FAIR LABOR PRACTICES IN THE SUPPLY CHAIN

Developments in 2022

In June, we published our second *Human Rights Report.* It contains an update on our progress against our Roadmap on Human Rights, and includes 27 case studies that demonstrate how we implement our commitment to human rights, including fair labor practices in the supply chain.

Our impact

As a global retailer, we can have an important influence on how business takes place across the supply chain. The strong, long-term relationships our brands build with suppliers help us to gain visibility into all areas of the supply chain and use our influence to ensure that the companies we deal with operate in a fair and ethical way.

Our approach and progress

We strive to ensure that all suppliers demonstrate a high standard of business ethics and regard for human rights, and that products are safe, high quality, and produced in clean, safe and efficient facilities with good working conditions. Our expectations are outlined in the Standards of Engagement that are part of every buying agreement. You can find our *Standards of Engagement* on our website.

Our brands work together with industry organizations to drive food safety and social and environmental sustainability. In addition, we take an active role in various industry committees and working groups, including those of the amfori Business Social Compliance Initiative (BSCI) and the Sustainable Supply Chain Initiative, to address human rights issues in collaboration with the business community and other relevant stakeholders.

See also the additional disclosures on **Ethics and human rights.**

How we measure performance

Percentage of production sites of own-brand products in high-risk countries audited against an acceptable standard with a valid audit report or certificate and no non-compliances on deal-breakers.

Our ambitions

TIMELINE	AMBITION
Short-term	100% of production sites of own-brand products in high-risk countries audited against an acceptable standard with a valid audit report or certificate and no non-compliances on deal-breakers by 2025.

ASSOCIATE HEALTH, SAFETY AND WELL-BEING

Developments in 2022

In the aftermath of the pandemic, the increased focus on associate health and well-being continues to be relevant and even more critical. And this applies not only to physical but also mental health, which has been severely affected by the circumstances of the past few years.

Retailers everywhere have continued to invest in safety measures to keep both associates and customers healthy and well.

Our impact

At Ahold Delhaize, over 414,000 associates look to our brands and businesses to provide a safe place to work and contribute to their health and well-being. As a company of local brands that are close to communities, we have a keen understanding of the specific needs of people in all our markets and how best to support them.

Our approach and progress

Safety programs at all our brands address regulations and initiatives that contribute to physical safety and mental health at work. Our brands integrate safe working practices right into the designs, equipment purchases and operations practices of stores, offices and DCs. Our brands improve safety not only through visible leadership, but by engaging associates to play their parts, keeping an eye out for dangerous situations or harassment.

Ensuring a safe environment across the organization requires awareness, leadership engagement, comprehensive onboarding for new associates and basic prevention programs, for example, programs that make protective equipment, such as cut-resistant gloves and appropriate footwear, available for use. It also includes more advanced technology, such as virtual reality for associate training, and telematics and cameras in trucks and delivery vans. In 2022, global attention to fleet safety best practices and serious injury prevention, coupled with safety leadership education, led to an improved focus and maturity in this area.

In addition, our brands have long had a strong strategic focus on the health and well-being of associates, their families and communities, which they show by providing benefits in line with a focus on healthy living, work-life balance and financial security, in the spirit of our value, care. Our brands also have programs in place to inspire associates to make healthier lifestyle choices.

See also the **Cultivate best talent** section for more information on how we support associate health and well-being.

How we measure performance

Number of injuries that result in lost days per 100 FTEs.

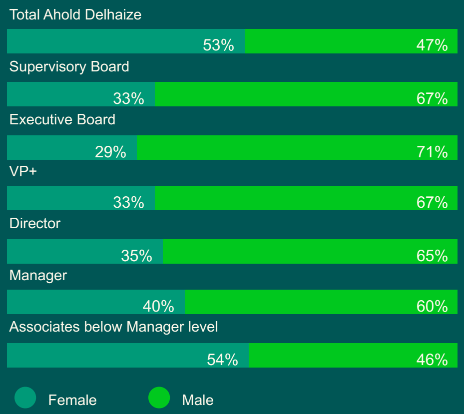
Our ambitions

TIMELINE	AMBITION
Short-term	Ambition to have a reduction in the absenteeism rate year-on-year.

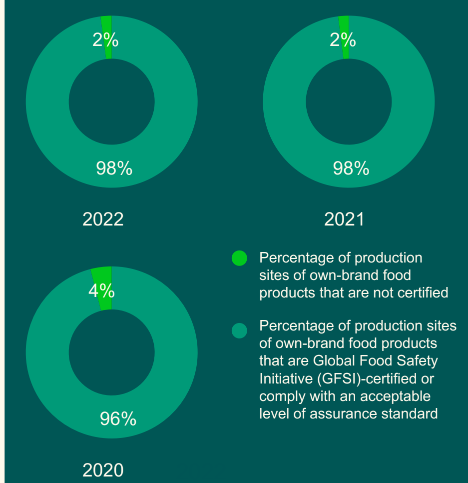
ENVIRONMENTAL, SOCIAL AND GOVERNANCE

GOVERNANCE

Gender balance 2022



Product safety and quality



As in every other area of our business, we believe that having the right governance in place to ensure we take a structured and effective approach to our ESG ambitions is critical to our success.

But governance is more than just that. It ensures that we use accurate and transparent accounting methods and pursue integrity and diversity in selecting our leadership, and that our leaders are accountable to our shareholders. Our governance also ensures that we have policies and procedures in place to guide the way we do business, including our approach to DE&I in relation to associates, and how we ensure that customers and communities have access to high-quality nutritious products at affordable prices.

See also *Introduction to ESG* for how we manage our ESG performance and the *Task Force on Climate-related Financial Disclosures* section for more on our climate change governance.

For the performance on these governance topics, see **ESG statements.**

DIVERSITY AND INCLUSION

Developments in 2022

Now, more than ever, organizations are prioritizing diversity, equity and inclusion (DE&I). While many companies made racial justice commitments in the summer of 2020, few have made meaningful progress beyond hiring some DE&I staff and making small investments in programming. The urgency has never been greater: the workforce of the future is more diverse than ever, and Gen Z is heavily prioritizing company values in their employment decisions.

In 2022, we incorporated "equity" into our diversity and inclusion terminology to reflect our belief that everyone should have equal access to opportunities regardless of their background and our commitment to eliminating barriers that prevent the full participation of underrepresented groups within Ahold Delhaize.

Two areas where we made progress in DE&I in 2022 were in pay parity and BRGs. Our brands are conducting gender pay research and pay equity analyses and putting in place action plans to eliminate any gaps they discover. Our BRGs are growing in strength and importance as a way to advocate positive change. They help associates feel a sense of belonging, that every voice matters and that we are open for everyone.

Our impact

As a company operating across 10 countries, we have a flexible and agile DE&I strategy to ensure our approach is relevant to our local brands. Globally, we share a common focus on gender and inclusion and, locally, our brands implement and drive DE&I strategies tailored to the communities in which they live, work, and serve. Our brands strive to create an environment where every associate can thrive and where every customer feels a sense of belonging. We believe in working together with partners and organizations that share our values to support communities.

Our approach and progress

We have bold aspirations to become a more diverse, equitable and inclusive company, across all our brands and businesses. Our Global DE&I strategy includes three pillars critical to advancing this work: our people, our culture, and our communities.

Ahold Delhaize and the local brands put in place a number of initiatives across all three pillars during the year to bring DE&I to life and make progress on our ambitions. We were proud to see our inclusiveness index go up by one percentage point during the year. We also received some positive external recognition for our efforts in the U.S. and in Europe. For more information, see *In focus: Diversity, equity and inclusion.*

How we measure performance

- Gender balance by level
- Reflective of our brands' communities
- Inclusive index

For more information, see *In focus: Diversity, equity and inclusion*.

Our aspirations

Ahold Delhaize is committed to ensuring we are an inclusive company. Our ambitious DE&I aspiration is to be 100% gender balanced, 100% reflective of our communities and 100% inclusive.

For more information, see In focus: *Diversity, equity and inclusion*.

TIMELINE	ASPIRATION
Long term	A workforce that is 100% gender balanced at all levels
	A workforce that is 100% reflective of the communities we serve
	A workplace that is 100% inclusive – where all voices are heard and valued

PRODUCT SAFETY AND QUALITY

Developments in 2022

In 2022, at some production locations, pandemic-related restrictions were still in place. However, inspections and audits in the stores resumed to the intensity planned. In locations where restrictions still applied, we still relied on remote audits, making use of visualization equipment.

See Principal risk "Product safety" for more information.

Our impact

Through our policies, control framework and standard operating procedures, we ensure that the products our brands sell are safe to consume.

Our approach and progress

As the world's population grows, it becomes more challenging to provide safe and nutritious food to all without depleting the Earth's natural resources. This challenge must be addressed at all stages of the supply chain.

We take responsibility for maintaining the highest levels of safety for our products, while also improving their environmental and social footprints. Our focus is on our own-brand products. We work to ensure they are safe, produced in clean, efficient facilities with good working conditions, made from sustainably sourced commodities, and clearly and accurately labeled. To drive global food safety and social and environmental sustainability, we take an active role in various standards committees and working groups.

We have clear policies and procedures in place to make sure product safety and quality is guaranteed when products are in our brands' DCs and stores. Before products enter our brands' facilities, temperature and expiration dates are verified and daily quality checks are done in both DCs and stores. Our brands also provide training to associates on a regular basis.

We support the CGF's Global Food Safety Initiative (GFSI) standards to advance the safety of food products. As an active member of organizations such as RSPO, RTRS, GSSI and GlobalGAP, we help develop and maintain the highest standards for sustainable production of commodities including tea, coffee, cocoa, palm oil, soy, seafood and wood fibers.

More information on the product safety standards we adhere to can be found on our website at www.aholddelhaize.com.

How we measure performance

- Percentage of production sites of own-brand food products that are certified according to a GFSI-recognized standard or comply with an acceptable level of assurance standard.
- Percentage of high-risk non-food own-brand products that are produced in production units audited by an independent third party against an acceptable standard, or where every lot was tested.

Our ambition

TIMELINE	AMBITION
Short term	100% of the production sites of own-brand food products are certified according to a GFSI-recognized standard or comply with an acceptable level of assurance standard by 2025.

AVAILABLE AND AFFORDABLE PRODUCTS

Developments in 2022

Russia's invasion of Ukraine caused geopolitical unrest and disrupted supply chains for certain products, such as sunflower oil. This also resulted in higher energy prices, which contributed to inflation in our markets. Suppliers increased the prices of products, trying to recoup rising raw material, energy and transport costs. Labor costs also increased. This eventually led to retailers, including our local brands, being forced to raise prices, straining customers' already tight budgets. This increased the need for affordable products. At the same time, COVID-19-related supply chain turmoil continued to make it challenging for retailers to ensure product availability.

Our impact

Our local brands' longstanding commitment to building strong, long-term relationships with suppliers helps them to keep shelves stocked so customers can get the products they need, even in challenging times.

Our approach and progress

Our Save for Our Customers initiatives enable our brands to operate efficiently, keeping costs down and prices competitive, for example, by introducing more entry-priced products, expanding their high-quality own-brand assortments and delivering personalized value through digital omnichannel loyalty programs. Their own-brand ranges are an important tool in helping offer customers unique and high-quality products at a good value.

Part of our purpose is to help customers live better. One way the brands do this is by supporting them in making healthier and more sustainable choices for themselves and the environment. With an assortment that includes affordable nutritious choices, the brands are making healthier eating easier.

For more information on how we ensure available and affordable products, see also **Strengthen operational excellence.**

How we measure performance

- Delivery on our Save for Our Customers program.

Our targets

TIMELINE	TARGET
Short term	Save for Our Customers program to deliver around €1 billion in 2023.

IN FOCUS: DIVERSITY, EQUITY AND INCLUSION

WHY DE&I MATTERS

At Ahold Delhaize, we pride ourselves on being open for everyone. We want every associate to thrive, and every customer to feel a sense of belonging and community in our brands. In 2022, we incorporated "equity" into our terminology. To us, equity means that everyone has equal access to opportunities, regardless of their background, and recognizes that we all have unique needs and experiences. We acknowledge these differences so that everyone can thrive.

Every voice matters, everyone belongs – we are open for everyone.

OUR DE&I APPROACH AND STRATEGY

As an international company, our agile DE&I strategy ensures our approach is relevant to our local brands. Globally, we have a common focus on gender and inclusion; locally, our brands implement and drive DE&I strategies tailored to the communities in which they live, work, and serve.

Our Global DE&I strategy includes three pillars critical to advancing this work: our people, our culture, and our communities.

Our people

We define and celebrate diversity as anything and everything that makes us unique and anything and everything that makes us similar – inclusive of, but not limited to: generations, LGBTQ+, gender, race and ethnicity, disabilities, neurodiversity, religion, nationalities and more.

Our culture

Our shared values of courage, care, teamwork, integrity and humor are at the core of our work. They ensure that every voice matters, and that everyone feels respected as part of the Ahold Delhaize family.

Our communities

We believe in working together to improve the world we live in through community engagement and collaboration with external partners and organizations that share our values.

Our ambition and aspiration

OUR AMBITION

To enable everyone to Save time. Eat well. Live better.

We create positive change in our communities beyond our walls.

We reflect the world around us.

Our voices are heard and valued.

We find purpose in our work.

We feel we belong, have equitable access to opportunities and we all grow to our fullest.

OUR ASPIRATION

PEOPLE

100% gender balanced

A workforce that is 100% gender balanced at all levels

COMMUNITY

100% reflective of our communities

A workforce that is 100% reflective of the communities we serve

CULTURE

100% inclusive

A workplace that is 100% inclusive – where all voices are heard and valued

MARKETPLACE

Business growth

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

IN FOCUS: DIVERSITY, EQUITY AND INCLUSION

Performance toward our aspiration

We are committed to transparency in how we report our progress on DE&I.

100% gender balanced

Globally, our aspiration is to have a workforce that is 100% gender balanced at all levels. Compared to 2021, our overall proportion of women in management has remained the same, at 40%, while our Director-level representation increased from 34% in 2021 to 35% in 2022. We saw the biggest increase at executive level (VP+), where we moved from 27% to 33% this year. See table *Our DE&I metrics*.

100% reflective of our communities

Our aspiration is to have a workforce that is reflective of the communities we serve. Each brand tracks and measures additional dimensions of diversity that are relevant to their local context and labor market. Across our U.S. brands, the focus is on racial and ethnical diversity.

For example, to honor Martin Luther King, The GIANT Company donated $25,000 to the following organizations:

- $10,000 to the Central Pennsylvania MLK Day of Service to support local non-profits.
- $10,000 to the Eastern Minority Supplier Development Council to assist minority-owned businesses in achieving certification and to elevate diverse suppliers.
- $5,000 to Camp Curtin Neighborhoods United to address racial, economic and food inequities.

The local brands focus on initiatives important to people in their communities. For example, through Mega Image's "Project of Today for Tomorrow" program in Romania, children with disabilities were given the chance to plant flowers, vegetables and fruit in an urban garden and learn about healthy eating. In the Netherlands, Albert Heijn is one of the largest employers of associates with disabilities. See table *Our DE&I metrics*.

100% inclusive

Globally, our aspiration is to be 100% inclusive every day. We measure the cultural aspects of inclusion through an inclusive workplace index that is part of our annual associate engagement survey. This year, we received a score of 80% (+1% compared to 2021) on this index, which measures respect, career opportunities and feeling heard. See table *Our DE&I metrics*.

HOW WE SUPPORT DE&I

We trust, empower and hold accountable our internal and external partners, who are committed to advancing DE&I within our businesses, our brands' communities, and society as a whole.

Business Resource Groups

Our Business Resource Groups (BRGs) are communities of associates who voluntarily come together based on shared characteristics and concerns for the purpose of creating a more diverse, equitable and inclusive work environment.

AD Women in Leadership

The Ahold Delhaize Women in Leadership community is committed to further accelerating our ambition to have a workplace that is 100% inclusive, 100% reflective of the communities our brands serve and 100% gender balanced at all levels. In 2022, we continued to evolve this forum to hear the perspectives of our most senior women and to take visible, concrete steps to strengthen the experience for all women within Ahold Delhaize's great local brands.

Europe and Indonesia BRG approach

Within Europe and Indonesia, we have four regional BRGs with local chapters around the demographic groups or interest areas that are a primary focus in the region: generations, multicultural, LGBTQ+ and volunteering.

The Young Ahold Delhaize BRG strives to actively connect young colleagues. It is focused on promoting development, diversity and well-being, togetherness and (personal) health and helping the brands become more future proof. Members of Young Ahold Delhaize in Czech Republic recently visited an orphanage close to Prague, to find out how the organization works and spend time with children. They also shared information about the Albert Foundation's mission to help kids from orphanages and NGOs learn the basics of business. As part of the program, these young entrepreneurs have the opportunity to create a product, set a price and then sell their products in Christmas fairs across the Albert stores.

Make it Count strives to help associates in the Netherlands use their skills, ideas and talents to support people across society. For example, the BRG organized a piano concert by Syrian pianist Aeham Ahmad at the Museum of Humanity. The images of Ahmad playing his piano amid the rubble of the war in Syria were picked up by the international press and broadcast worldwide.

AD Pride is committed to promoting LGBTQ+ inclusion by creating a safe space for all associates to meet others and share experiences. As a result of suggestions that came up in open table discussions with members of the BRG, we opened gender neutral bathrooms in the Ahold Delhaize head offices in the Netherlands to ensure that everyone can be themselves at our support office, regardless of their gender identity.

The Diversity Network of Ahold Delhaize connects professionals with bi-cultural backgrounds in a community where they can be themselves and share knowledge and experience, build awareness and push for policy change. For example, this year they organized a group dinner for their colleagues to celebrate Eid al-Fitr, which marks the end of Ramadan and is celebrated by Muslims across the world.

Top image: Associates in the Zaandam support offices raise the Pride flag.

Bottom image: Food Lion celebrates Pride month.

IN FOCUS: DIVERSITY, EQUITY AND INCLUSION

Ahold Delhaize USA BRG approach

Within the U.S., the great local brands implement a localized strategy for their BRGs, based on their community and business needs. Each U.S. brand supports several BRGs based on local demographic representation. Currently, there are over 50 active U.S. BRGs that support gender, LGBTQ+, abilities, caregivers, race/ethnicity, generations, veterans and more. They carried out a wide variety of initiatives during 2022.

For example, on International Women's Day, The GIANT Company's Lead Inspire Network Connect BRG and DE&I Team hosted an inspiring conversation on "Breaking the Bias for an Equitable Future."

Food Lion's African American BRG offered associates webinars and workshops on financial, health and nutritional wellness to underscore the importance of Food Lion's theme "Nourishing Black Minds and Bodies." During Pride Month Food Lion demonstrated its support by partnering with diverse-owned suppliers, sponsoring local Pride events and supporting the Friends BRG, that cultivates a safe and welcoming environment for LGBTQ+ associates and customers.

Peapod Digital Lab's SOUL Inclusion Network hosted several programs, including a well-being event and a deep dive on how to support Black-owned brands and suppliers.

Supplier diversity

Through the dedication and efforts of the team at Peapod Digital Labs, we are developing mutually beneficial and successful partnerships with diverse suppliers – both national companies and businesses headquartered within our geographic footprint. We develop these relationships by incorporating diverse-owned businesses into the everyday process of category reviews and product or service bids.

Our supplier diversity program enhances the procurement process by developing strong business relationships with a talented group of diverse-owned businesses that offer quality products and services, excellent customer service and competitive costs.

In 2022, we continued to engage diverse-owned suppliers to create stronger partnerships and support business development. For example, for the second year in a row, Peapod Digital Labs ran its Incubator program, which was designed to identify new, exceptional-quality, own-brand products in partnership with certified, diverse-owned suppliers.

Food Lion honored diverse suppliers during Women's History Month by highlighting the experiences and inspiring words of female founders from some of the certified, women-owned brands it carries.

Inclusive leadership

Everyone at Ahold Delhaize plays a critical role in advancing our DE&I efforts. We believe inclusion should be woven into the fabric of our culture – and guide how we behave and treat each other and customers. We have embedded inclusive behaviors into our leadership expectations and developed a five-year leadership journey focused on: mindset shift, DE&I foundations and advanced skillsets. We are raising awareness and building team skills in creating psychological safety to further strengthen inclusion and well-being. See *Cultivate best talent*.

Starting in 2020, we launched our inclusive leadership journey. To date, 368 inclusive leadership foundational workshops have been conducted across 12 brands, targeting associates at manager level and above.

We will continue to develop our skillsets and capabilities in 2023.

Pay equity

Ahold Delhaize and each of its brands recognize and support the right of every individual to receive equitable compensation for their work.

Pay equity principles

We believe that the total value proposition for an associate is more than the wages and benefits they receive. It includes other factors such as working conditions, opportunities to learn and refine skills, safety and the diversity and inclusiveness of the workforce, all of these aspects are important to associates' well-being, appreciation of their overall working experience and are measured through Ahold Delhaize's associate engagement survey.

Achieving pay equity is an important mission for each brand and supports our DE&I ambition. Ahold Delhaize and each of its brands have adopted the following six overarching principles to guide fair compensation:

1. A solid base for comparing roles
2. Market-based compensation
3. Compensation in compliance with the law
4. Equal pay for equal work
5. Compensation aligned with individual performance and brand business strategy
6. Compensation that is transparent, consistent and explainable for the individual associate

More information about the principles can be found on our website in our 2022 *Human Rights Report* under the heading *Compensation*.

In addition, our brands and businesses consider these principles of fundamental "procedural justice" in establishing their compensation practices and in resolving disputes. The majority of associates in our brands are covered by collective labor agreements (CLAs). For associates outside of the CLAs, each brand has adopted an independent job evaluation methodology (Korn Ferry Hay) and has created policies and frameworks for determining job levels and titles, pay grades and bands, performance evaluation and wage increases.

Pay equity studies

We realize that creating and maintaining policies and frameworks is a critically important step and that it is equally important to measure the outcome of these practices to ensure pay equity within each of the brands and businesses. The two areas Ahold Delhaize and each of its brands focus on when assessing the performance on pay equity are equal pay for equal work and analyzing any difference in (average/median) earnings between men and women. While both deal with pay difference at work, there are important distinctions between the two.

Equal pay for equal work

Ahold Delhaize and each of its brands are committed to ensuring all 414,000+ associates, across Ahold Delhaize are paid equally for doing the same or equivalent jobs, or work of equal value. Each of our brands take action to investigate pay differences, address them when appropriate, and make sure all policies and practices are fair. Ahold Delhaize and its brands made good progress in 2021 and 2022 in our journeys to measure pay equity in our work forces.

IN FOCUS: DIVERSITY, EQUITY AND INCLUSION

Prior to this year, 14 of our brands had already performed an equal pay for equal work study, covering 286,000 associates, that aimed to identify areas of focus and ensure equal pay for associates in the same or similar positions. Some brands conducted pay difference analyses internally and others conducted equal pay for equal work studies through an independent third-party expert in this field, taking into account local legal requirements. However, by the end of 2022, the ones that had only done internal studies also started independent third-party equal pay for equal work analyses, which are expected to be finalized in the first quarter of 2023.

Based on these pay equity analyses, each brand identified opportunities to improve pay differences and developed plans to meet its goals. When the brands found unexplainable pay differences, they adjusted these differences to improve equal pay for equal work.

Ahold Delhaize and its brands are committed to continuing to perform pay equity analyses, refreshing them every three years and using the results to close any unexplainable identified differences.

The gender pay difference

Gender pay difference is a measure of the average or mean difference in earnings between men and women across an organization or the labor market as a whole, regardless of role or seniority. The average gender pay difference shows the difference between the average hourly rate for all males compared with all females across all brands, expressed as a percentage of the average hourly rate for all males. If we were to rank all male and female associates separately, from the lowest to the highest paid, the middle-paid associate represents the median. The median gender pay difference shows the difference between the median hourly base rate for all males compared with all females, expressed as a percentage of the median hourly base rate of all males.

Ahold Delhaize is committed to start sharing gender pay difference figures, and we have started by conducting internal gender pay difference studies[1] covering our more than 414,000 associates. However, while we have made progress on our gender pay difference analyses, making comparisons across brands has proved challenging, due to the complexities of global organizations and a changing regulatory environment.

First of all, for a multinational company like Ahold Delhaize, performing a global gender pay analysis across multiple countries introduces many hard-to-compare factors (data consistency, regulatory requirements, legislation) to the process given local differences in pay structures, role definitions and processes. Secondly, in December 2022 the European Parliament and EU member states reached an agreement on a new EU Directive on Equal Pay and Pay Transparency. In this EU directive a reporting requirement is included on pay gap/ pay difference between females and males, which is expected to be transposed into national law within three years.

Despite these challenges, we want to honor our commitment to create more transparency on pay difference. We are making a start in this Annual Report by disclosing a gender pay difference study[2] covering associates in management positions in our brands in the Netherlands at the end of 2022. The study covers 1,819 associates (male and female) and showed a provisional average gender pay difference of 4.46% and a median gender pay difference of 2.99% in favor of men in 2022. We chose to disclose this study first because we believe the results are more accurate due to a comparable base across one country.

Our continuous commitment

We remain committed to our DE&I aspiration to achieve 100% gender balance at all levels, to be 100% reflective of the communities our brands serve (as defined by each local brand), and to strive to be 100% inclusive, every day. Investing in line manager capabilities and training resources and in reviewing our processes was key to ensuring we make positive progress towards our ambition. In 2022, for example, Ahold Delhaize and each of its brands focused on continuing to review female representation and ensuring any unexplainable pay differences were addressed. We have also consistently applied balanced slates to external hiring and internal succession planning to ensure we consider a more diverse pool of candidates.

To support our fair compensation principles, every job offer at VP+ level was reviewed to analyze its impact on equity in pay across the peer group. In 2022 we were extremely proud to see female representation at our most senior level (VP+) increase from 27% to 33%. More information about the performance toward our aspiration and the progress we are making on DE&I can be found throughout *In focus: Diversity, equity and inclusion*.

As part of our commitment, Ahold Delhaize and its brands will recurrently review their policies and each brand will shape its focus in line with (new EU) legislation and local needs. We will keep pushing ourselves further in reviewing our practices, integrating equity into our people decisions and building internal capabilities with a focus on all aspects of DE&I, such as representation and pay equity, in order to become an even greater place to work across all of our brands and teams.

1 Exclusive of joint ventures Super Indo and Pingo Doce.
2 Please note that this study differs from the Albert Heijn Mission Report on formula and population.

Equal pay

414,000+ associates

Gender pay

Shows the difference in pay between women and men

Median pay difference

Population: Manager+, The Netherlands

4.46%

Mean pay difference

Population: Manager+, The Netherlands

2.99%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

IN FOCUS: DIVERSITY, EQUITY AND INCLUSION

HOW OUR BRANDS BRING DE&I TO LIFE

Our great local brands remain committed to creating diverse, equitable and inclusive working and shopping environments. They continue to evolve how they do this through locally tailored initiatives.

Our people

With a diverse group of stakeholders, including 55 million customers in stores and over 414,000 associates, people are at the heart of our business. Our brands are committed to making sure all associates feel welcome and can bring their true selves to work.

For example, Peapod Digital Labs developed its strategy to ensure associate succession to Director+ roles is determined using a 100% diverse slate initiative.

Giant Food began to incorporate name badges with pronouns in 2022, with the support of the brand's Pride BRG.

Alfa Beta completed a balanced slate analysis and developed steps to achieve a 100% balance by 2025.

Delhaize Belgium developed departmental DE&I scorecards analyzing generational representation, female representation and inclusion. The aim was to drive DE&I accountability and tailored interventions on a departmental level.

Our culture

We believe in fostering a culture built on our shared values of courage, care, teamwork, integrity and humor. Our brands have many initiatives in place to help build a culture where everyone feels respected and a part of the Ahold Delhaize family.

For example, Stop & Shop deployed over 100 inclusive leadership training sessions to associates at manager level and above in 2022.

The GIANT Company participated in its first ever DE&I Summit, a day dedicated to building a culture of inclusion, with candid conversations, learning opportunities, engagement and inspired action.

Retail Business Services also held their first-ever "Build, Refresh, Grow" summit. Executive sponsors and BRG members spent two full days immersed in DE&I topics – from wellness to professional growth to inclusion mindfulness – and discussion intended to spark robust conversation, creativity and action.

Delhaize Serbia launched mandatory DE&I training on inclusive leadership in the onboarding process for all new managers.

Albert in the Czech Republic launched its Experienced Albert BRG in 2022 to support work-life balance and career paths with webinars and inspirational speakers.

Our communities

We believe in maintaining strong connections with communities – and our brands bring this commitment to life every day.

In 2022, for example, Alfa Beta Vassilopoulos showed it cares for its local community by donating €30,000 to the non-profit organization "Open Arms Hug."

Mega Image supported The Urban Garden project for children living with autism.

Hannaford is committed to increasing work readiness in underserved communities and has partnered with In Her Presence, which empowers immigrant women living in Maine.

Top image: Alfa Beta supports sick children with a donation to a local hospital in Greece.

Bottom image: Giant Food associates wear red to show support and acceptance during Autism Awareness Month.

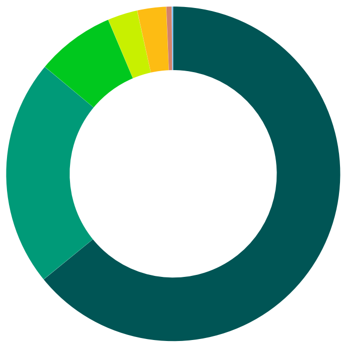
IN FOCUS: DIVERSITY, EQUITY AND INCLUSION

U.S. associates: Racial and ethnic diversity[1] 2022

White	62.8%
Black or African American	21.8%
Hispanic or Latino	8.0%
Two or more races	3.1%
Asian	2.8%
American Indian/Alaskan Native	0.5%
Native Hawaiian/Other Pacific Islander	0.2%

1 Aggregation of data from each U.S. brand. Racial/ethnic diversity is based on self-identification; data where identification is missing is not included in the analysis.

U.S. associates: Racial and ethnic diversity[1] 2021



White	64.1%
Black or African American	21.9%
Hispanic or Latino	7.6%
Two or more races	2.9%
Asian	2.8%
American Indian/Alaskan Native	0.5%
Native Hawaiian/Other Pacific Islander	0.1%

1 Aggregation of data from each U.S. brand. Racial/ethnic diversity is based on self-identification; data where identification is missing is not included in the analysis.

Our DE&I metrics

We measure progress based on data from each of the applicable brands; they manage their workforces and are responsible for outcomes. The following table outlines aggregated data for the purposes of reporting on performance toward our DE&I aspirations.

	2022	2021	2020
100% Gender balanced			
Female at VP+ level	33%	27%	27%
Female at director level	35%	34%	34%
Female at manager level	40%	40%	39%
Female below manager level	54%	54%	54%
Female: Total Ahold Delhaize	53%	53%	54%
100% Inclusive			
Inclusive workplace index[1]	80%	79%	79%

1 Annual associate engagement survey results, see *Definitions and abbreviations* for definitions.

	2022	2021	2020
100% Reflective of communities			
Racially/ethnically underrepresented at VP+ level (U.S.)[1]	18%	17%	10%
Racially/ethnically underrepresented at director level (U.S.)[1]	18%	19%	12%
Racially/ethnically underrepresented at manager level (U.S.)[1]	22%	22%	15%
Racially/ethnically underrepresented below manager level (U.S.)[1]	38%	37%	34%

1 Figures are for associates in the U.S. only and exclude associates in Europe due to legal restrictions in Europe. The term "racially/ethnically underrepresented" refers to racial/ethnic groups that are underrepresented in the U.S. workforce generally (Black or African American, Asian, Native American or Alaska Native, Hispanic or Latino, Native Hawaiian or Other Pacific Islander, Two or More Races). Reported associate racial/ethnic categories in the U.S. are based on voluntary self-identification; associates with a missing racial/ethnic category are not included in the figures above. Each U.S. brand has adopted its own D&I strategy to reflect our D&I ambitions, and these figures represent an aggregation of the data of each brand.

IN FOCUS: DIVERSITY, EQUITY AND INCLUSION

EXTERNAL COMMITMENTS AND RECOGNITION

We are proud that our work to further DE&I has been recognized externally. Here are a few examples from the past year.

LEAD Network CEO Pledge

Through the LEAD Network CEO Pledge, CEOs in Europe are committing to accelerate gender parity and drive inclusion within the retail and Consumer Packaged Goods industry. Ahold Delhaize was the original sponsor of the Pledge and our CEO Frans Muller the first signatory. In April 2022, our CEO Europe and Indonesia Wouter Kolk was appointed as a member of the LEAD Network's Advisory Board.

Human Rights Campaign Foundation Corporate Equality Index

The Ahold Delhaize USA brands, Food Lion, Giant Food, Hannaford, Peapod Digital Labs, Retail Business Services (RBS), Stop & Shop and The GIANT Company were recognized as Best Places to Work for LGBTQ+ Equality again in 2022. Our brands earned perfect scores on the Human Rights Campaign Foundation's 2022 Corporate Equality Index (CEI) for LGBTQ+ inclusion.

Shelby Report Diversity and Inclusion award

Ahold Delhaize, RBS and The GIANT Company were among the winners, along with women leaders from Peapod Digital Labs and Food Lion, in the Shelby Report's second annual Diversity and Inclusion award.

Financial Times 2023

Ahold Delhaize ranked 44th of 75 retail companies as a leader in diversity. Over 800 companies were assessed by the *Financial Times* on how they advance DE&I.

Other DE&I awards

RBS received the inaugural Diversity, Equity and Inclusion Award from the Shelby Report.

The GIANT Company was named the Harrisburg Regional Chamber & Capital Region Economic Development Corporation's Corporate Diversity Champion of the Year at the 2022 Catalyst Awards celebration.

Mega Image's program "Mega for all – dedicated to Diversity and Inclusion," received third place at the Employer Branding Awards Gala 2022 in Bucharest in the category: Best Diversity & Inclusion Employer Branding Campaign.

Three of the Ahold Delhaize USA brands were recognized by U.S. trade publication *Progressive Grocer's* Social Impact Awards program for their efforts that are leading the way in making a difference. The GIANT Company was honored for community service, local impact and sustainability and resource conservation; Stop & Shop for driving awareness of food insecurity and delivering large-scale donations to help those fighting hunger; and Giant Food for advocating sustainable programs and food security and nutritional leadership.

Stop & Shop was named VIABILITY, Inc's 2022 Enduring Equity and Inclusion Employer of the Year in recognition of the inclusivity, employment opportunities and work experience Stop & Shop store teams provide to associates with disabilities or disadvantages.

For the fourth year in a row, Peapod Digital Labs won a spot on Built In's "Best Places To Work" list. It is based on company data on benefits, compensation and flexible work opportunities, as well as companies' work cultures, including DE&I programming and "people-first" initiatives.

OTHER ESG DISCLOSURES

In addition to the material topics discussed in the chapters *Environmental*, *Social* and *Governance*, there are also other ESG topics we want to report on, either because they are mandatory reporting topics or because we find them to be essential to our business, though they may not qualify as material topics.

ETHICS AND HUMAN RIGHTS

Our ethical principles

At Ahold Delhaize, our ethical principles are the foundation of our commitment to conduct our business the right way, every day. Our *Code of Ethics* supports our commitment to comply with relevant legal and regulatory obligations and make ethical choices related to our business. Applying our Code of Ethics equips associates to make the rights choices and protects our relationships with colleagues, customers and the communities our brands serve. The Code of Ethics also provides guidance on when and where to ask for advice or report a compliance or ethics breach.

The principles in the Code apply to all associates of Ahold Delhaize and its businesses. Manager-level and above are assigned the annual Code of Ethics training. In addition, the Code of Ethics and our ethical principles are communicated to all associates through our website, local intranet pages, leaflets, posters, videos, local campaigns and in a global Ethics Week. The full Code is available in the corporate governance section of our website at *www.aholddelhaize.com*.

In addition to our Code of Ethics, we have a global Governance, Risk Management and Compliance (GRC) framework that addresses and monitors key risks to our business. This framework includes policies and controls that relate to internal processes (e.g., financial reporting, capital investments, purchasing and tax) as well as legal and regulatory risks (e.g., data privacy, competition and antitrust, and corruption and bribery). In 2022, there were no critical concerns related to social or environmental impacts reported through the GRC framework. You can read more about the framework under *Risk management*.

Speak Up Line

Ahold Delhaize and its brands provide a number of reporting options, including our Speak Up Line, a global reporting line monitored by third-party provider NAVEX. The Speak Up Line enables each of our brand's associates, third parties within and connected to our supply chains and the public to raise concerns about improper behavior or possible violations of law or policy, including our Position on Human Rights.

The Speak Up Line is free and accessible online and by phone, 24 hours per day, seven days per week, in the local languages of the countries in which our brands operate. It is a confidential and secure service hosted by NAVEX. The Speak Up Line is communicated to all associates on our website, our brands' intranets, on posters and in our annual Code of Ethics training and communications. You can find the contact details and more information about the process, including a response timeline, as well as the detailed Speak Up Policy on *www.aholddelhaize.ethicspoint.com*.

In 2022, our Speak Up lines received 5,128 reports (2021: 5,724), over 90.7% of which were related to issues that are typically handled by HR. These issues consist primarily of seven broad types of issues: unfair treatment (22%), misconduct or inappropriate behavior (21%), appeal of discipline (10%), request for guidance (8%), sexual or other harassment (7%), bullying (7%) and discrimination (7%). None of these involved members of our senior management. After human resource-related issues, the five most frequently reported issues were workplace safety (2.3%), employee theft/dishonesty (2.0%), substance abuse (1.7%), public/food safety (1.4%) and violation of a law (1.0%). All reports are forwarded to the appropriate internal resource for review and to prompt response or investigation. All reports of violations of law or policy will be investigated, and where there has been a violation, appropriate corrective action will be taken and remedy provided.

Approximately 34.2% (2021: 27.6%) of reports were made anonymously in 2022. On average, reports were investigated and resolved within 23 days. Approximately 43.2% of investigated reports were substantiated. In 2022, there were no substantiated reports of significant financial reporting, accounting, fraud or ethical violations.

The Ethics teams of Ahold Delhaize and its brands review the reports from the Speak Up Lines on a quarterly basis and discuss and incorporate learnings to improve the system and ensure that processes are in place to address and prevent the reported issues. In addition, Ahold Delhaize and its brands conduct a periodic Ethical Culture Survey among associates, which includes questions about the accessibility, potential barriers, implementation, performance and outcomes of the Speak Up Line. In 2022, Ahold Delhaize also conducted a survey of a sample of users and worked with NAVEX to continuously improve the system.

No retaliation

Ahold Delhaize and all of its brands strongly encourage raising concerns about improper behavior or possible violations of law or policy. We will not retaliate or allow retaliation against anyone who, in good faith, reports a potential violation. Any form of direct or indirect retaliation is strictly prohibited.

Corruption and bribery

Ahold Delhaize and its brands are committed to conducting business in an ethically responsible manner and complying with the law in all countries and jurisdictions in which we operate. This commitment includes compliance with laws relating to anti-corruption and bribery. The Ahold Delhaize Code of Ethics and our *Global Anti-Corruption and Bribery Policy* prohibit any form of corruption or bribery, including facilitation payments. This guidance is available to all associates and is addressed in our Code of Ethics training, as well as in training and communication

ETHICS AND HUMAN RIGHTS

to functions that are at risk of encountering corruption and bribery. Based on our monitoring systems across our operations, including the Speak Up Line, there were no incidences of bribery or corruption during the year.

None of Ahold Delhaize's brands incurred any legal action, fines, penalties or settlements related to anti-competitive business practices in 2022, and there were no significant instances of non-compliance with laws or regulations.

Security and privacy

Personal data from our customers, associates and business partners is entrusted to our businesses and we safeguard this information, consistent with relevant security and privacy legislation and regulations. At Ahold Delhaize, we strive to use customer data to benefit customers, whether it is checking their home address for deliveries, accessing their shopping history for personalized benefits or confirming account details for online orders. The five principles that guide how personal data is managed are available on our *website*. Ahold Delhaize and each of the brands have a privacy notice for customers and associates, in line with local legal obligations, available on their websites.

Our commitment to human rights

Our commitment to human rights is an extension of our longstanding dedication to conducting business ethically, and anchored in the first principle of our Code of Ethics: we respect each other.

In 2022, Ahold Delhaize updated its *Position on Human Rights*, which outlines our broad commitment to this important issue. The Position was first published in 2017 and revised in 2020 to coincide with the publication of our first Human Rights Report. Since then, we have reviewed this Position against relevant external benchmarks and, in consultation with key internal stakeholders, identified updates that better reflect both our commitment to human rights and evolving expectations in society. In addition to the UN Universal Declaration of Human Rights and Guiding Principles on Business and Human Rights, the updated document now references the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines.

The Position on Human Rights is structured around the key affected stakeholders in our own operations and in the supply chain. It identifies specific vulnerable groups, including, but not limited to, women, members of the LGBTQ+ community, children, persons with disabilities, minorities, refugees, migrant workers and indigenous peoples. The Position more clearly expresses our commitment by including our approach to due diligence and providing more information about how Ahold Delhaize and its brands provide access to remedy.

The Position on Human Rights applies to the own operations and supply chains of all Ahold Delhaize brands and businesses and is owned and formally approved by the Executive Committee. The latest version is available on our website.

Human Rights Report 2022

Ahold Delhaize also published its second *Human Rights Report* in June 2022. The report focuses on the progress made since 2020 by Ahold Delhaize and its local brands on our global Roadmap on Human Rights. As with the Position on Human Rights, the Human Rights Report and its content were reviewed with – and approved by – functional and regional leadership, as well as the Executive Committee. This comes in addition to in-depth board-level discussions on DE&I, associate engagement and many other topics during the year.

In the Human Rights Report, we describe in more detail how we embed our commitment to respect human rights throughout our own operations and in the supply chain. We focus on three important aspects: governance, implementation and access to remedy. In the report, we explain how we strengthened our governance of human rights, including the roles and responsibilities to implement our commitment across the organization, and how we engage on human rights and ethics through newsletters, campaigns, webinars and trainings. Ahold Delhaize's Executive Committee directly oversees the implementation of our Roadmap on Human Rights through a quarterly progress report and one or more annual in-person reviews.

We also explain our overall approach to due diligence and the operational processes we use to mitigate our impacts and manage the salient issues in our own operations and supply chain. This includes our *Standards of Engagement*, which define the minimum human rights protections that we expect our suppliers to support and implement, as well as an explanation of our social compliance and critical commodity programs and targets to monitor working conditions and mitigate social impacts in our supply chain.

We focus our social compliance program on production locations in high-risk countries (as defined by amfori BSCI), and our critical commodity programs are specifically developed to address major social issues such as child labor and forced labor. In addition, we conduct an annual sustainability risk assessment that reviews the social risks, based on our salient issues, associated with product categories and raw materials in specific geographies. You can read more about our approach and the specific actions to address child labor and forced labor in the Human Rights Report 2022.

Remediation and access to remedy are important aspects of an effective human rights due diligence process and we commit to addressing allegations that human rights are not being properly respected. Our local ethics helplines (our Speak Up Lines) enable each of our brand's associates, third parties within and connected to our supply chains and the public to raise concerns. In the report, we also explain how grievance mechanisms are implemented in the supply chain in collaboration with the standards and programs we implement. And finally, we address how we engage users of the Speak Up Line and associates generally through the annual Ethical Culture Survey to gather feedback and improve our Speak Up Line. In addition to the Speak Up Line, concerns can also be shared directly by emailing ethics@aholddelhaize.com.

ETHICS AND HUMAN RIGHTS

Roadmap on Human Rights

Implementing our Roadmap on Human Rights has been a learning process. With every step we take, we discover more that needs to be done. That is why we included an updated Roadmap in our Human Rights Report 2022:

1. The first step is to further formalize our approach to due diligence in line with proposed legislation and the expectations of our stakeholders.
2. We also recognize that there are limitations to our social compliance program. That is why, as a second step, we plan to reflect on how to effectively use social compliance audits and better engage the business on human rights.
3. As a third step, we encourage each of our brands to engage locally with relevant partners to address their salient issues, and plan to support some of that work at the global level.
4. And fourth, we believe that "what gets measured, gets done" and we apply that concept to our salient issues and progress on human rights.
5. Finally, we see opportunities to further engage with affected stakeholders and build programs that are collaborative, effective and transparent.

Roadmap on Human Rights

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

The following chapter provides an overview of Ahold Delhaize's activities as supporter of the Task Force on Climate-related Financial Disclosures. We have adopted the TCFD's recommendations and are reporting in line with them, where possible.

In this chapter, we discuss in detail the risks and opportunities for our business arising from climate change. We examine how our business impacts our environment, the climate and the actions we are taking (and plan to take) to mitigate those risks. We also detail how we govern our overall approach. We have integrated climate-related disclosures throughout this Annual Report, for example in the Climate change section of *Environmental* and *In focus: Carbon emissions in our value chain*.

Information on the EU Taxonomy is included in the *ESG statements* under *Environmental*. In addition, we provide further information on climate change in the *Risks and opportunities* section.

INTRODUCTION

Climate change and the degradation of nature is a global threat to the health of the planet and people's lives and livelihoods.

A range of issues – such as deforestation, biodiversity loss and pollution – contribute to the climate crisis, and with it, the health and resiliency of the planet, which underpins the well-being of all of us who inhabit it.

GOVERNANCE

Ahold Delhaize's Management Board takes overall accountability for the management of all of the company's risks and opportunities, including climate change. In 2022, our newly appointed Chief Sustainability Officer took over direct responsibility for the oversight of our climate change agenda from the CEO. This includes leading policy development for our climate change agenda and bringing additional executive oversight to this important strategic issue. Updates are tabled for discussion by the Management Board and Executive Committee as well as the Health and Sustainability Committee of the Supervisory Board, in line with our risk review cycle.

Our Chief Financial Officer maintains oversight of our climate-related financial activities and reporting, sponsoring the TCFD and EU Taxonomy working groups that comprise colleagues across our Climate, Risk Management and Finance teams and maintain day-to-day oversight of these areas. See also how we manage ESG performance, as explained in the *Introduction to ESG* section.

Five of the 10 members of the Supervisory Board are also members of the Board's Health and Sustainability Committee, which is responsible for overseeing sustainability. The Health and Sustainability Committee advises the Supervisory Board on the Company's long-term sustainability vision, strategy and target setting. It monitors the company's performance on sustainability targets. The Committee is responsible for monitoring the company's sustainability talent, leadership and culture development and assisting the Supervisory Board in fulfilling its oversight responsibilities for risks related to the topic. The Health and Sustainability Committee met four times in 2022. See also the *Supervisory Board report* for more information on the Health and Sustainability Committee and topics discussed in meetings.

Our approach to climate change has been rolled out globally, with our brand leadership teams responsible for implementing actions within the brands. Every brand has dedicated teams working to reduce their climate impact from own operations (scope 1 and 2) and the value chain (scope 3). These teams consist of associates from departments such as store development and store maintenance as well as sourcing managers.

To underpin the importance of decarbonizing our business, we linked the achievement of our scope 1 and 2 carbon emissions reduction targets to remuneration under our short- and long-term incentive plans.

See **Remuneration Policy** for details.

STRATEGY

As food retailers, we are acutely aware of how climate change is impacting the way food is grown and will change our business both now and in the years to come – from how and where our products are sourced to what our stores look like and how we heat or cool them.

A healthy planet is a key component of our *Elevate healthy and sustainable* growth driver, and our approach to addressing climate change in our company focuses on both the impact of climate change on our business (through our efforts to comply with the TCFD) and how our business activities impact the climate.

Ahold Delhaize and the brands announced our commitment to reach net-zero carbon emissions across own operations by 2040 (scope 1 and 2) and become net-zero businesses across the entire supply chain, products and services no later than 2050 (scope 3). For more information, see *Climate change section under Environmental* and *In focus: Carbon emissions in our value chain*.

We have also joined the Business Ambition for 1.5°C, a global coalition of UN agencies and business and industry leaders, in partnership with the SBTi and the UN-led Race to Zero campaign. For more information, see CO_2 emissions and climate change in *Environmental*.

We are a founding member of the World Resources Institute (WRI) 10x20x30 initiative to reduce food waste and a signatory of the New Plastics Economy Global Commitment, led by the Ellen MacArthur Foundation in collaboration with the UN Environment Programme, to address plastic waste and pollution at its source. For more information, see *Food waste* and *Sustainable packaging* in *Environmental*.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Ahold Delhaize ongoing programs along the value chain

RISK MANAGEMENT

Climate change is a principal risk to Ahold Delhaize that has the potential – in varying degrees – to impact our business in the short, medium and long term. See *Risk and opportunities* for more information on our principal risks.

We face potential physical risks from extreme weather, water scarcity and other effects of climate change on our business. Changing consumer preferences and future policy and regulation associated with the shift to a low-carbon economy present transition risks but also opportunities for our business.

Ahold Delhaize's business strategy provides a degree of resilience to some of these risks, particularly the physical risks. For example, our diversified supply chain approach helps to provide some resilience to the impacts of climate change on particular areas; and our large physical store footprint, widespread reach and multi-channel business provide some resilience to potential local flooding and hurricane hotspots.

The process for assessing and identifying climate-related risks is the same as the process we use for the principal risks and is described in the section *Risks and opportunities*. For more information on how we manage risks, see *Risk management* in the *Governance* chapter.

As part of the Enterprise Risk Management (ERM) process, our teams have considered climate change as a risk on a brand level and identified more specific risks and mitigating actions. These risks and actions were assigned to specific owners in the business for mitigation and management.

Climate-related risk assessment

The TCFD divides climate-related risks into two major categories: risks related to the transition to a lower-carbon economy (transition risks) and risks related to the physical impacts of climate change (physical risks).

Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed and focus of these changes, transition risks may pose varying levels of financial and reputational risk to an organization.

Physical risks resulting from climate change can be event-driven (acute) or longer-term (chronic) shifts in climate patterns. Physical risks may have financial implications for organizations, such as direct damage to assets and indirect impacts from supply chain disruption. Organizations' financial performance may also be affected by changes in water availability, sourcing and quality; food security; and extreme temperature changes affecting their premises, operations, supply chain, transport needs and associate safety.

Ahold Delhaize is following a phased approach to help us understand the potential impact of climate change on our business.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Work completed prior to 2022

In 2020, Ahold Delhaize conducted Phase I, our first global analysis of climate-related risks and the potential material impacts on our value chain. We developed two climate scenarios in line with 2˚C and 4˚C trajectories and identified 17 climate-related vulnerabilities (see diagram to the right) that could impact our supply chain, stores, warehouses, revenues and gross margin by 2030 and beyond.

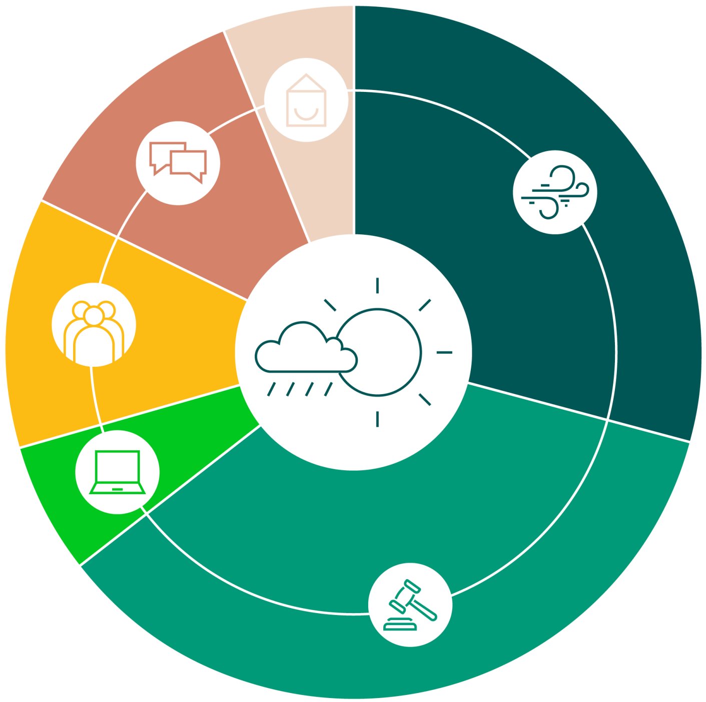
In 2021, we performed Phase II, a deep dive to understand the exposure of two large Ahold Delhaize brands (one in the U.S. and one in Europe) to climate-related risks and opportunities.

Our scenario analysis modeled the potential financial impact on these brands in the year 2030 under 2˚C and 4˚C trajectories, under the assumption that our business activities at the selected brands remained as they are today; so, without considering any actions that Ahold Delhaize might take to mitigate or adapt to the adverse impacts or to introduce new products that might offer new sources of revenue as consumers adjust to the new circumstances. The modeled risks under the 2˚C and 4˚C scenarios are mutually exclusive; we have not assessed a situation where physical and transition risks occur in parallel.

Our scenarios are based on those developed by the Intergovernmental Panel on Climate Change (IPCC).

The 2021 deep dive focused on two brands, on six primary risks derived from the 17 potential climate vulnerabilities identified in the initial global assessment and on fresh product categories (meat, fish, dairy, fruits and vegetables).

17 Climate-related vulnerabilities



- **PHYSICAL**
  Increase in extreme weather (acute)
  Increase in extreme heat waves (acute)
  Increase in temperature and droughts (chronic)
  Sea level rise (chronic)
  Land scarcity (chronic)
- **REGULATORY**
  Mandatory labeling
  Regulation / pricing on GHG emissions
  Regulation / pricing on water
  Legislation on imported products with externalities
  Legislation on carbon sinks depletion
  Legislation on land scarcity
- **TECHNOLOGY**
  Development of new technologies for low-carbon solutions
- **MARKET**
  Shift in consumer expectations
  Shift in business partners' expectations
- **REPUTATION**
  Reputational damage
  Lack of visibility of the Ahold Delhaize brands' commitment to fighting change
- **SOCIAL**
  Increase in social issues

We selected the six risks that we believe have the greatest potential to impact our business. We further focused on fresh product categories as the key business categories with the greatest potential climate risk that can be directly influenced by Ahold Delhaize and the brands. We have the ability to change the sourcing of these product groups to potentially mitigate these risks. On a consolidated basis, net sales from fresh products represent 45% of total net sales.

We used the latest scientific insights to make assumptions about the physical ramifications of climate change by 2030 (including those taking into account this year's numerous weather incidents).

The 4˚C scenario that we used in our Phase II deep dive focuses on a world where the climate policy is less ambitious and coordinated, leading to a systemic failure to address climate change. It assumes limited and fragmented policy or regulatory support for decarbonization and focuses on several significant physical climate risks:

1. Chronic climate change, leading to chronic and acute water stress and reduced agricultural productivity in some regions, raising the prices of raw materials or reducing supply volumes.
2. Increased frequency and severity of extreme weather events disrupting our supply chain or causing damage to our assets. In this world, carbon prices remain low. We followed the latest scientific insights on the physical manifestations of climate change by 2030 and took yield projections into account.
3. Temperature increase and extreme weather events that reduce economic activity, GDP growth and sales levels.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

The 2˚C scenario we used in the deep dive reflects a world that acts rapidly and in a coordinated manner to limit GHG emissions. This scenario focuses on transition risks associated with the changes needed by 2030 to cut emissions in line with the Paris Agreement, including:

1. Coordinated carbon pricing that leads to increases in costs for both manufacturing and raw material (e.g., dairy ingredients, metal used in packaging).
2. Low-carbon land management practices (e.g., Climate Smart Agriculture) implemented to comply with zero net deforestation requirements, that put pressure on agricultural production, raising the price of certain raw materials.
3. Changes in consumer behavior and consumption patterns, leading to potentially significant changes in demand for certain product categories.

Based on the 17 vulnerabilities identified in Phase I, we selected the following six most significant risks for further analysis in our Phase II deep dive:

RISK DERIVED FOR FURTHER INVESTIGATION	VULNERABILITY	TYPE OF RISK
The impact of carbon pricing on gross margin	• Regulation/pricing on GHG emissions	Transition risk
The impact of agricultural yield decreases and yield losses on revenue and gross margin	• Increase in extreme weather • Increase in extreme heat waves • Increase in temperature and droughts • Sea-level rise	Physical risk
Revenue losses resulting from disruption of stores and DCs (operations) due to climate events	• Increase in extreme weather • Increase in extreme heat waves • Increase in temperature and droughts • Sea-level rise	Physical risk
Increasing costs resulting from asset damage due to climate events	• Increase in extreme weather • Increase in extreme heat waves • Increase in temperature and droughts • Sea-level rise	Physical risk
The impact of climate change on energy costs	• Increase in temperature and droughts • Regulation/pricing on GHG emissions	Transition risk
Changes in gross margin from changing customer diets	• Shift in customer expectations	Transition risk

Results and insights from the 2021 deep dive
For more detailed information on the results of the 2021 deep dive, see our *Annual Report 2021*.

Our 2021 deep-dive analysis indicated that, without action, both scenarios may have a financial impact on Ahold Delhaize by 2030.

Overall, the expectation is that transition risks will be more impactful in a 2ºC scenario by 2030 due to carbon pricing and a rapid shift toward sustainable agriculture. Customers are also expected to be more climate conscious and preferences will shift toward low-carbon products. In this scenario, the pricing of fresh products and overhead costs will increase due to carbon pricing. The impact on gross margin will largely be dependent on whether customers are willing to pay more for low-carbon products and the difference in the contribution to gross margin of low-carbon versus carbon-intensive products.

Physical risks are expected to have a more significant impact in a 4ºC scenario, especially beyond 2030. Leading climate science indicates that changing weather conditions are likely to significantly increase yield volatility and yield losses, which will impact the availability and pricing of fresh produce.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Managing climate-related risks and opportunities

The modeling scenarios prepared in 2021 are useful for understanding the potential (financial) impacts of climate change on our business, but there are limitations; for example, the scenario analysis required us to pick specific factors and model them using fixed assumptions.

We, therefore, looked more broadly at the results, incorporated the input from our ERM process and identified possible physical and transition risks and opportunities that we think apply to all our brands, and derived mitigating or follow-up actions that were rolled out to all brands for implementation. These actions and progress are further explained below.

In general, actions overlap with our work done to reduce scope 1 and 2 (see *Environmental – Climate change*) and scope 3 emissions (see *In focus: Carbon emissions in our value chain*).

Transition risks: Regulatory risks

- The introduction of **carbon pricing**, such as carbon taxes or voluntary removal or offset costs, on a regional or national level, can lead to higher costs of products and impact margins since it may not always be possible to pass on increased costs to customers. Product categories considered carbon intensive, such as dairy, are expected to be more impacted than fruits and vegetables.
- **Land-use regulation** could reduce land available for food crops, pasture and timber, which could drive decreased crop output and increased raw material prices, reducing our access to our primary commodities.
- **Product composition regulations** could restrict or ban the use of certain GHG-intensive components and ingredients in everyday products, e.g., legislation on tobacco and energy drinks or potential restrictions on the use of plastic packaging. This would require redesigning products and packaging to comply, which could increase costs.
- **Sourcing transparency and product labeling regulations** could expand significantly due to pressure from regulators and consumers. This could lead to disclosure compliance risks and rising commodity costs linked to a radical transition to transparent supply chains, as well as a potential loss of market share to more transparent competitors.

Actions taken

With the inclusion of carbon pricing in our investment models, we now consider emissions impact in our investment decisions. We continue to look for ways to improve our investment models to better assess the impact of our decisions on climate. We already monitor our investment proposals against our net-zero ambition calculations.

We aim to reduce our carbon footprint by identifying and implementing ways of making equipment in use and buildings more energy efficient – see *Environmental – Climate change* for examples.

We are also mitigating regulatory risks through our work on sustainable packaging, food waste, sustainable sourcing, reformulation of own-brand products, product transparency and the expansion of our brands' ranges to include more low-carbon products. For example, Delhaize Belgium offers zero-kilometer products, thanks to its urban farm, where vegetables are grown on the roof of a supermarket. It also highlights Belgian products to consumers through special "BEL-haize" branding on packages. Activities like these are creating awareness for locally sourced products with smaller CO_2 footprints.

The brands in the U.S. have partnered with independent research company and data platform HowGood, which provides sustainability ratings for products including climate impacts. The PRISM application (Peapod Digital Labs' proprietary e-commerce platform) allows the brands to utilize this tool on their e-commerce sites so customers can see the HowGood sustainability ratings for the products they seek to buy.

Transition risks: Market risks

- **Energy transition and rising energy prices** could be driven by increased electrification; the deployment of renewable energy solutions; the associated transmission, distribution and storage infrastructure; and the adoption of emerging low-carbon technologies, such as biogas and green hydrogen. More cities are also introducing restrictions on the types of trucks that are allowed to enter city centers. This could impact our operations, suppliers and end-consumers' utility costs.
- **Energy and commodity market volatility** could lead to increased uncertainty in financial planning and forecasting for energy and key commodities, and higher costs associated with risk management. The war in Ukraine already led to market volatility in 2022, resulting in increased prices for grain, sunflower oil and other products. The war also increased the urgency to stop using natural gas in stores and switch to fuel options that are less vulnerable to geopolitical changes.
- **Changing customer diets** could negatively impact margins. In a 2°C world, customers will be more aware of climate issues and their purchasing behavior will favor low-carbon products. The carbon intensity of products and their contribution to gross margin will be the main drivers of the impact. Dairy products are again expected to be the category with the highest impact, but this will differ by brand, depending on product mix.

Actions taken

While our net-zero ambitions identified the use of renewable energy as a way to reduce our carbon footprint, the sharp increase in energy prices in 2022 sparked an increased urgency to explore opportunities in the short and medium term, such as placing solar panels on all possible own sites and exploring possibilities for leased properties or alternatives like carports. We estimate that for us to source at least 10% of our energy needs in Europe from own energy by 2030 would require additional capital expenditure of more than €180 million, and more roofs to cover with solar panels. In Belgium, all feasible own-site roofs are already covered with solar panels and in the Netherlands, the only roof options remaining will require lightweight solar panels, as they are not suitable for standard solar panels.

Our Not-for-Resale sourcing teams are also collaborating on a regional level to buy energy smarter, and working on opportunities to source green energy through PPAs.

Food Lion recently signed a renewable energy contracts (REC) purchase agreement, due to start in 2023, that covers 24-32 stores. Our U.S. brands started to tailor their peak saving strategy and back-up generator utilization to upcoming demand-driven price contracts – for example, Food Lion's energy management strategy enables them to manage demand at over 300 stores. They monitor power usage and shed stages of load to reduce peak demand, for example, by altering the triggers that move HVAC systems to the next stage of operation and moving lights to lower power when possible.

As a result, 24% of the energy consumption from our brands comes from renewable sources in 2022, compared to 22% in 2021.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Our brands in Europe are working to increase their assortments of plant-based products and make them more visible to customers. For example, Delhaize Belgium rebranded plant-based products in blue-green colors to increase visibility on shelves, added a filter on its e-commerce platform so customers can easily select vegetarian and vegan products, and included plant-based products in its "Little Lions" everyday low-price program.

Physical risks

- **Decreases in agricultural yields.** Changing weather conditions are likely to significantly increase yield volatility and yield loss. The decline of key agricultural regions (due to agricultural droughts and temperature increase, for example) and the increased risk of extreme weather events are likely to negatively affect the production of food and, in particular, fresh products. Sustained high temperatures could lead to reduced crop outputs due to a reduction in soil productivity, which could translate into higher raw material prices.

  Products sourced from, areas such as Southern Europe or California are expected to be more heavily impacted. Alternative sourcing for products at higher risk needs to be explored.

- **Extreme weather events** could significantly disrupt our entire value chain. If weather events such as hurricanes, heavy snowfall or floods become increasingly common and intense, this could disrupt our distribution infrastructure, resulting in out-of-stock situations and subsequently store closures. Extreme weather events could also impact our e-commerce business by affecting home deliveries. Significant destruction from weather events could also reduce or destroy consumer demand and purchasing power in affected areas.

  Certain brands are more exposed to hurricanes or flooding, leading to an overall higher risk.

Actions taken

Ahold Delhaize and its brands are engaging with suppliers to develop solutions to address risks around product procurement, including working with producers and cooperatives that invest in greenhouse facilities that can support environmental conditions optimal for production or regenerative agricultural practices. Our brands' vegetable producers invest in new hybrid varieties (e.g., tomatoes and cucumbers) and new varieties of leafy vegetables that can withstand extreme temperatures or diseases and, in some cases, move their production areas to higher altitudes to avoid high temperatures.

Our brands also disperse the risk of availability problems by collaborating with a large number of producers and strategic partners in different areas. We are actively engaging with strategic partners to further understand potential climate-related risks of sourcing products and pursue opportunities to mitigate potential sourcing challenges. We have strategic sourcing processes in place for key commodities and products.

For example, Delhaize Belgium started to move from transactional relationships with suppliers to partnerships in fresh categories. They began by partnering with one strategic partner for fruits and vegetables and now have more than six strategic partners in fresh categories. These partnerships increase trust and volume planning between our brands and key suppliers, lowering the risk of shortages.

We have been working with suppliers in Morocco and Spain for decades on issues that include the increasing challenge of water availability in growing areas. Within Spain, we see farmers moving crops from the well-known growing areas in Murcia to the north of the region, where there is more water available due to proximity to mountains and better access to water because of the availability of water rights.

Water is also becoming an increasingly important issue in the Netherlands, especially in terms of quality, as the availability of water varies. There are times when there is too little water, causing the groundwater levels to drop. This happened in the autumn of 2022, for example. Arable farms face particular challenges in times of extremes. Severe drought and heavy rainfall can cause quality and availability challenges for farmers growing onions, carrots and, especially, potatoes. To date, however, the impact of weather extremes on the supply of these products has been limited.

We consider climate-related risks for larger projects and limit financial losses by procuring property damage and business interruption (PDBI) insurance against damage from natural catastrophes and weather-related events, such as floods, hurricanes and winter storms.

In parallel, our Global Asset Protection function runs an extensive risk engineering program across all our brands to understand, quantify and mitigate a variety of hazards, including natural catastrophes. Risk engineering specialists visit our network of distribution and home shop centers on an annual rotation to perform comprehensive risk assessments and provide actionable improvement recommendations. The results of those assessments assist site management and Global Asset Protection in implementing risk mitigation measures proactively and effectively, ensuring better resilience against physical risks.

On a forward-looking basis, we leverage the expertise of the risk engineers for new building designs and construction projects to implement risk mitigation elements during the planning phase. For example, we recently built a new DC in the Netherlands 1.8 meters above road level to mitigate flood risk.

Our brands received training on executing climate-related risk and vulnerability assessments and started to implement this across the real estate portfolio, starting first with newly acquired or leased real estate. They prioritize the assessment of assets that can lead to material financial losses should the risks identified materialize.

Opportunities

Greater ability to attract young talent: Young people are proving to be more sustainability-minded and have a strong desire to work for a purpose-driven company, particularly one that is taking responsibility for its impacts and acting to mitigate climate change.

Enhanced reputation with stakeholders: Managing our approach to climate change and living up to our ambitions as a responsible business will enhance our brands' reputation with customers and other key stakeholders. Investors are increasingly interested in investing in companies that are not only focused on financial performance but have a strong commitment to taking measurable strides on ESG performance, including minimizing their impacts on the environment.

Changing customer diets: Growth in plant-based foods could increase rapidly in coming years. As people become more environmentally conscious and land-use regulation increases, we could see a rise in plant-based protein as an alternative to animal-based protein.

Resource efficiency, resilience and market opportunities: Investment in energy transition technologies represents a shift to efficient and less centralized energy supply and consumption (e.g., through on-site renewable energy generation and storage) and zero-emission logistics. This could drive decarbonization across the value chain, while opening up the opportunity to access the utility market as an off-grid generator.

Switching all cooling systems to CO_2 with a global warming potential 1 (GWP1) will not only lead to zero emissions but also will be more energy

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

efficient and result in lower maintenance costs. This switch will come at a cost of additional capital expenditure in the coming years.

Actions taken

In December 2022, Ahold Delhaize announced the closing of its €1.5 billion Sustainability-linked Revolving Credit Facility (the "Facility"). The Facility includes three sustainability KPIs to reduce Ahold Delhaize's carbon emissions within our own operations (scope 1 and 2), reduce food waste and help customers make healthier choices. The Facility also includes a discretionary feature to add scope 3 carbon emissions reduction performance targets by 2025. The fact that the facility includes a sustainability-linked mechanism demonstrates Ahold Delhaize's commitment to its ESG strategy and goals.

We are capitalizing on innovative product and service opportunities by offering a range of vegan and vegetarian products. Our Dutch brand Albert Heijn, for example, committed to achieving 60% plant-based and 40% animal-based protein sales by 2030.

We are also seizing resource efficiency opportunities by generating renewable electricity at our own sites, where feasible, and targeting emissions reduction from our logistics suppliers and own vehicle fleet. See *Environmental – Climate change* for more information.

Additional work performed in 2022

The key lessons learned and actions formulated by the two brands that performed the deep dive in 2021 were shared with all brands for inspiration and learning.

We also arranged training and information sessions to increase the general awareness within the brands on climate risks, risk assessments and adaptation plans. This was combined with the work we did on the *EU Taxonomy* eligibility and alignment, and specifically the Do Not Significantly Harm Technical Screening Criteria for climate change adaptation as the scope of work overlapped to some extent.

In addition, the work we did to update our scope 3 reduction target in 2022 provided more insights that helped us further define our actions to reduce emissions throughout our value chain. See also *In focus: Carbon emissions in our value chain*.

In summary and next steps

Our risk assessments from 2021 and further discussions during 2022 with the brands suggest that the most significant impacts of climate change on our business are losses due to property damage, revenue loss due to lack of product, higher product prices and higher costs, such as higher energy costs to cool our brands' stores.

On the journey to a 1.5ºC world, the most significant impacts along our value chain will be caused by policy interventions and changing socio-economic trends, such as regulations related to carbon pricing, land use, product composition, sourcing transparency and product labeling.

Due to the changing socio-economic situation, a clear and present impact is the transition of the energy system, which we expect to bring rising energy prices and market volatility. In the near future, we will also experience the impact of physical environment risks associated with a warmer climate, even in a 1.5°C world. While the potential risks and financial impact of limiting global warming to 1.5°C are significant if no mitigating actions are taken, the impact of the potential risks that would exist if we were not to reduce warming to 1.5°C are potentially even more significant.

We also see opportunities for our brands to source popular products from new areas and meet changing customer needs with innovative and high-quality products, sustainably sourced.

To seize these opportunities and make a positive difference, we believe companies need to challenge assumptions in our current food system. One example is the practice of providing large quantities and a great variety of products all year round that, in turn, wastes valuable food and energy. We face the dilemma of meeting customer expectations on variety, affordability and availability of food while reducing the cost to the planet, and meeting expectations on profitability from shareholders and investors.

To address this challenge, we continue to work hard to engage customers and incentivize them to adopt healthier and more sustainable diets, reduce emissions across the entire value chain, promote biodiversity and reduce food and plastic waste.

We will also continue to discuss climate-related risks with our suppliers, learn from their action plans and work together to identify opportunities to collaborate on projects that can reduce carbon emissions in our value chain, such as regenerative agriculture. We will integrate these in our scope 3 plans.

We will continue to address the risks mentioned in the paragraph *Managing climate-related risks and opportunities* above by identifying actions to mitigate them, rolling out actions implemented at one brand or segment in other brands and sharing best practices.

We are also revisiting our investment models, to address physical risks related to climate change, how we invest in our business and how we can make it more future-proof. This means that we will evaluate how we can include more data on the environmental impact of investments in our models and determine how to introduce EU taxonomy-related data points in the planning phase of projects.

We will also further expand the ERM process and risk management to better address climate-related risks and allocate responsibilities to business owners. We will investigate ways to better monitor progress and improve the sharing of knowledge on climate-related risks between departments, such as insurance, business continuity, sourcing and real estate.

As our first climate-related risk deep-dive was done in 2021, we also need to determine the most effective way to perform additional deep dives at other brands or in different product categories, taking into account the latest scientific models and guidance on risk assessments. In addition, we want to improve the quality and depth of our risk assessments relating to physical risks and prepare more comprehensive adaptation plans, also considering the requirements of the EU Taxonomy, and bring together the different purposes and objectives into a more integrated approach.

METRICS AND TARGETS

Ahold Delhaize and the local brands committed to:

- Reaching net-zero carbon emissions across all operations by 2040 (scope 1 and 2)
- Becoming net-zero businesses across the brands' entire supply chains, products and services no later than 2050 (scope 3).

For more information on our targets, see *Environmental – Climate Change*.

See *ESG statements* for more information on metrics currently measured and reported on.

We have not yet implemented additional metrics to measure the possible impact of the risks identified in the detailed assessments we performed in 2021, but we do monitor financial losses and insurance claims as a result of climate-related perils.

TAX TRANSPARENCY AND RESPONSIBILITY

TAX TRANSPARENCY AND RESPONSIBILITY

At Ahold Delhaize, we seek to make a positive impact in the communities where we operate and be good neighbors. One way we do this is by paying taxes in a way that takes into consideration social and corporate responsibility and the interests of all our stakeholders. Our overall tax approach is in line with Ahold Delhaize's Business Principles, Healthy and Sustainable strategy and Code of Conduct.

Our tax policy consists of five main tax principles: transparency, accounting and governance, compliance, relationships with authorities and business structure. Our tax principles are aligned with The B Team's Responsible Tax Principles, developed by a group of leading companies, with involvement from civil society, investors and representatives from international institutions. In 2017, The B Team brought together the heads of Tax from nine multinationals to develop the Responsible Tax Principles, which raise the bar on how businesses approach tax and transparency and help forge a new consensus around what responsible tax practice looks like.

Ahold Delhaize embraces the principles included in the VNO-NCW Tax Governance Code and signed the Code, together with more than 40 large Dutch internationally operating companies, in May 2022.

Transparency

We are proud of the fact that by paying our share of taxes in the countries where we operate, we contribute to economic and social development in these countries. Also, with our total tax contribution, we support the UN Sustainable Development Goals.

In 2022, Ahold Delhaize collected and borne many types of taxes: payroll tax, corporate income tax, net-value-added tax (VAT), sales and use (S&U) tax, property tax and real estate tax, dividend tax, excise and customs duties and others (e.g., packaging tax), for a total amount of €6 billion. Note that €1.8 billion of the total tax contribution in 2022 is taxes borne.

The total tax contribution and corporate income tax payments reported per country are summarized below.

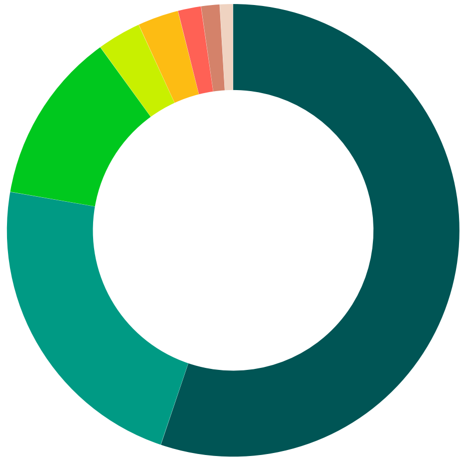
Our effective income tax rate (ETR) over 2022 was 22.2%. This is our worldwide income tax expense for the financial year 2022, amounting to €714 million, shown as a percentage of the consolidated income before income taxes.

For more details on our corporate income tax financial position see ***Note 10*** to the consolidated financial statements.

Ahold Delhaize 2022 total tax contribution by type €6.0 billion
(€ million)

Payroll tax	3,071
VAT and S&U tax	1,604
Corporate income tax	397
Excise and customs duties	379
Property and real estate tax	321
Dividend tax	149
Other	71

Ahold Delhaize 2022 total tax contribution by country €6.0 billion
(€ million)



The United States	3,307
The Netherlands	1,350
Belgium	735
Czech Republic	188
Greece	176
Serbia	99
Romania	79
Other	57

TAX TRANSPARENCY AND RESPONSIBILITY

Ahold Delhaize 2022 corporate tax payments per country €397 million
(€ million)

The United States	190
The Netherlands	120
Belgium	17
Czech Republic	13
Greece	12
Serbia	12
Romania	0
Other	33

Accounting and governance

Ahold Delhaize has a well-equipped and professional Tax function. It reports directly to the CFO and has direct access to the Management Board and the Supervisory Board. At least once a year, the function presents a tax update, including the implementation and execution of the tax strategy, to the Audit, Finance and Risk Committee of the Supervisory Board. The global tax policy is approved by the Management Board.

Our tax risk appetite is based on Ahold Delhaize's overall compliance-related risk appetite, which is very low. We recognize the risk that non-compliance with applicable tax laws and regulations could result in damage to Ahold Delhaize's reputation or to the relationship with our host countries. For more information, see *Risk management*.

Tax in control statement:

Being in control in relation to taxes and responsible taxation is an important objective for the Tax department and the broader group. Activities supporting this are:

- We have a tax control framework in place to assess and control tax risks for the various taxes and jurisdictions.
- Tax controls resulting from risk assessment exercises are defined, implemented and tested by various monitoring functions – comprising senior management, the Risk & Controls (second line of defense) and Internal Audit teams – making use of specific Ahold Delhaize tools developed for this purpose.
- Based on the annual internal audit plan, selected taxes and/or jurisdictions are audited. This results in an audit report rating the design and operating effectiveness of the tax controls.
- A separate control framework for responsible taxation is in place.
- (Local) management signs a letter of representation on a quarterly basis stating, among others, that they are in compliance with all (tax) controls and policies.
- Frequent update meetings with local CFOs and business teams.
- A tax compliance report.
- Permanent education of the Tax team and related functions.

Each quarter, our brands sign a letter of representation, which includes an approval and a confirmation on the accuracy and completeness of our tax position. We have a tax strategy in place that is proactively communicated throughout the company and we organize training for selected brands and jurisdictions, during which the tax policy and its main principles are explained through tax risk workshops.

On a regular basis, we monitor that the tax strategy is aligned with the Ahold Delhaize Business Principles, Healthy and Sustainable strategy and the Code of Conduct. For example, the Tax department's annual objectives are based on the abovementioned principles and strategy and cascaded to individual associates' goals. Department and associate performance compared to these objectives is measured at least once per year.

Ahold Delhaize associates have access to a whistle-blower line for reporting any ethical or compliance concerns related to company practices, including tax matters.

We are also actively involved in the field of tax technology. We have drafted a global tax technology strategy and roadmap based on five pillars: insights, data driven, automation, risk management and future proof. Various initiatives were set-up within our direct tax disciplines (e.g., Country by Country Reporting automation, DAC6, Pillar 2 calculations and dashboard) and indirect tax disciplines (e.g., VAT solution and tax engine), to optimize and upgrade our tax processes. We closely align with broader finance implementations and our IT function assists us with our tax technology projects. The Ahold Delhaize-wide implementation of a new core finance system is an important enabler of our tax technology roadmap.

TAX TRANSPARENCY AND RESPONSIBILITY

Compliance

Our tax compliance is based on the following examples of good tax practices:

- We aim to file our taxes in full compliance with local laws and regulations.
- We base our tax compliance on a reasonable and responsible interpretation of tax laws.
- We aim to comply with the letter as well as the spirit of the law.
- We attempt to discuss and clarify uncertainties about the tax treatment upfront with the tax authorities.
- We only seek rulings from tax authorities to confirm the applicable treatment of laws and regulations based on full disclosure of the relevant facts.
- We only make use of tax incentives when they are aligned with our business and operational objectives, follow from the tax law and are generally available to all market participants.

Relationships with tax authorities

Ahold Delhaize engages with tax authorities based on mutual trust, and we seek open and transparent working relationships with them. We provide the tax authorities with any information they require within a reasonable timeframe. This helps both the tax authorities and Ahold Delhaize to foster timely and efficient compliance. In the Netherlands, we have an individual monitoring plan in place with the Dutch tax authorities. In Belgium, we have participated in the Co-operative Tax Compliance Program (CTCP) pilot project since 2020.

Stakeholder engagement

As a company close to society, we value constructive dialogue on taxes with the governments in the countries where we operate and we respond to government consultations on proposed changes to legislation with the aim to achieve sustainable legislation.

In addition to the tax authorities, our stakeholders also include investors, customers, business partners, non-governmental organizations, employees and the broader communities in which we operate. We are an active member in a number of stakeholder representation groups such as the VNO-NCW (tax group) and Nederlandse Orde van Belastingadviseurs. We also participate and provide active feedback in the VBDO tax transparency initiative and the DJSI sustainability initiative. We actively participate in the EBTF Total Tax Contribution Study.

Business structure

We have a physical presence in all jurisdictions where we operate and we follow internationally accepted norms and standards (Organisation for Economic Co-operation and Development/Action Plan on Base Erosion and Profit Shifting/ European Union).

In anticipation of new EU and OECD regulations (e.g., Pillar 2), we will cease operations in Curacao in 2023. We do not expect material changes for any of our other operations with respect to Pillar 2 implementation.

Our tax decision-making process is based on the following examples of good tax practices:

- We do not transfer value created to jurisdictions listed on the EU "blacklist" of non-cooperative jurisdictions for tax purposes updated by the Council of the European Union on February 14, 2023, or (low-tax) jurisdictions listed on the Netherlands' blacklist published in the Government Gazette on December 27, 2022.
- We pay tax on profits according to where value is created within the normal course of business.
- We base our transfer pricing policy on the arm's length principle.
- We do not use opaque corporate structures or those situated in low-tax jurisdictions to hide relevant information from the tax authorities.
- We do not operate in countries listed in low-tax jurisdictions.
- We are transparent about the entities we own (see *Note 35* to the consolidated financial statements).
- We will not engage in arrangements, with any employee, customer or contractor whose sole purpose is to create a tax benefit in excess of what is reasonably understood to be intended by relevant tax rules.

Please see our website at www.aholddelhaize.com for more details on responsible taxation.

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OUR MANAGEMENT BOARD AND EXECUTIVE COMMITTEE

Our Management Board is responsible for the overall management of the Company and for the actions and decisions of the Executive Committee, which manages our general affairs and ensures effective implementation of the strategy and achievement of the Company's objectives. The Management Board and Executive Committee (ExCo) together support our business, meet the needs of our stakeholders and ensure we comply with relevant rules and regulations.

For a more detailed description of these responsibilities, see the *Rules of Procedure of the MB and ExCo* in the Governance section of our website at: www.aholddelhaize.com.

FRANS MULLER

President and Chief Executive Officer; Chair and member, Management Board and Executive Committee

Appointment effective: July 24, 2016 (appointed as CEO effective: July 1, 2018)

Career background
Before his appointment as President and CEO in 2018, Frans served as Deputy CEO and Chief Integration Officer since 2016. He was also Acting Chief Operating Officer for Delhaize America from October 2016 until January 2018. Prior to the merger between Ahold and Delhaize, Frans served as President and CEO of Delhaize Group.

Before joining Delhaize Group, Frans spent more than 15 years in various leadership positions for German retailer Metro AG, including as managing director Makro, president Asia Pacific and Russia / Ukraine, CEO Metro Group Buying and, most recently, member of the board of Metro AG and CEO Metro Cash & Carry. Earlier in his career, Frans held management and executive positions at KLM Cargo in Amsterdam, Frankfurt, Vienna and Singapore.

Other board memberships
Chairman of the board, Vlerick Business School; vice co-chair, board of directors and member, governance committee, Consumer Goods Forum (CGF); As of January 1, 2023, Frans joined the Supervisory Board of the Dutch central bank ("De Nederlandsche Bank").

Age: 61
Nationality: Dutch

NATALIE KNIGHT

Chief Financial Officer; Member Management Board and Executive Committee

Appointment effective: April 8, 2020

Career background
Natalie Knight was appointed Chief Financial Officer and a member of the Management Board on April 8, 2020. She started at Ahold Delhaize as Executive Vice President Finance and Member of the Executive Committee on March 1, 2020. She is responsible for Ahold Delhaize's financial performance with a strong focus on omnichannel finance and profitability, ESG performance management and reporting and driving our Save for Our Customers program.

Prior to joining Ahold Delhaize, Natalie was CFO and member of the executive management team at Arla Foods in Denmark since January 2016. In addition to being responsible for the financial and legal teams, Natalie also had global IT responsibility. Before that, she spent 17 years at adidas AG in Germany and the U.S., where she held various senior finance positions, including senior vice president group functions finance, senior vice president commercial and brand finance, CFO adidas North America and vice president Investor Relations and M&A.

Earlier in her career, Natalie held investor relations roles at BASF and Bankgesellschaft Berlin.

Age: 52
Nationality: American

KEVIN HOLT

Chief Executive Officer Ahold Delhaize USA; Member Management Board and Executive Committee

Appointment effective: July 24, 2016

Career background
Before being appointed CEO Ahold Delhaize USA, Kevin was Chief Operating Officer of Ahold USA since October 2016, after serving as Chief Operating Officer of Delhaize America since July 24, 2016. He had earlier served as Executive Vice President of Delhaize Group and CEO of Delhaize America, starting in 2014.

Kevin served as president of retail operations for SuperValu before joining Delhaize Group. Earlier in his career, Kevin worked for three years in executive leadership positions with Sears Holding Company and 14 years with Meijer, serving in various leadership roles, and spent nine years delivering technology solutions at NCR.

Other board memberships
Member, board of directors, Food Marketing Institute.

Age: 64
Nationality: American

WOUTER KOLK

Chief Executive Officer Europe and Indonesia; Member Management Board and Executive Committee

Appointment effective: October 1, 2018

Career background
Before being appointed CEO Europe and Indonesia, Wouter had been Chief Operating Officer the Netherlands and Belgium and member of the Executive Committee of Ahold Delhaize since September 8, 2017.

Wouter re-joined Ahold in 2013 as Executive Vice President Specialty Stores and New Markets at Albert Heijn following a six-year period as CEO of international retailer WE Fashion. He became CEO Albert Heijn in January 2015.

Wouter first started at Ahold in 1991, and over the next 16 years served in several international commercial and general management roles, including Commercial Director Asia-Pacific based in Singapore, Regional Director Albert Heijn, General Manager Gall & Gall and General Manager of Etos.

Other board memberships
Chairman, supervisory council, concert hall Paradiso.

Age: 56
Nationality: Dutch

GOVERNANCE

OUR MANAGEMENT BOARD AND EXECUTIVE COMMITTEE

JAN ERNST DE GROOT

Chief Legal Officer and Chief Sustainability Officer; Member Executive Committee

Appointment effective: February 1, 2015

Career background
Jan Ernst de Groot has served as Chief Legal Officer and member of Ahold Delhaize's Executive Committee since 2016, the same role he held at Ahold since 2015. Since 2022, he also serves as Chief Sustainability Officer. He is responsible for leadership in a wide range of activities, from legal, compliance and governance to work safety, food safety, healthy eating, ethics, social and environmental sustainability. Before joining Ahold, Jan Ernst served in various roles at executive and board level at KLM Royal Dutch Airlines and TNT Express. He started his career at law firm De Brauw Blackstone Westbroek.

Other board memberships
Member, executive board, VNO-NCW Confederation of Netherlands Industry and Employers; member, supervisory board, ADG Dienstengroep; chair, supervisory council, ARK Rewilding.

Age: 59
Nationality: Dutch

NATALIA WALLENBERG

Chief Human Resources Officer; Member Executive Committee

Appointment effective: January 17, 2022

Career background
Natalia Wallenberg has served as Chief Human Resources Officer and member of Ahold Delhaize's Executive Committee since January 17, 2022. Natalia is responsible for the company's people strategy, including associate engagement, leadership, culture, DE&I and talent development. She brings experience across several industries – agriculture, financial services and real estate – and has lived and worked in various countries, including the United States, Switzerland, Russia, Belarus, UAE and now, the Netherlands.

Before joining Ahold Delhaize, Natalia worked at global agricultural technology leader Syngenta Group for nearly nine years, serving as their global head human resources for several business units and R&D. Prior to this, she held a number of HR leadership roles at investment bank Renaissance Capital and at IKEA.

Other board memberships
Member, board, American Chamber of Commerce in Amsterdam.

Age: 40
Nationality: Belarusian

BEN WISHART

Global Chief Information Officer; Member Executive Committee

Appointment effective: January 1, 2018

Career background
Ben joined Ahold in 2013 in the role of Global Chief Information Officer and has continued in this role for Ahold Delhaize. He is responsible for leadership and governance on technology matters globally, including strategy and solution delivery, enabling digital platforms, cyber defense and sourcing.

He previously served as chief information officer of Morrisons plc and Whitbread plc and held various senior Information Technology roles at Tesco plc following early career roles in consulting with Cap Gemini and sales and marketing with American Express.

Other board memberships
Independent non-executive director; member, nomination, remuneration and audit committee; and chair, cyber and IT sub-committee, PayPoint.

Age: 60
Nationality: British

MANAGEMENT BOARD COMPOSITION: NATIONALITY

Dutch	2
American	2

EXECUTIVE COMMITTEE COMPOSITION: NATIONALITY

Dutch	3
American	2
British	1
Belarusian	1

MANAGEMENT BOARD COMPOSITION: GENDER

25% (female) 75% (male)

EXECUTIVE COMMITTEE COMPOSITION: GENDER

29% (female) 71% (male)

MANAGEMENT BOARD COMPOSITION: TENURE (YEARS)[1]

0-2	3-5	6+
25%	25%	50%

EXECUTIVE COMMITTEE COMPOSITION: TENURE (YEARS)

0-2	3-5	6+
28,5%	28,5%	43%

1 The composition reflects the years since first appointment as a member of the Management Board (see Reappointment schedule Management Board).

OUR SUPERVISORY BOARD

The Supervisory Board is responsible for supervising and advising our Management Board and overseeing the general course of affairs, strategy, operational performance and corporate governance of the Company. It is guided in its duties by the interests of the Company and the enterprise connected with the Company, taking into consideration the overall well-being of the enterprise and the relevant interests of all its stakeholders.

For a more detailed description of these responsibilities, see the *Rules of Procedure of the Supervisory Board* in the Governance section of our website at *www.aholddelhaize.com*.

PETER AGNEFJÄLL

Chair; Member of the Remuneration Committee and Governance and Nomination Committee

Appointment effective: April 10, 2019

Career background
Peter served as president and CEO of the IKEA Group from 2013 to 2017. He started his career there as a trainee in 1995 and, over the years, held several senior management positions within the company.

Other board memberships
Member board of directors, Orkla ASA; member, advisory board, Deichmann Group; advisor to the private equity team of Abu Dhabi Investment Authority.

Age: 51
Nationality: Swedish

BILL McEWAN

Vice Chair; Chair of the Remuneration Committee; Member of the Health and Sustainability Committee

Appointment effective: July 24, 2016

Career background
Bill served on Delhaize's Board of Directors as of 2011 and was Chair of its Remuneration Committee. He is the former president and CEO of Sobeys Inc., and was a member of the board of directors of its parent company, Empire Company Limited. Between 1989 and 2000, Bill held senior marketing and merchandising roles with Coca-Cola Limited, Coca-Cola Bottling and The Great Atlantic and Pacific Tea Company (A&P), including as president of A&P's Canadian operations and president and CEO of its U.S. Atlantic Region.

Other board memberships
Board director, chair governance committee and member audit and finance and independent committees, Interac Corp.; board director, chair of human resources committee, Agrifoods International Cooperatives.

Age: 66
Nationality: Canadian

RENÉ HOOFT GRAAFLAND

Chair of the Audit, Finance and Risk Committee; Member of the Health and Sustainability Committee

Appointment effective: January 1, 2015

Career background
René previously held the position of CFO and member of the executive board of Heineken N.V. until April 2015. Before being appointed as a member of Heineken's executive board in 2002, he held various international management positions with the company in Europe, Asia and Africa.

Other board memberships
Chairman, supervisory board, Lucas Bols N.V.; chairman of the boards of the Royal Theatre Carré Fund and the Stichting African Parks Foundation.

Age: 67
Nationality: Dutch

KATIE DOYLE

Chair of the Health and Sustainability Committee; Member of the Governance and Nomination Committee

Appointment effective: April 10, 2019

Career background
Katie brings 30 years of experience leading and advising consumer companies in the health and wellness space, executing omnichannel and digital-first strategies. Katie was most recently the CEO of Swanson Health Products and previously led Abbott Laboratories' Nutrition division as a Senior Vice President and Corporate Officer. Prior to these roles, she was Partner at McKinsey & Company, working with consumer goods and retail clients globally.

Other board memberships
Non-executive director, Perrigo; non-executive director, FoodScience Corporation; non-executive director, Monterey Bay Herb Company; board of trustees, Chicago Museum of Science and Industry, Chicago; board of trustees, Georgetown University's McDonough School of Business; member, The Economic Club of Chicago; member, The Chicago Network.

Age: 55
Nationality: American

GOVERNANCE

OUR SUPERVISORY BOARD

HELEN WEIR

Chair of the Governance and Nomination Committee; Member of the Audit, Finance and Risk Committee

Appointment effective: April 8, 2020

Career background
Helen has had a distinguished career as finance director of a number of large consumer-focused companies, including Marks and Spencer plc, where she also had responsibility for IT, John Lewis Partnership, Lloyds Banking Group plc and Kingfisher plc.

Other board memberships
Chair, National Express Group plc.; chair audit committee, Compass Limited; senior independent director, Superdry Plc.

Age: 60
Nationality: British

FRANK VAN ZANTEN

Member of the Remuneration Committee and Governance and Nomination Committee

Appointment effective: April 8, 2020

Career background
Frank has been CEO of Bunzl plc. (FTSE-100), a specialist international distribution and services group, since 2016. Frank joined Bunzl in 1994 when the company acquired his family-owned business in the Netherlands and he subsequently assumed responsibility for a number of businesses in other countries. In 2002, he became CEO of PontMeyer NV, a listed company in the Netherlands, before re-joining Bunzl in 2005 as managing director of the continental Europe business area.

Age: 56
Nationality: Dutch

BALA SUBRAMANIAN

Member of the Governance and Nomination Committee and Health and Sustainability Committee

Appointment effective: April 14, 2021

Career background
Bala is currently executive vice president and chief digital and technology officer at UPS. Before joining UPS, Bala was chief digital officer at AT&T, a U.S.-based provider of telecommunication services. Prior to that, he led the digital transformation at Best Buy, a U.S-based retailer of technology and entertainment products and services.

Other board memberships
Member, board of directors, audit and remuneration committees, Cars.com.

Age: 51
Nationality: American

JAN ZIJDERVELD

Member of the Audit, Finance and Risk Committee and Health and Sustainability Committee

Appointment effective: April 14, 2021

Career background
Jan spent almost 30 years at Unilever, in senior management positions in seven countries, most recently as CEO and president and member of the executive team of Unilever Europe. He also served as CEO of Avon from 2018-2020.

Other board memberships
Non-executive director, Pandora; non-executive director, Epic Acquisition Corp.

Age: 58
Nationality: Dutch

PAULINE VAN DER MEER MOHR

Member of the Audit, Finance and Risk Committee and Remuneration Committee

Appointment effective: April 13, 2022

Career background
Over the course of her career, Pauline has built extensive experience in both academia and business. She served as president of Erasmus University from 2010-2016, after a career in Human Resources and Legal at multinational companies such as ABN AMRO, TNT and Shell.

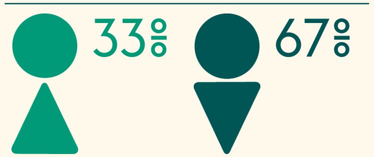
Other board memberships
Chair, supervisory board, ASM International; member, supervisory boards Viatris, Inc. and NN Group; member, capital markets committee of the Dutch "Authoriteit Financiële Markten"; member, selection committee of the Dutch Supreme Court; member, "Begeleidingscollege" of the Dutch "Planbureau voor de Leefomgeving."

Age: 63
Nationality: Dutch

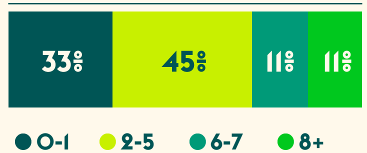
SUPERVISORY BOARD COMPOSITION: NATIONALITY

Dutch	4	British	1	Swedish	1
American	2	Canadian	1		

SUPERVISORY BOARD COMPOSITION: GENDER



SUPERVISORY BOARD COMPOSITION: TENURE (YEARS)



CORPORATE GOVERNANCE

We have designed our corporate governance structure to best support our business, meet the needs of our stakeholders and comply with laws and regulations.

This section contains an overview of our corporate governance structure and includes information required under the Dutch Corporate Governance Code 2016 ("Dutch Corporate Governance Code"). On January 1, 2023, the updated version of the Dutch Corporate Governance Code entered into force (the "Dutch Corporate Governance Code 2022"). The Company will report on its compliance with the Dutch Corporate Governance Code 2022 as from the 2023 financial year and the Ahold Delhaize Annual Report 2023.

GOVERNANCE STRUCTURE

Koninklijke Ahold Delhaize N.V. (the "Company" or "Ahold Delhaize") is a public company under Dutch law, structured to execute our strategy and to balance local, regional and global decision-making.

In 2022, our Company comprised a Global Support Office and two reportable segments: The United States and Europe, each of which are made up of a number of local brands and several supporting entities.

Ahold Delhaize has a two-tier board structure with a Supervisory Board and Management Board that are accountable to our shareholders. Our Management Board has ultimate responsibility for the overall management of Ahold Delhaize. The Supervisory Board supervises and advises the Management Board.

The Executive Committee comprises our Management Board and other key officers of the Company, led by the Chief Executive Officer. The Executive Committee has been established to involve a broader leadership team in the decision-making process and to optimize strategic alignment and operational execution while having the flexibility to adapt to developments in the business and across the Company and the industry.

The diagram on this page shows Ahold Delhaize's governance structure. A list of subsidiaries, joint ventures and associates is included in *Note 35* to the consolidated financial statements.

MANAGEMENT BOARD AND EXECUTIVE COMMITTEE

The Management Board and Executive Committee together support our business, meet the needs of our stakeholders and ensure we comply with relevant rules and regulations. The members of the Management Board, in principle, attend each Supervisory Board meeting. The members of the Executive Committee attend the Supervisory Board Committee meetings relevant to their respective responsibilities. The chairman of the Supervisory Board and the CEO coordinate and agree on the attendance at Supervisory Board meetings by members of the Executive Committee who are not also members of the Management Board.

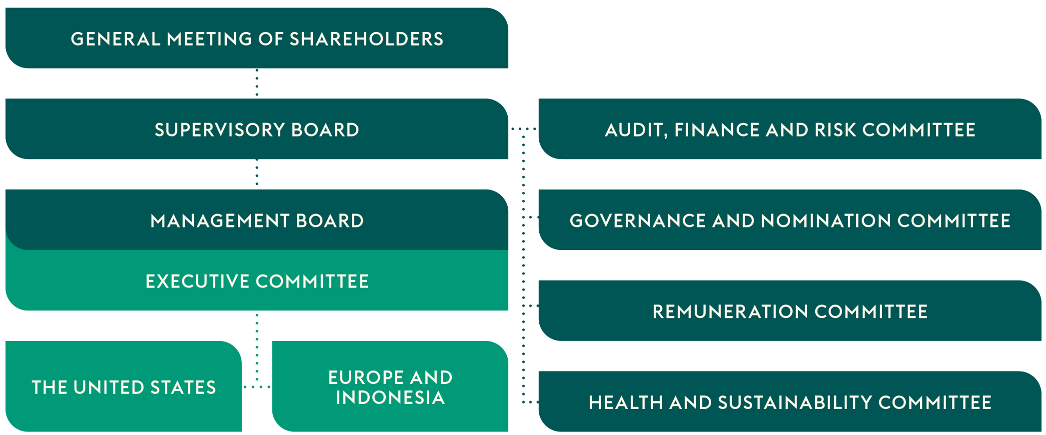
According to our Articles of Association, the Management Board must consist of at least three members. For a more detailed description of the responsibilities and the requirements of the Management Board and the Executive Committee, see the *Rules of Procedure of the MB and ExCo* in the Governance section of Ahold Delhaize's website at *www.aholddelhaize.com*.

Composition of the Management Board and Executive Committee

The current members of the Management Board and Executive Committee are presented on the previous pages.

Currently, Ahold Delhaize has a Management Board that is 25% female and an Executive Committee that is 29% female. We recognize this leaves room for improvement, which is reflected in our broad and bold aspiration for diversity, equity and inclusion. In response to the Dutch gender board legislation, Ahold Delhaize defined the sub-top as SVP and above, and set an ambition to achieve one-third female representation by the end of 2025 at the SVP and above level.

Governance structure



We are making good progress on this ambition, given the fact that, at the end of 2022, the SVP and above female representation was 29% (30 female, 72 male and two who chose not to register their gender), up from 26% (27 female and 77 male) at the end of 2021. Generally, the Company and its brands aim to reflect the communities they serve, and have a workplace where all voices are heard and valued and where associates find purpose in their work, have equitable access to opportunities, and can grow and contribute to their fullest.

Ahold Delhaize aspires to be a company that is 100% gender balanced, 100% reflective of the communities served and 100% inclusive. For more information on diversity, equity and inclusion at Ahold Delhaize, see *In focus: Diversity, equity and inclusion*.

Appointment, suspension and dismissal

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

Management Board members are appointed for four-year terms and may be reappointed for additional terms not exceeding four years. The Supervisory Board may at any time suspend a Management Board member. The other members of the Executive Committee are appointed, suspended and dismissed by the Supervisory Board, at the proposal of the CEO.

CORPORATE GOVERNANCE

Remuneration

On April 13, 2022, Ahold Delhaize's General Meeting of Shareholders adopted the current remuneration policy for Management Board members.

You can find the details of this policy in *Remuneration policy*. For details on the individual remuneration of Management Board members, see *2022 Remuneration* and for information on an aggregated basis, see *Note 31* and *Note 32* to the consolidated financial statements

Reappointment schedule Management Board

NAME	EFFECTIVE DATE OF FIRST APPOINTMENT	YEAR OF POSSIBLE REAPPOINTMENT
Frans Muller	July 24, 2016	2023
Natalie Knight	April 8, 2020	2024[1]
Kevin Holt	July 24, 2016	2024[2]
Wouter Kolk	October 1, 2018	2026

1 On January 10, 2023, we announced that Natalie Knight has informed the company that she will pursue another career opportunity in the United States, and will leave Ahold Delhaize. A six-month notice period applies. The search for a successor has started.

2 On November 15, 2022, we announced that Kevin Holt plans to step down from the Management Board at the annual General Meeting of Shareholders on April 12, 2023, and will remain with Ahold Delhaize USA in an advisory capacity until his retirement at the end of 2023, to ensure a seamless transition to his proposed successor, JJ Fleeman, who has been nominated for appointment by the General Meeting of Shareholders on April 12, 2023.

Evaluation

In early 2023, the Management Board and the Executive Committee conducted a self-assessment. To facilitate the self-assessment, a questionnaire was filled out by all members. The consolidated output of the questionnaire was used to facilitate a structured dialogue chaired by the CEO.

Overall, the Executive Committee concluded that the team functions well. The team composition properly represents the Company in its dimensions of capability, experience, nationality, and tenure. Discussions are constructive and respectful of all members' views, routinely considering diverse perspectives on important topics. The effectiveness of the decision-making process improved throughout the year. The Management Board and Executive Committee meeting agendas address an appropriate range of strategic, operational and governance matters, and additional scheduled meetings provide for more frequent and in-depth discussions outside of the formal meetings.

Items for improvement included team diversity, more clarity on the operating framework and taking more time for reflection on successes and learnings.

The Executive Committee resolved to address these items throughout 2023, and will evaluate progress at the end of the year.

SUPERVISORY BOARD

The Supervisory Board is responsible for supervising the Management Board and overseeing the general course of affairs, strategy, operational performance and corporate governance of the Company, and for advising the Management Board and Executive Committee. Ahold Delhaize's Articles of Association require the approval of the Supervisory Board for certain major resolutions by the Management Board, including:

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

The Supervisory Board is responsible for monitoring and assessing its own performance. More detailed information on the Supervisory Board can be found in the *Supervisory Board report*. *The Rules of Procedure of the Supervisory Board* are available in the Governance section of Ahold Delhaize's public website at *www.aholddelhaize.com*.

Appointment, suspension and dismissal

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

A Supervisory Board member is appointed for a four-year term and may be reappointed for another four-year period. The Supervisory Board member may subsequently be reappointed for a period of two years, which may be extended by, at most, two years, provided such appointments and reappointments contribute to a more diverse composition of the Supervisory Board.

Committees of the Supervisory Board

The Supervisory Board has four committees that are appointed by the Supervisory Board from its own members: the Audit, Finance and Risk Committee, the Governance and Nomination Committee, the Remuneration Committee and the Health and Sustainability Committee.

CORPORATE GOVERNANCE

Audit, Finance and Risk Committee

The Audit, Finance and Risk Committee assists the Supervisory Board in fulfilling its oversight responsibility for, among others, the integrity and quality of Ahold Delhaize's financial statements, financial reporting process, system of internal business controls, risk management and control systems, and significant enterprise risks. The Audit, Finance and Risk Committee determines how the external independent auditor should be involved in the content and publication of financial reports other than the financial statements. The Committee reports to the Supervisory Board annually on its cooperation with the external independent auditor, including on the auditor's independence. The Supervisory Board takes these reports into account when deciding on the nomination for the (re)appointment of the external independent auditor.

Governance and Nomination Committee

The Governance and Nomination Committee advises the Supervisory Board on the following responsibilities in relation to the members of the Supervisory Board, the Management Board and the Executive Committee: preparing the selection criteria and appointment procedures; periodically evaluating the scope and composition, including diversity, of the three bodies; proposing the profile of the Supervisory Board; periodically assessing the performance of individual members of the three bodies and reporting the results to the Supervisory Board; developing succession planning; proposing the (re-)appointments of members of the Management Board and Supervisory Board; and supervising the Executive Committee's policy in relation to the selection and appointment criteria for senior management.

The Committee is also responsible for evaluating the Company's corporate governance and reporting the results to the Supervisory Board, and it assists the Supervisory Board in overseeing risks related to leadership composition and succession, attraction and retention of people and the governance of the Company.

Remuneration Committee

The Remuneration Committee advises the Supervisory Board in relation to remuneration of the Supervisory Board and Management Board. These responsibilities include analyzing the possible outcomes of the variable remuneration components and how they may affect the remuneration of the Management Board members, and preparing proposals for the Supervisory Board concerning the remuneration of the Supervisory Board and the remuneration policy for the Management Board to be adopted by the General Meeting. The Remuneration Committee prepares proposals for the Supervisory Board concerning the terms of employment, total compensation and performance criteria and application thereof of the individual members of the Management Board and reviews the terms of remuneration proposed by the CEO for the members of the Executive Committee who are not also members of the Management Board. In addition, the Committee prepares proposals for the Supervisory Board on any share or stock option compensation plans, and ensures that the structures of Ahold Delhaize compensation programs are in line with the Company's strategy aimed at long-term value creation and are applied in a consistent way throughout the organization. The Committee also oversees the total cost of approved compensation programs.

Health and Sustainability Committee

The Health and Sustainability Committee advises the Supervisory Board in relation to the Company's long-term vision, strategy and target setting on sustainability. It monitors the Company's performance on sustainability targets and advises on ways to apply innovation to accelerate the achievement of these targets. The Health and Sustainability Committee is responsible for monitoring the Company's talent, leadership and culture development in the field of health and sustainability and assisting the Supervisory Board in fulfilling its oversight responsibilities for risks related to the topic.

For the full charter of each of these committees, see the complete *Rules of Procedure of the Supervisory Board* of Koninklijke Ahold Delhaize N.V. on our website.

Conflict of interest

Each member of the Supervisory Board (other than the Chair) is required to immediately report any (potential) conflict of interest concerning a Supervisory Board member to the Chair of the Supervisory Board and the other members of the Supervisory Board. The Supervisory Board member with such (potential) conflict of interest must provide the Chair with all relevant information to the conflict of interest.

Similarly, each member of the Management Board or the Executive Committee is required to immediately report any (potential) conflict of interest concerning a member of the Management Board or the Executive Committee to the Chair of the Supervisory Board and to the other members of the Management Board or Executive Committee and provide all information relevant to the conflict of interest.

We will record any such facts or transactions in the annual report for the relevant year, with reference to the conflict of interest and a confirmation that we have complied with best practice provisions 2.7.3 and 2.7.4 of the Dutch Corporate Governance Code. During 2022, no member of the Supervisory Board or the Management Board had a conflict of interest that was of material significance to the Company.

In addition, no transactions between the Company and legal or natural persons who hold at least 10% of the shares in the Company occurred in 2022, corresponding to the best practice provision 2.7.5 of the Code.

SHARES AND SHAREHOLDERS' RIGHTS

General Meeting of Shareholders

Ahold Delhaize's shareholders exercise their rights through annual and extraordinary General Meetings of Shareholders. The Company is required to convene an annual General Meeting of Shareholders in the Netherlands each year, no later than six months after the end of the Company's financial year. Extraordinary General Meetings of Shareholders may be convened at any time by the Supervisory Board, the Management Board, or at the request of one or more shareholders (and/or holders of depository receipts) representing at least 10% of the issued and outstanding share capital.

The agenda for the annual General Meeting of Shareholders must contain certain matters as specified in Ahold Delhaize's Articles of Association and under Dutch law, including the adoption of our annual financial statements. The General Meeting of Shareholders is also entitled to vote on important decisions regarding Ahold Delhaize's identity or character, including major acquisitions and divestments.

Shareholders (and/or holders of depository receipts) are entitled to propose items for the agenda of a General Meeting of Shareholders provided that they hold at least 1% of the issued share capital or the shares or depository receipts that they hold represent a market value of at least €50 million. Proposals for agenda items for a General Meeting of Shareholders must be submitted at least 60 days prior to the date of the meeting.

Adoption of resolutions

Subject to certain exceptions provided by Dutch law or our Articles of Association, resolutions are passed by an absolute majority of votes cast without a requirement for a quorum.

Proposals submitted to the agenda by shareholders require an absolute majority of votes cast at the annual General Meeting of Shareholders representing at least one-third of the issued shares. If this qualified majority is not achieved but an absolute majority of the votes exercised was in favor of the proposal, then a second meeting may be held. In the second meeting, an absolute majority of votes exercised is required to adopt the proposal, regardless of the number of shares represented at the meeting (unless the law or our Articles of Association provide otherwise).

A resolution to dissolve the Company may be adopted by the General Meeting of Shareholders following a proposal of the Management Board made with the approval of the Supervisory Board. Any proposed resolution to wind up the Company must be disclosed in the notice calling the General Meeting of Shareholders at which that proposal is to be considered.

Voting rights

Each common share entitles its holder to cast one vote. Dutch law prescribes a record date to be set 28 days prior to the date of the General Meeting of Shareholders to determine whether a person may attend and exercise the rights relating to the General Meeting of Shareholders. Shareholders registered at that date are entitled to attend and to exercise their rights as shareholders in relation to the General Meeting of Shareholders, regardless of a sale of shares after the record date. Shareholders may be represented by written proxy.

We encourage participation in our General Meetings of Shareholders. We use J.P. Morgan Chase Bank N.A., the Depositary for the Company's ADR facility, to enable ADR holders to exercise their voting rights, which are represented by the common shares underlying the ADRs.

Neither Ahold Delhaize nor any of its subsidiaries may cast a vote on any share they hold in the Company. These shares are not taken into account for the purpose of determining how many shareholders are represented or how much of the share capital is represented at the General Meeting of Shareholders.

Cumulative preferred shares

In March 1989, the Company entered into an agreement with the Dutch foundation Stichting Continuïteit Ahold Delhaize (SCAD), as amended and restated in April 1994, March 1997, December 2001, December 2003 and May 2018 (the "Option Agreement"). The Option Agreement was designed to, in accordance with the purpose of SCAD under its articles, potentially exercise influence in the event of a public offer or a potential change of control over the Company, to safeguard the interests of the Company and its stakeholders and to potentially avert, to the best of its ability, influences that might conflict with those interests by affecting the Company's continuity, strategy or identity.

Pursuant to the Option Agreement, SCAD has been granted an option to acquire cumulative preferred shares from the Company from time to time for no consideration.

SCAD and the members of its board are independent from the Company. The current members of the board of SCAD are:

NAME	PRINCIPAL OR FORMER OCCUPATION
G.H.N.L. van Woerkom, Chair	Former Chair of Detailhandel Nederland
B. Vree, Vice Chair	Former CEO APM Terminals Europe and Former CEO of Smit Internationale
B.M.A. van Hussen	Lawyer and former M&A partner at DLA Piper
C.M.S. Smits-Nusteling	Former CFO KPN

For further details on Ahold Delhaize's cumulative preferred shares, including restrictions on transfer, see *Note 21* to the consolidated financial statements. The related documents are available on our public website at *www.aholddelhaize.com.*

Issuance of additional shares and preemptive rights

Shares may be issued following a resolution by the General Meeting of Shareholders on a proposal of the Management Board made with the approval of the Supervisory Board. The General Meeting of Shareholders may resolve to delegate this authority to the Management Board for a period of time not exceeding five years. A resolution of the General Meeting of Shareholders to issue shares, or to authorize the Management Board to do so, is also subject to the approval of each class of shares whose rights would be adversely affected by the proposed issuance or delegation. On April 13, 2022, the General Meeting of Shareholders approved a delegation of this authority to the Management Board, relating to the issuance and/or granting of rights to acquire common shares up to a maximum of 10% of the issued share capital until and including October 13, 2023, and subject to the approval of the Supervisory Board.

Upon the issuance of new common shares, holders of Ahold Delhaize's common shares have a preemptive right to subscribe to common shares in proportion to the total amount of their existing holdings of Ahold Delhaize's common shares. According to the Company's Articles of Association, this preemptive right does not apply to any issuance of shares to associates. The General Meeting of Shareholders may decide to restrict or exclude preemptive rights. The General Meeting of Shareholders may also resolve to designate the Management Board as the corporate body authorized to restrict or exclude preemptive rights for a period not exceeding five years.

On April 13, 2022, the General Meeting of Shareholders delegated to the Management Board, subject to the approval of the Supervisory Board, the authority to restrict or exclude the preemptive rights of holders of common shares upon the issuance of common shares and/or upon the granting of rights to subscribe for common shares until and including October 13, 2023.

CORPORATE GOVERNANCE

Repurchase by Ahold Delhaize of its own shares

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

1. Shareholders' equity minus the payment required to make the acquisition is not less than the sum of paid-in and called-up capital and any reserves required by Dutch law or Ahold Delhaize's Articles of Association; and
2. Ahold Delhaize and its subsidiaries would not, as a result, hold a number of shares exceeding a total nominal value of 10% of the issued share capital.

In line with the above, the Management Board was authorized by the General Meeting of Shareholders on April 13, 2022, to acquire a number of common shares in the Company until and including October 13, 2023. Such acquisition of common shares, at the stock exchange or otherwise, will take place at a price between par value and 110% of the opening price of the shares at AEX by NYSE Euronext on the date of their acquisition, provided that the Company and its subsidiaries will not hold more than 10% of the issued capital. Ahold Delhaize may acquire shares in its capital for no consideration or for the purpose of transferring these shares to associates through share plans or option plans, without authorization of the General Meeting of Shareholders.

Major shareholders

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

Articles of Association

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

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

The prior approval of a meeting of holders of a particular class of shares is required for a proposal to amend the Articles of Association that makes any change in the rights that vest in the holders of shares of that particular class.

Right of inquiry

The thresholds for shareholders to exercise the right of inquiry ("het enquêterecht") are based on article 2:346 subclause 1 under c of the Dutch Civil Code, regardless of the current nominal share capital of the Company. More information on the nominal value of shares can be found in *Note 21* to the consolidated financial statements.

External independent auditor

The General Meeting of Shareholders appoints the external independent auditor. The Audit, Finance and Risk Committee recommends to the Supervisory Board the external independent auditor to be proposed for (re)appointment by the General Meeting of Shareholders. In addition, the Audit, Finance and Risk Committee evaluates and, where appropriate, recommends the replacement of the external independent auditor.

On April 13, 2022, the General Meeting of Shareholders appointed PricewaterhouseCoopers Accountants N.V. as the external independent auditor of the Company for the financial year 2022.

In addition, on April 13, 2022, the General Meeting of Shareholders appointed KPMG Accountants N.V. as the external independent auditor of the Company for the financial year 2023.

DECREE ARTICLE 10 EU TAKEOVER DIRECTIVE

According to the Decree Article 10 EU Takeover Directive, we are required to report on, among other things, our capital structure; restrictions on voting rights and the transfer of securities; significant shareholdings in Ahold Delhaize; the rules governing the appointment and dismissal of members of the Management Board and the Supervisory Board and the amendment of the Articles of Association; the powers of the Management Board (in particular the power to issue shares or to repurchase shares); significant agreements to which Ahold Delhaize is a party and which are put into effect, changed or dissolved upon a change of control of Ahold Delhaize following a takeover bid; and any agreements between Ahold Delhaize and the members of the Management Board or associates providing for compensation if their employment ceases because of a takeover bid.

The information required by the Decree Article 10 EU Takeover Directive is included in this *Corporate governance* section, in the *Information about Ahold Delhaize share* section, as well as in the notes referred to in these sections or included in the description of any relevant contract.

COMPLIANCE WITH DUTCH CORPORATE GOVERNANCE CODE

Ahold Delhaize complies with the relevant principles and best practices of the Dutch Corporate Governance Code applicable to the Company in 2022, as reported in the *Governance* section. The Dutch Corporate Governance Code can be found at *www.mccg.nl*.

At the Extraordinary General Meeting of Shareholders on March 3, 2004, our shareholders consented to apply the Dutch Corporate Governance Code. Ahold Delhaize continues to seek ways to improve its corporate governance.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STATEMENT

The Dutch Corporate Governance Code requires companies to publish a statement concerning their approach to corporate governance and compliance with the Code. This is referred to in article 2a of the decree on additional requirements for management reports "Besluit inhoud bestuursverslag" last amended on July 1, 2022 (the "Decree"). The information required to be included in this corporate governance statement as described in articles 3, 3a and 3b of the Decree, which are incorporated and repeated here by reference, can be found in the following sections of this Annual Report:

- The information concerning compliance with the Dutch Corporate Governance Code, as required by article 3 of the Decree, can be found in the section *Compliance with the Dutch Corporate Governance Code* in this *Corporate Governance* section.
- The information concerning Ahold Delhaize's diversity policy, as required by article 3a sub d of the Decree, can be found in the *Composition of the Management Board and Executive Committee* section of this *Corporate governance* section, as well as in the *Composition of the Supervisory Board* section in the *Supervisory Board report*.
- The information concerning Ahold Delhaize's risk management and control frameworks relating to the financial reporting process, as required by article 3a sub a of the Decree, can be found in the relevant section under *Risk management*.
- The information regarding the functioning of Ahold Delhaize's General Meeting of Shareholders and the authority and rights of our shareholders, as required by article 3a sub b of the Decree, can be found in the relevant sections under *Shares and shareholders' rights* in this *Corporate Governance* section.
- The information regarding the composition and functioning of Ahold Delhaize's Management Board, Executive Committee and Supervisory Board and its committees, as required by article 3a sub c of the Decree, can be found in the *Our Management Board and Executive Committee*, *Our Supervisory Board* and *Corporate governance* sections as well as in the *Supervisory Board report*.
- The information concerning the inclusion of the information required by the Decree Article 10 EU Takeover Directive, as required by article 3b of the Decree, can be found in the *Decree Article 10 EU Takeover Directive* part in this *Corporate Governance* section.

LETTER FROM THE CHAIR OF THE SUPERVISORY BOARD

"I share management's belief that a continued focus on local, backed by the strength of the Ahold Delhaize family and guided by its Leading Together strategy, will enable the company to prosper."

Dear shareholder,

I'm honored to present Ahold Delhaize's 2022 Supervisory Board report.

As we look back on 2022, it was another challenging year for many reasons. The war in Ukraine, the resulting energy crisis and unprecedented inflation not only impacted Ahold Delhaize, but also associates and people across the brands' communities. The incredible efforts within the entire organization gave help and comfort to civilians fleeing the war, supported causes that matter to communities, and kept prices as realistic as possible so customers had access to healthy, affordable food.

As a people-focused business, retail is often geared towards what's happening now – how we can serve the customer standing in front of us. But we believe it's just as important to continue to plan for tomorrow. While Ahold Delhaize used its local strength to deal with the immediate challenges it faced this year, the company also continued to build for the future. It invested in operations, digital capabilities, sustainability, updating stores and distribution capacity in many of the brands and continuing to expand store networks. And it invested in people, both to support associate development and mental health and to meet customer expectations by offering a great shopping experience. All of these investments will help the company grow in a more sustainable way, with motivated associates and satisfied customers.

Thanks to these great efforts, Ahold Delhaize had a good year in terms of growth and profitability. The company delivered robust results and strong sales growth, while maintaining its underlying operating margin.

I was also proud that Ahold Delhaize didn't take its eye off its sustainability ambitions in 2022 and made significant steps forward. Some highlights for me were the company's updated sustainability targets on CO_2 emissions and commitment to becoming net zero across the entire value chain by 2050, and the publication of its second Human Rights Report. I was pleased to see that Ahold Delhaize maintained its position as a leader in the Food and Staples Retailing sector in the 2022 Dow Jones Sustainability World Index.

Teams across the company have been working hard to continuously improve sustainability reporting – an increasing priority for all of Ahold Delhaize's stakeholders – and prepare for the new Corporate Sustainability Reporting Directive, that came into effect in January 2023, and will apply to the company's Annual Report 2024. The Supervisory Board recognizes the importance of this work.

During the year, I was also grateful for the constructive cooperation among our Supervisory Board members. We are pleased to have nominated Julia Vander Ploeg for appointment at the Annual General Meeting of Shareholders in April 2023 to further strengthen the Supervisory Board. As we say farewell to Bala Subramanian, whose tenure was cut short due to a new executive challenge, we thank him for his invaluable support.

It is always difficult to predict what the future will bring us, as a company and society, in the year ahead. However, I share management's belief that a continued focus on local, backed by the strength of the Ahold Delhaize family and guided by its Leading Together strategy, will enable the company to prosper in the future.

I would like to close by thanking the Management Board, the Executive Committee, and, most of all, associates at the local brands and businesses whose hard work and outstanding efforts supported the needs of customers and communities while continuing to build a successful future for Ahold Delhaize.

On behalf of the Supervisory Board,

Peter Agnefjäll

SUPERVISORY BOARD REPORT

COMPOSITION OF THE SUPERVISORY BOARD

The composition of Ahold Delhaize's Supervisory Board should suit the nature of the Company's business, activities and the desired expertise, experience, background and independence of its members. The Supervisory Board profile was updated on August 10, 2022, and is published on the Company's website at *www.aholddelhaize.com* and assessed annually by the Supervisory Board. The Supervisory Board is responsible for determining its optimal number of members, which is dependent on the combined qualifications of the members in view of the required qualifications of the Supervisory Board as a body. The preferred size is between eight and 10 members. The Supervisory Board currently comprises nine members.

After the General Meeting of Shareholders on April 13, 2022, Mary Anne Citrino stepped down from the Supervisory Board; at the same meeting, Pauline van der Meer Mohr was appointed by our shareholders. With Pauline's appointment, the Supervisory Board maintained its diversity and gained a seasoned executive and board member with extensive relevant experience from a number of international and dynamic companies. Pauline's background in both law and HR will be important to the Supervisory Board as Ahold Delhaize continues to implement its Leading Together strategy.

In accordance with provision 2.1.5 of the Dutch Corporate Governance Code, Ahold Delhaize's diversity policy states that the composition of the Supervisory Board and the combined experience and expertise of its members should reflect the profile of the Company as it relates to nationality, age, education, gender and professional background.

Currently, three Board members are female and six are male and the Supervisory Board comprises five different nationalities. We recognize this leaves room for improvement, which is reflected in our broad and bold aspiration for diversity, equity and inclusion. Generally, the Company and its brands aim to reflect the communities they serve, and have a workplace where all voices are heard and valued, and where associates find purpose in their work, have equitable access to opportunities, and can grow and contribute to their fullest. Ahold Delhaize aspires to be a company that is 100% gender balanced, 100% reflective of the communities served and 100% inclusive. For more information on diversity, equity and inclusion at Ahold Delhaize, see *In focus: Diversity, equity and inclusion*.

Ongoing education

As part of ongoing education, the Company organized several deep dives for the Supervisory Board in 2022. These deep dives gave the Supervisory Board the opportunity to get acquainted with senior officers and key talents of the Company and its great local brands and, in turn, gave these associates exposure to the Supervisory Board. Among others, the deep dives included an IT security session and an IT spending deep dive, both presented by the Company's Global Information Security Officer; multiple brand-related deep-dive sessions to broaden the Supervisory Board members' retail knowledge; and presentations regarding the economic and geopolitical environment and potential future challenges following the war in Ukraine, including inflation and energy prices, as well as mitigating measures taken by the Company.

Our new Board member followed a thorough multi-day induction program, during which she was introduced to the members of the Executive Committee, key officers at the GSO and a number of leaders of the great local brands.

Evaluation

The Supervisory Board conducted a self-assessment in early 2023 to evaluate its own performance as well as the performance of its committees and individual members, including the interaction with the Management Board. To facilitate the self-assessment, a questionnaire with open questions was filled out by all Supervisory Board members. The consolidated output of the questionnaire was used to facilitate a structured dialogue chaired by Mr. Agnefjäll during a February 2023 Supervisory Board meeting.

Overall, the Supervisory Board was positive about its own functioning and its relationship with management. Following mostly virtual meetings in the years of the pandemic, attending several in-person meetings, together with management, was well appreciated and valued as being more productive. Supervisory Board discussions are respectful of all members' views, and diverse perspectives from members bringing their specific knowledge and experience to the table are valued. The Supervisory Board is continuously focused on improvement and members noticed the results in multiple areas, including meeting effectiveness.

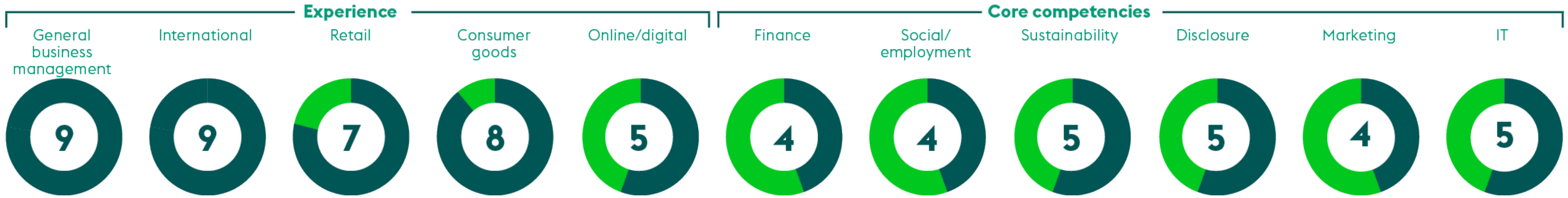
The Supervisory Board identified a number of opportunities for improvement and several key topics and focus areas. Firstly, there is a need to invest sufficient quality time in discussing short-term and long-term strategy-related topics; therefore, the Supervisory Board agreed to focus on creating and maintaining the right balance in its discussions between topics related to gaining information, maintaining oversight and ensuring compliance, and topics related to short-term and long-term strategy. One of the topics to focus on for 2023, together with management, will be the Company's operating framework. The Supervisory Board also agreed that their meetings could become even more effective by enhancing the balance between time for presentations and time for discussion. Lastly, the Supervisory Board members signaled room for improvement in the engagement with stakeholders, especially around the Company's ESG agenda.

The Supervisory Board will continue to discuss the conclusions and opportunities throughout the year ahead.

SUPERVISORY BOARD REPORT

Supervisory Board profile

	EXPERIENCE					CORE COMPETENCIES					
NAME	GENERAL BUSINESS MANAGEMENT	INTERNATIONAL	RETAIL	CONSUMER GOODS	ONLINE/DIGITAL	FINANCE	SOCIAL/ EMPLOYMENT	SUSTAINABILITY	DISCLOSURE	MARKETING	IT
Peter Agnefjäll	*	*	*	*	*		*	*			*
Bill McEwan	*	*	*	*				*	*	*	
René Hooft Graafland	*	*		*		*			*	*	
Katie Doyle	*	*	*	*	*	*		*		*	*
Helen Weir	*	*	*	*	*	*	*		*		*
Frank van Zanten	*	*	*	*	*		*	*	*	*	*
Bala Subramanian	*	*	*	*	*						*
Jan Zijderveld	*	*	*	*		*					
Pauline van der Meer Mohr	*	*					*	*	*		



Reappointment schedule Supervisory Board

NAME	DATE OF BIRTH	EFFECTIVE DATE OF FIRST APPOINTMENT	REAPPOINTMENT FOR SECOND AND THIRD TERM	END OF CURRENT APPOINTMENT
Peter Agnefjäll	April 21, 1971	April 10, 2019		2023
Bill McEwan	July 28, 1956	July 24, 2016	2022	2023
René Hooft Graafland	September 24, 1955	January 1, 2015	2022	2024
Katie Doyle	October 20, 1967	April 10, 2019		2023
Helen Weir	August 17, 1962	April 8, 2020		2024
Frank van Zanten	February 24, 1967	April 8, 2020		2024
Bala Subramanian	October 10, 1971	April 14, 2021		2025
Jan Zijderveld	May 9, 1964	April 14, 2021		2025
Pauline van der Meer Mohr	February 22, 1960	April 13, 2022		2026

SUPERVISORY BOARD REPORT

SUPERVISORY BOARD ENGAGEMENT

Due to the continued impact of the COVID-19 pandemic, the two-day Supervisory Board meeting in February took place through a collective video call instead of the regular in-person meeting. A total of 13 Supervisory Board meetings took place during the year. In April and November, we held in-person meetings in Zaandam, the Netherlands. In June, we held in-person meetings in New York and Portland (Maine), in the U.S. In September, we held an in-person meeting in Brussels, Belgium. In connection with the in-person meetings, we organized business visits and sessions with senior leadership and talents. All meetings were attended by the Management Board and several other members of the Executive Committee. Senior management and key talents of the Company were also regularly invited to present on specific topics.

The Supervisory Board focused on a number of key topics and dilemmas during 2022. The Supervisory Board and management regularly discussed opportunities to ensure that the vision and strategy of the Company drive long-term sustainable growth. The topics discussed included the implications and challenges of the current economic climate and the effects of inflation and high energy prices on the Company's business and on that of the brands, individual strategies for the brands in their specific markets, and a strong omnichannel customer value proposition.

As part of the strategy discussions, the Supervisory Board continuously addressed and discussed with management the exploration of the intended subsidiary IPO of bol.com in 2022. The Supervisory Board and the Management Board also discussed strategic focus areas for the Company from a short-term and long-term perspective, and regularly returned to these focus areas. In addition, the Supervisory Board and the Management Boards regularly discussed the Company's **Leading Together strategy**.

During 2022, the Supervisory Board discussed and continued to challenge management on its **Healthy and Sustainable strategy**. At several meetings, the Supervisory Board, through its Sustainability Committee, discussed dilemmas, including the challenge of getting the right data to set appropriate baselines and targets, and the significant funding required for the relevant investments. These discussions resulted in the Company bringing forward its updated CO_2-emissions reduction targets for its entire value chain, in line with the UN goal of keeping global warming below 1.5°C. These included the Company's commitment to an updated interim CO_2-emissions reduction target for its entire value chain (scope 3) of at least 37% by 2030, and a reiterated commitment to become net-zero across its entire value chain by 2050, and, for its own operations (scope 1 and 2), to become net-zero by 2040 with an interim target of a 50% reduction by 2030.

The Supervisory Board regularly reviewed the topic of **succession planning**, both in general and specifically for the Management Board and Supervisory Board, in relation to expiring terms. This resulted in the proposal to recruit Julia Vander Ploeg as a new member of the Supervisory Board and to nominate Peter Agnefjäll, Bill McEwan and Katie Doyle for additional terms (of four, one and four years, respectively) in view of their contribution and experience as the Company continues to implement its Leading Together strategy, and in the interest of continuity, given the number of recent and upcoming changes to the composition. An important factor in the discussions on succession planning is **diversity**, and the Supervisory Board and Management Board regularly assessed opportunities to increase their performance in this area based on the consensus that it is essential to have diverse teams to drive results and to be reflective of the communities served by the Company's brands.

January: During a virtual meeting in January, several strategic business topics were discussed, such as progress of the intended sub-IPO of bol.com.

February: During a two-day virtual meeting, the Supervisory Board discussed and approved Ahold Delhaize's 2021 Q4/full year results and the dividend proposal. In addition, the Supervisory Board received an update on Ahold Delhaize's Technology function. Upon the recommendation of the Remuneration Committee, the Supervisory Board resolved to approve the Company's performance and short-term incentive multiplier for 2021 and the 2022 salary adjustments for the Executive Committee members. The Supervisory Board approved the nominations of Bill McEwan and René Hooft Graafland, and the nomination of Pauline van der Meer Mohr, for reappointment to the Supervisory Board. Lastly, the Supervisory Board approved the nomination of Wouter Kolk for reappointment to the Management Board.

March: During a virtual meeting in March, the Annual Report 2021 and the Agenda with the explanatory notes for the 2022 General Meeting of Shareholders in April were approved. In addition, the 2022 Healthy and Sustainable targets and the 2022 incentive targets were approved.

April: The Supervisory Board received updates on the strategies for the Stop & Shop and FreshDirect brands in the New York area, the intended sub-IPO of bol.com and the implications of the war in Ukraine on the Company's business. In addition, the Supervisory Board prepared itself for the General Meeting of Shareholders. Further to the completed audit tender selection process in 2021, the Supervisory Board recommended to the General Meeting of Shareholders to appoint KPMG Accountants N.V. as the auditor of the Company for the financial year 2023. Lastly, the Supervisory Board and the Management Board jointly addressed the conclusions and opportunities from the Supervisory Board's self-assessment.

May: During May, the Supervisory Board approved the Q1 2022 interim report and discussed the report of the Audit, Finance and Risk Committee, including the report of the external independent auditor and internal auditor. The Supervisory Board received an update on the Company's data management strategy and discussed and approved the roles and composition of the Supervisory Board committees. Lastly, the Supervisory Board and the Management Board discussed the strategic focus areas for their discussions in the upcoming year.

June: During a virtual meeting, the Supervisory Board received updates on the intended sub-IPO of bol.com and the U.S. transformation program.

During a three-day meeting in the U.S., the Supervisory Board visited the FreshDirect facility in New York and several retail chains, including Stop & Shop stores in New York and Hannaford stores in Portland, Maine. Multiple strategy topics were discussed by the Supervisory Board and Management Board, such as the EU omnichannel strategy and several U.S. brands' strategies. The Supervisory Board also reviewed the overall e-commerce fleet safety. Upon the recommendation of the Governance and Nomination Committee, the updated Supervisory Board Profile was approved.

August: During this meeting, the Supervisory Board approved the Q2 2022 interim results and the interim dividend payment. The Supervisory Board received the Enterprise Risk Management update and an update on the Company's data governance. Lastly, the Supervisory Board approved to suspend decision-making on the intended sub-IPO for bol.com.

September: The Supervisory Board held a three-day meeting in Brussels, Belgium, during which it

SUPERVISORY BOARD REPORT

received brand updates on Delhaize and Albert Heijn Belgium. The Board also received and discussed U.S. and European business updates, an IT spend deep dive and an update on the Leading Together strategy. During the meeting days, the Board visited several stores of the Delhaize and Albert Heijn Belgium brands and attended the opening of the Delhaize Winery. Lastly, upon the recommendation of the Governance and Nomination Committee, the Supervisory Board approved the nominations of JJ Fleeman and CEO Frans Muller for (re)appointment to the Management Board.

November: During a three-day in-person meeting in Zaandam, the Supervisory Board discussed and approved the budget for 2023, the long-term plans for 2024 and 2025 and the refinance and upsize of a €1.5 billion Sustainability-Linked Revolving Credit Facility. The Supervisory Board and management discussed an IT Security update and a litigation update. In addition, the Supervisory Board received a presentation by an external expert about the economic and geopolitical environment. During the third day of the meeting, a delegation of the Supervisory Board visited Albert Heijn, Etos, Gall & Gall and competition stores in Amsterdam, the Netherlands. Lastly, several Supervisory Board members participated in an interview carousel with senior executives.

December: During an additional virtual meeting, upon the recommendation of the Governance and Nomination Committee, the Supervisory Board approved the nomination of Peter Agnefjäll for reappointment for an additional term to the Supervisory Board.

In addition, throughout the year, the Supervisory Board discussed topics of a strategic nature and held several private meetings without other attendees. The private sessions were, among other things, used to evaluate the functioning of the Management Board and the Executive Committee and their individual members as well as the functioning of the Supervisory Board itself. The CEO was regularly invited to (parts of) the private meetings to discuss the performance of the Management Board and the Executive Committee.

During 2022, the Chair and the CEO continued to hold weekly one-on-one meetings to discuss progress on a variety of topics.

Lastly, the external independent auditor attended the meeting in February 2022, at which the 2021 Annual Report and financial statements were brought forward for adoption by the shareholders at the General Meeting of Shareholders. The external independent auditor also attended the quarterly meetings, at which the financial results were discussed.

ATTENDANCE

Except for a limited number of occasions, and for valid reasons, Supervisory Board members attended all Supervisory Board meetings in 2022.

In all cases, the Supervisory Board members who were not able to attend made sure they were represented. All Supervisory Board members made adequate time available to give sufficient attention to matters concerning the Company.

BOARD ATTENDANCE	SUPERVISORY BOARD		AUDIT, FINANCE AND RISK COMMITTEE		GOVERNANCE AND NOMINATION COMMITTEE		REMUNERATION COMMITTEE		HEALTH AND SUSTAINABILITY COMMITTEE	
NUMBER OF MEETINGS:	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED
Peter Agnefjäll	13	13			4	4	8	8		
Bill McEwan	13	13					8	8	4	4
René Hooft Graafland	13	11	5	5					4	4
Katie Doyle	13	13			4	4			4	4
Helen Weir	13	12	5	5	4	4				
Mary Anne Citrino	5	4	2	2			2	1		
Frank van Zanten	13	13			4	4	8	8		
Bala Subramanian	13	12			4	4			4	4
Jan Zijderveld	13	13	5	5					4	4
Pauline van der Meer Mohr	8	6	3	2			6	6		

INDEPENDENCE

The Supervisory Board confirms that, during 2022, as well as on the date of publication of this report, Supervisory Board members were independent within the meaning of provision 2.1.8 of the Dutch Corporate Governance Code.

REMUNERATION

The annual remuneration of the Supervisory Board members was determined by the General Meeting of Shareholders on April 8, 2020. For more information on the remuneration policy of the Supervisory Board, see *Remuneration policy for the Supervisory Board*.

SUPERVISORY BOARD REPORT

SHARE POSITIONS

The following Supervisory Board members held shares in the Company during 2022.

MEMBER	POSITION
Peter Agnefjäll	7,200 common shares
Bill McEwan	7,125 American Depository Receipts
Helen Weir	1,000 common shares

The positions of Peter Agnefjäll and Bill McEwan were held for the long term and remained unchanged during 2022. Helen Weir acquired 1,000 common shares on February 18, 2022.

COMMITTEES OF THE SUPERVISORY BOARD

The committees of the Supervisory Board are assigned specific tasks, have advisory powers and provide the Supervisory Board with regular updates on their meetings. Following last year's decision of the Supervisory Board to adjust the focus of the Sustainability and Innovation Committee to health and sustainability, the committee was renamed as the "Health and Sustainability Committee." The current composition of the Supervisory Board committees is detailed in the following table.

	AUDIT, RISK AND FINANCE COMMITTEE	GOVERNANCE AND NOMINATION COMMITTEE	REMUNERATION COMMITTEE	HEALTH AND SUSTAINABILITY COMMITTEE
Peter Agnefjäll (Chair)		Member	Member	
Bill McEwan			Chair	Member
René Hooft Graafland	Chair			Member
Katie Doyle		Member		Chair
Helen Weir	Member	Chair		
Frank van Zanten		Member	Member	
Bala Subramanian		Member		Member
Jan Zijderveld	Member			Member
Pauline van der Meer Mohr	Member		Member	

Audit, Finance and Risk Committee

The CEO, the CFO, the Chief Legal Officer, the Senior Vice President Internal Audit, the Senior Vice President Tax and Accounting and representatives of the external independent auditor are invited to, and attend, the Audit, Finance and Risk Committee meetings.

In 2022, the Audit, Finance and Risk Committee held one meeting in person and four video meetings. The attendance rate of the members of this Committee was 95%. Throughout the year, the Committee closely monitored the financial closing process and reviewed the publication of quarterly results. The Committee received several updates on the risk profile of the Company and its financial position. During every meeting, the Committee received an update on tax and accounting; internal audit; internal control; and governance, risk management and compliance, including compliance and ethics, product integrity, asset protection and business continuity, occupational health and safety, information and cyber security, data privacy, and litigation. The Committee discussed trends, incidents and incident response. During its meeting in November, the Committee assessed the functioning of the Internal Audit function, under new leadership since the beginning of the year, based on a survey that was filled out by key officers of the Company who frequently interact with the Internal Audit Department.

The Audit, Finance and Risk Committee and its Chair held several private meetings, together with the CFO, the Senior Vice President Internal Audit and the external independent auditor.

The Supervisory Board has determined that René Hooft Graafland, Helen Weir, Jan Zijderveld and Pauline van der Meer Mohr are "Audit Committee Financial Experts" within the meaning of provision 2.1.4 of the Dutch Corporate Governance Code.

Governance and Nomination Committee

In 2022, the Committee held four meetings to which the CEO and the Chief Human Resources Officer, among others, were invited. In addition, the Committee held four private meetings. The attendance rate of the members of this Committee was 100%. The Committee evaluated the performance of the members of the Supervisory Board and the Executive Committee and approved the 2023 goals for the members of the Management Board and the Executive Committee. The Committee received several updates on succession and talent planning and diversity. Together with management, the Committee reflected on the outcome of the associate engagement survey.

In view of Kevin Holt's desire to retire and step down from the Management Board after the annual General Meeting of Shareholders on April 12, 2023, the Committee engaged in several sessions with the CEO to determine the composition of the Management Board, and recommended to the Supervisory Board to nominate JJ Fleeman for a term of four years at the General Meeting of Shareholders in 2023. In addition, the Committee recruited and recommended Julia Vander Ploeg for nomination as a new member of the Supervisory Board and recommended Peter Agnefjäll, Bill McEwan and Katie Doyle for nomination for additional terms at the same General Meeting of Shareholders.

SUPERVISORY BOARD REPORT

Remuneration Committee

In 2022, the Committee held five meetings to which the CEO and the Chief Human Resources Officer, among others, were invited to attend. In addition, the Committee held five private meetings. The attendance rate of the members of the Committee was 97%. The Committee discussed and supported the salary recommendations for members of the Management Board and the Executive Committee, as well as the incentive targets for 2022. In addition to the regular topics, the Committee spent time on the remuneration packages for Frans Muller and JJ Fleeman. The Committee also focused on the transparency of disclosures, resulting in an ex-post disclosure in this Annual Report of short-term and long-term incentive plan targets, intervals and actual results. Incentive design and target setting for 2023 took place in a dynamic and volatile economical market situation that required significant attention by the Remuneration Committee.

Health and Sustainability Committee

During 2022, the Committee held four meetings and the attendance rate of its members was 100%. During each meeting, a global update of the ESG landscape was provided, including expectations of customers, associates, investors and other stakeholders. The Committee regularly reviewed the Company's performance against the four main KPIs of the Healthy and Sustainable targets. The content and ambition level of the proposed targets for 2023-2025 were discussed and recommendations were provided to the management and to the Supervisory Board. The Company's new organizational setup for Sustainability was favorably received, to address the expanding scope and ambition level in this area. An important event during the year was the review of the Company's strategy and updated target for scope 3 carbon emissions; it was agreed that the Committee would perform a deep dive into this topic during 2023.

Conclusion

The Supervisory Board is of the opinion that during the year 2022, its composition, mix and depth of available expertise, working processes, level and frequency of engagement across all prominent Ahold Delhaize activities, and access to necessary and relevant information and the Company's management and staff were satisfactory. This enabled the Supervisory Board to carry out its duties towards all of the Company's stakeholders, in a strong year during which the Company continued to live up to its promise to help customers eat well, save time and live better, while delivering strong financial results at the same time.

We are grateful to Ahold Delhaize's shareholders for their continued trust in and support of the Company, its strategy and its management.

Most of all, the Supervisory Board would like to express its gratitude to associates and management of the Company and its great local brands for their passion and dedication in delivering on Ahold Delhaize's promises to customers and all its other stakeholders.

Supervisory Board
Zaandam, the Netherlands

February 28, 2023

RISK MANAGEMENT

Ahold Delhaize has a diverse portfolio of brands, geographic footprint and business structure. Because of this, it is critically important that we manage risks in a proactive and responsible way to ensure we can deliver on our Leading Together strategy.

GOVERNANCE, RISK MANAGEMENT AND COMPLIANCE

Our Governance, Risk Management and Compliance (GRC) Framework is tailored to our structure and designed to respond to the dynamic needs of our brand-centric business. It gives our management a transparent view of the risks we take, face and manage and that have a strategic impact on our great local brands and our global organization.

The GRC Framework consists of global policies and controls as well as a GRC Committee structure at global and brand levels that serves as a forum for identifying, addressing and monitoring relevant risks in all corners of our business.

The global GRC Committee is responsible for reviewing Ahold Delhaize's governance, risk management and compliance processes. The GRC Committee is chaired by the Chief Legal Officer and (i) advises the Management Board and Executive Committee on matters concerning the GRC Framework, including an overall GRC vision and strategy, (ii) oversees activities to develop and maintain a fit-for-purpose GRC Framework and (iii) engages with Ahold Delhaize's senior management on important developments in the context of governance, risk and compliance.

ENTERPRISE RISK MANAGEMENT

Through our Enterprise Risk Management (ERM) program, which is embedded in the execution of our strategy, the leadership of each of the brands and global functions review their strategic, operational, financial, regulatory and ESG risks, as well as their related mitigating actions, twice per year. Our Executive Committee performs a semi-annual review of all the risks reported by the brands and the outcome is aggregated into an ERM report that is presented to the Management Board and Supervisory Board, as required by the Dutch Corporate Governance Code. Ahold Delhaize's ERM program contributes to the formation of policies, procedures and controls, the scope of internal audit activities, and the business planning and performance process.

Governance, Risk Management and Compliance Framework

RISK MANAGEMENT

RISK APPETITE

Our risk appetite is defined by our Management Board and Supervisory Board and is integrated into the businesses through our strategy, global policies, procedures, controls and budgets. Our appetite for each risk is determined by considering key opportunities and potential threats to achieving our strategic, operational, financial, compliance, and ESG objectives and can be categorized as follows:

STRATEGIC RISKS	Our approach
Strategic risks originate from trends, developments or events that could prevent us from executing and realizing our strategic objectives. **Risk appetite: average-above average**	Ahold Delhaize has a diverse portfolio of brands, geographic footprint and business structure. Because of this, it is critically important that we manage risks in a proactive and responsible way to ensure we can deliver on our Leading Together strategy. We use fact-based analysis that derives insights from our different markets and brands to support our strategic decision-making process in a way that considers the financial, economic, social and political developments that may impact our ability to achieve our strategic objectives.
OPERATIONAL RISKS	**Our approach**
Operational risks include unforeseen incidents that could result from failures in internal processes or systems, human error or adverse external events and could negatively impact the day-to-day operation of our business. **Risk appetite: low**	Ahold Delhaize strives to minimize the possibility of business disruptions and the related impact of operational failures. We establish and manage a GRC Framework with global policies that regulate the achievement of our objectives at local and global level. We constantly review and invest in our structure and processes to ensure they are fit for purpose and address any identified operational risk.
FINANCIAL RISKS	**Our approach**
Financial risks include uncertainty of financial returns on investments, reduction in liquidity, erosion of profits, potential financial losses due to financing policies, and other external factors such as the macro-economic environment, unreliability of suppliers, economic restrictions and reduction of the customer base. **Risk appetite: low**	Ahold Delhaize has a prudent financial strategy focused on maintaining our solid investment-grade credit rating. We are averse to any risks that could jeopardize the integrity of our financial reporting. Our financial risk management, risk appetite and sensitivities are further detailed in *Note 30* of the consolidated financial statements.
COMPLIANCE RISKS	**Our approach**
Compliance risks relate to unanticipated failures to comply with applicable laws and regulations as well as our own policies and procedures. **Risk appetite: very low**	At Ahold Delhaize, our values are an essential part of our strategic framework. We strive to behave according to our values as we go about our daily work. One of our values is "integrity," which means that the Company and all its associates do the right thing to earn customers' trust. We strive for full compliance with laws and regulations and with our policies and procedures everywhere we do business.
ESG RISKS	**Our approach**
ESG risks concern developments, trends and events related to environmental, social and governance matters, including both physical and transition risks related to climate change and the impact of ESG societal expectations on our strategy and performance. **Risk appetite: low**	Our approach to sustainability and ESG starts with our efforts to better understand the world we live in, the challenges we face in the long, medium and short term, and what our stakeholders expect of us. Using this knowledge, we determine the topics where we have, or can have, the most impact or that impact us the most. We set ourselves targets and commitments around ESG topics and monitor our performance against a range of KPIs. For more details, see *Environmental, social and governance*.

RISK MANAGEMENT

GRC framework

The Ahold Delhaize control framework incorporates risk assessment, control activities and monitoring into our business practices at entity-wide and functional levels. We have adopted a “Three lines of defense” model (see chart on this page) to provide reasonable assurance that risks to achieving important objectives are identified and mitigated.

Monitoring and assurance

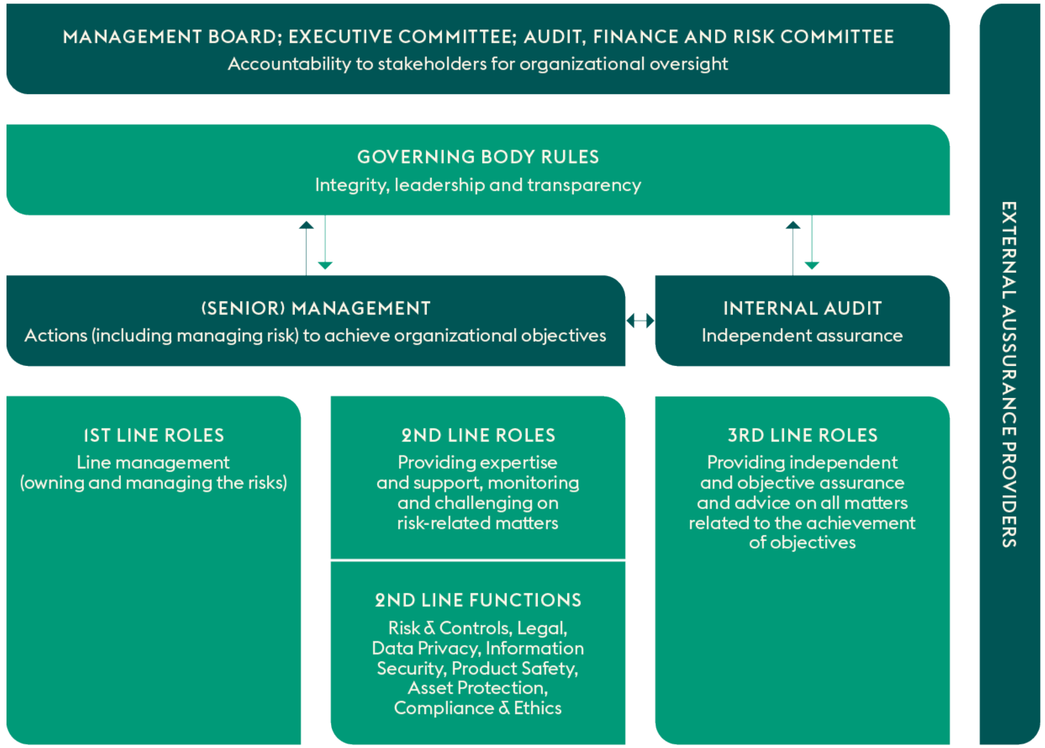
A key element of our GRC framework is monitoring and assurance. We use a comprehensive business planning and performance review process to monitor the Company’s performance. This process covers the adoption of strategy, budgeting and the reporting of current and projected results. We assess business performance according to both financial and non-financial (including sustainability) targets. In order to meet business needs and the requirements of the Dutch Corporate Governance Code, we have a Group-wide management certification process in place, which requires that the executive management team members at each of the reporting entities send letters of representation to the Financial Disclosure Committee on a quarterly basis. These letters confirm whether the reporting entities follow Ahold Delhaize’s Code of Ethics, policies on fraud prevention and detection, accounting and internal control standards, and disclosure requirements.

Reporting

Each of the businesses is required to maintain and manage a sound internal control environment with robust policies, procedures and controls and a strong financial discipline. The control framework is regularly monitored by our second line of defense through testing activities and the results are reported to brand and global GRC committees as well as to the Audit and Finance Committee.

Both our Risk & Controls and Internal Audit functions help to ensure that we maintain and improve the integrity and effectiveness of our system of risk management and internal control. Internal Audit undertakes regular risk-based, independent and objective audits. These functions also monitor the effectiveness of corrective actions undertaken by management.

Three lines of defense model



DECLARATIONS

INTRODUCTION

This 2022 Ahold Delhaize Annual Report dated February 28, 2023 (the Annual Report), comprises regulated information within the meaning of sections 1:1 and 5:25c of the Dutch Act on Financial Supervision "Wet op het financieel toezicht."

For the consolidated and the parent company's 2022 financial statements "jaarrekening" within the meaning of section 2:361 of the Dutch Civil Code, see *Performance: Financial statements*. The members of the Management Board and the Supervisory Board have signed the 2022 financial statements pursuant to their obligation under section 2:101, paragraph 2 of the Dutch Civil Code.

The following sections of this Annual Report together form the management report, or the "bestuursverslag" within the meaning of section 2:391 of the Dutch Civil Code:

- *Strategic report*
- *Our Management Board and Executive Committee*
- *Our Supervisory Board*
- *Corporate governance*
- *Risk management*
- *Remuneration* and
- the subsection *Remuneration* included in the *Supervisory Board report*
- *Environmental, social and governance (ESG) statements* and
- *Definitions and abbreviations*.

For other information, or "overige gegevens" within the meaning of section 2:392 of the Dutch Civil Code, see section **Other information** under Performance.

DECLARATIONS

The members of the Management Board, as required by section 5:25c, paragraph 2, under c of the Dutch Act on Financial Supervision, confirm that to the best of their knowledge:

- The 2022 financial statements included in this Annual Report give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.
- The management report included in this Annual Report gives a true and fair view of the position of the Company and the undertakings included in the consolidation taken as a whole as of January 1, 2023, and of the development and performance of the business for the financial year then ended.
- The management report includes a description of the principal risks and uncertainties that the Company faces.

ANNUAL DECLARATION ON INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS

The Management Board, as required by section 1.4.3 of the Dutch Corporate Governance Code, makes the following declaration:

The Management Board is responsible for establishing and maintaining adequate internal risk management and control systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve important business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. This report provides sufficient insights into any significant deficiencies in the effectiveness of the internal risk management and control systems. Management is not aware of any critical failings of these systems during 2022.

This report includes those material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of 12 months after the preparation of the report.

With respect to financial reporting based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis and management has assessed whether the risk management and control systems provide reasonable assurance that the 2022 financial statements do not contain any material misstatements. This assessment was based on the criteria set out in COSO: Internal Control – Integrated Framework 2013 and our internal control framework. It included tests of the design and operating effectiveness of entity-level controls, transactional controls at significant locations and relevant general computer controls. Any control weaknesses not fully remediated at year-end were evaluated.

Based on this assessment, the Management Board determined that the Company's financial reporting systems are adequately designed, operated effectively in 2022 and provide reasonable assurance that the financial statements are free of material misstatement.

Management Board

- Frans Muller, President and Chief Executive Officer
- Natalie Knight, Chief Financial Officer
- Kevin Holt, Chief Executive Officer Ahold Delhaize USA
- Wouter Kolk, Chief Executive Officer Europe and Indonesia

This Annual Report, including the 2022 financial statements, which are audited by PricewaterhouseCoopers Accountants N.V., has been presented to the Supervisory Board.

The 2022 financial statements and the independent auditor's report relating to the audit of the 2022 financial statements were discussed with the Audit, Finance and Risk Committee in the presence of the Management Board and the external independent auditor. The Supervisory Board recommends that the General Meeting of Shareholders adopt the 2022 financial statements included in this Annual Report and recommends the proposal to pay a cash dividend for the financial year 2022 of €1.05 per common share. An amount of €0.46 per common share was paid as interim dividend on September 1, 2022. The remaining amount of €0.59 per common share shall be payable on April 27, 2023.

Supervisory Board

- Peter Agnefjäll (Chair)
- Bill McEwan (Vice Chair)
- René Hooft Graafland
- Katie Doyle
- Helen Weir
- Frank van Zanten
- Bala Subramanian
- Jan Zijderveld
- Pauline van der Meer Mohr

REMUNERATION

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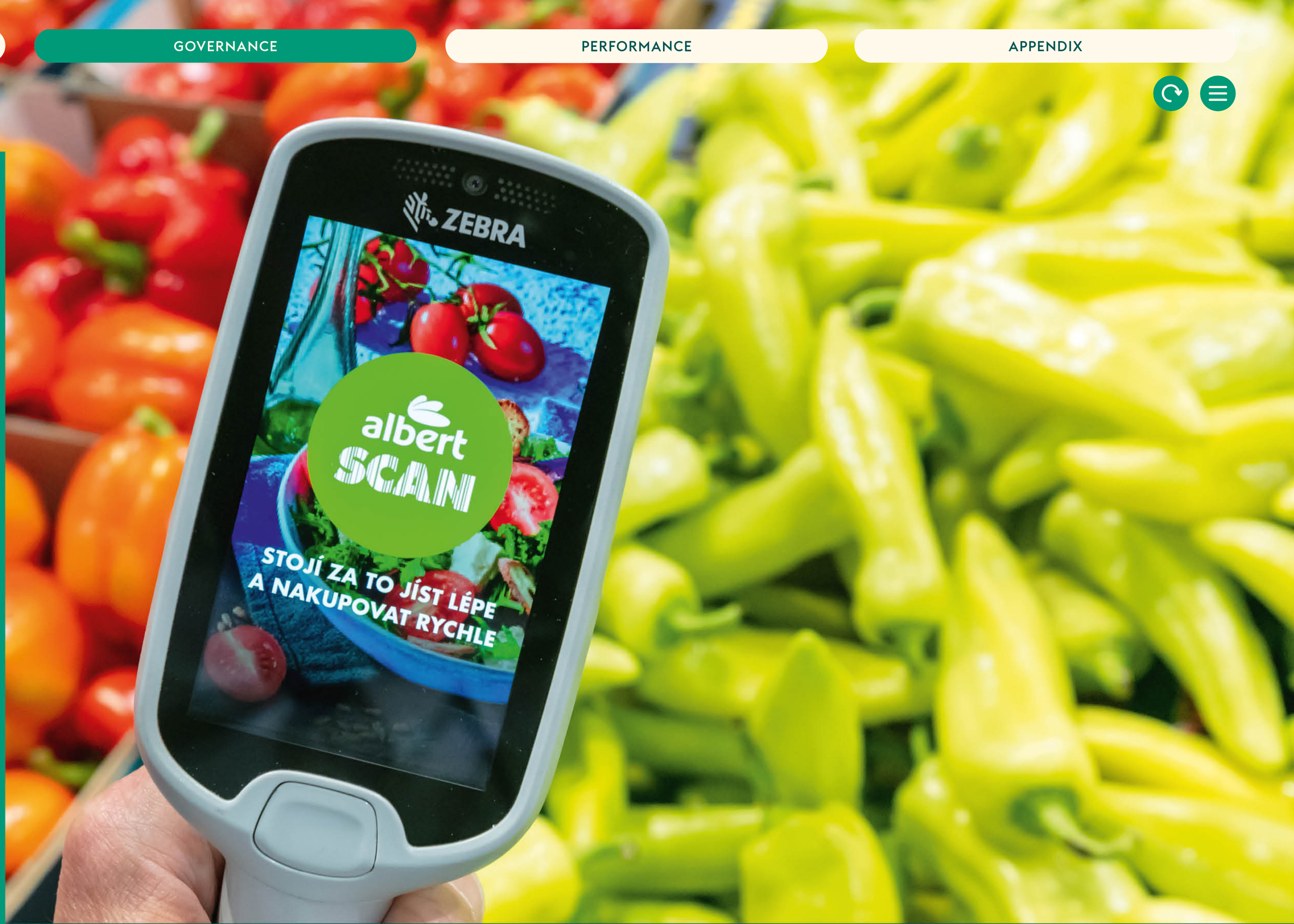


LOCAL MATTERS

Albert Czech Republic

LETTER FROM THE REMUNERATION COMMITTEE CHAIR

> We are in a unique position and have a clear responsibility to help customers, associates and communities, especially during economically difficult times.
>
> Bill McEwan

Dear shareholder,

I am pleased to introduce Ahold Delhaize's 2022 Remuneration report.

LOOKING BACK ON 2022

As mentioned throughout this Annual Report, the people across our brands and markets were greatly affected in 2022 by the war and humanitarian tragedy in Ukraine and the consequent steep inflation, at levels we haven't seen in decades. I am proud that our teams were able to effectively navigate through the volatility and sustain a high level of service and provision of healthy and affordable groceries in each of our local markets. At the same time, we continued to invest in communities, associates and key strategic initiatives – all with a keen focus and commitment to sustainability. Supported by our Save for Our Customers cost-savings program, our brands worked diligently with suppliers to mitigate price increases for customers. As we operate at the center of society, our brands are in a unique position and have a clear responsibility to help customers, associates and communities, especially during economically difficult times.

We are extremely proud that associates across our local brands and support teams continued to rise above the challenges and press through, and beyond, the COVID-19 pandemic with purpose, passion and perseverance. We are thankful for their dedication and commitment.

Stakeholder engagement and revised policy

After an extensive end-to-end review of our Remuneration Policy, followed by several consultation sessions with key stakeholders throughout 2021 and early 2022, we developed a new Remuneration Policy that was introduced and adopted at the April 2022 annual General Meeting of Shareholders (AGM). Consistent with the feedback during our stakeholder engagement sessions, the Policy was recalibrated to focus on longer-term value creation overall, with an increased emphasis on ESG factors. Linked to the aspirations and goals set out in our strategy, we have substantially increased the weight of ESG-related metrics in our short- and long-term incentive plans. We are committed to short-term and long-term targets that will be robust, measurable and auditable, year after year.

Notably, in this Annual Report 2022, we have followed through on our commitment to provide clear ex-post disclosure of all targets, performance intervals and actual results for full year 2022 short-term and long-term incentive plans.

A few of our stakeholders continue to express concern about the inclusion of U.S. companies in our labor market peer group. We believe it is critical to include U.S. companies in our benchmark group. Ahold Delhaize is a distinctly bi-continental company: over 60% of the Company's total net sales originate in the United States, and we must compete for high-quality executive leadership talent in the U.S. and global markets.

2022 base salary adjustments

Following the regular performance review process for 2021 conducted by the Governance and Nomination Committee at the outset of the year, the Remuneration Committee assessed the Management Board members' base salary remuneration. We considered external and internal salary movements, Company and individual performance, and the internal pay ratios. The base salaries of three of the four Management Board members were increased as of January 1, 2022: a 1.9% rise for Frans Muller, 2.5% for Natalie Knight and 1.5% for Wouter Kolk. Kevin Holt's base salary was unchanged.

CEO and Management Board performance

Throughout the year, the Management Board oversaw the implementation of Ahold Delhaize's Leading Together strategy:

- Supporting our local brands' efforts to keep prices as low as possible for customers by mitigating unprecedented inflation, rising commodity prices and soaring energy costs.
- Supporting our brands' efforts to aid civilians affected by the war in Ukraine by offering comfort, food and work to those fleeing violence.
- Making continued progress toward our ambition to reduce food waste by 50% by 2030 versus our 2016 baseline.
- Strengthening the business portfolio with mergers, acquisitions and strategic partnerships, including Albert Heijn's partnership with Jan Linders Supermarkets in the Netherlands and our investment in advertising technology company Adhese.
- Announcing a strengthened CO_2-emissions reduction target for our entire value chain (scope 3) to at least 37% by 2030 and reiterating our commitment to become net zero across the entire value chain by 2050.

LETTER FROM THE REMUNERATION COMMITTEE CHAIR

This year, we again employed a rigorous process to monitor and evaluate CEO and Management Board performance. Driven by the Company's Leading Together strategy, the respective Supervisory Board committees established and thoroughly reviewed performance objectives and targets at the outset of the year, followed by full Supervisory Board consideration and approval.

These performance objectives were structured in line with shared strategic objectives on key financial, ESG and associate engagement targets, individual goals connected to each of the four strategic growth drivers, and development goals aimed at continuously improving their leadership capability and capacity as individuals and as a team.

As the year came to a close, the Governance and Nomination Committee of the Supervisory Board conducted a formal Management Board evaluation process. CEO performance was evaluated, in close collaboration with the Supervisory Board Chair and with broader Supervisory Board participation and input. Each Management Board member's individual review included a self-assessment against the defined objectives and metrics, the CEO's assessment, and performance rating and formal review by the Committee. The outcomes of this process were factored into the determinations by the Remuneration Committee of Management Board base salary adjustments for 2023. And finally, while we are informed in this process by the benchmarking versus our selected peer group, the determinations we make are not led by these benchmarks, and we do not use them to target precise positions – they simply provide a reference point that informs how we determine fixed and variable compensation to ensure that we remain in line with competitive market pay levels. We continue to target Management Board members' total remuneration "at or near the median" of our peer group.

2022 annual cash incentive

As the year unfolded, it became clear that the results for the 2022 annual cash incentive would finish well ahead of plan, with payouts at, or near, the maximum level, as in 2020 and 2021. In line with the new Remuneration Policy, the maximum payout level has been adjusted from 150% to 125%. Although the Supervisory Board considers the performance targets for 2022 to have been robust, with clear, specific and auditable metrics, it also recognizes that the ongoing market volatility is likely to persist, due, largely, to the war in Ukraine. We will continue to monitor business performance and internal and external conditions throughout the year and take appropriate action where, when and as we deem prudent and appropriate.

Long-term share vesting

The 2020 long-term incentive program GRO share grant will vest on the day after the 2023 AGM. Earnings per share growth exceeded the maximum performance threshold, while return on capital and the share of healthy food sales also exceeded the targets. Results for total shareholder return fell just short of plan. The overall vesting outcome for the 2020 GRO share grant is 132% of target.

Increased level of transparency and disclosure

Historically, we have elected not to disclose the performance targets for our short-term and long-term incentive plans, as we have considered this information to be commercially sensitive. However, as part of our ongoing dialogue, and reflected in the 2021 Remuneration Report advisory vote of 88.7%, major stakeholders and proxy advisers urged us to disclose targets and intervals.

As indicated earlier in my letter, I am pleased to share with you that the Annual Report 2022 is our first to report on the new Remuneration Policy, which we believe provides the optimal starting point for our enhanced disclosures.

LOOKING FORWARD

Renewed Dutch Corporate Governance

At the end of 2022, The Dutch Corporate Governance Code Monitoring Committee adopted the revised Dutch Corporate Governance Code. At Ahold Delhaize, we strongly value these changes and we have already adopted them within our Leading Together strategy and our robust ambitions in the areas of sustainability and ESG. We strongly support more comprehensive regulation of diversity, equity and inclusion. We believe in doing what's right by continuously focusing on the well-being of customers, associates, communities and other stakeholders.

Expectations for 2023

The year 2023 will undoubtedly continue to be challenging and volatile on several fronts. While we anticipate the rate of inflation to slow somewhat, the overall cost of living is expected to remain higher and will continue to impact customers, associates and communities. We will continue to monitor business performance and internal and external conditions throughout the year and take appropriate action where and when we deem prudent and appropriate …always mindful of our obligations as a leading corporate citizen.

On behalf of the Remuneration Committee of the Supervisory Board, I thank you for your continued support of Ahold Delhaize.

Bill McEwan

EXECUTIVE REMUNERATION PRINCIPLES AND PROCEDURES

A new Remuneration Policy was adopted by the General Meeting of Shareholders on April 13, 2022. It is structured to further increase long-term focus and place greater emphasis on ESG factors, which are an important part of how Ahold Delhaize measures success. This is in line with the next chapter of our Leading Together strategy and a deepened focus on health and sustainability. It also further aligns the interests of the Management Board with those of the Company's stakeholders and features increased disclosures on short- and long-term performance.

This section provides a summary of our principles and procedures and how they relate to our remuneration policies. The full Principles and Procedures are part of our Remuneration Policies for the Management Board and Supervisory Board, available on our website.

Our full remuneration principles and procedures are included in the **Remuneration Policies for the Management Board and Supervisory Board**, available on our **website**.

PRINCIPLES

ALIGNMENT WITH COMPANY STRATEGY
Our Remuneration Policy is aligned with the Company's long-term strategy.

TRANSPARENCY
The Company provides extensive disclosure of how the Remuneration Policies were implemented, including, for the Management Board, incentive targets, intervals and performance realized.

PAY FOR PERFORMANCE
Our Remuneration Policy supports a pay-for-performance culture with an emphasis on sustainable long-term value creation.

ALIGNMENT WITH STAKEHOLDER INTERESTS
The Remuneration Policy aligns the focus of the Company and its senior management with the interests of the Company's stakeholders and society at large.

CONSISTENCY
The structure of Management Board remuneration is generally consistent with the remuneration structure for other senior associates of the Company.

COMPETITIVE PAY
The competitiveness of our Remuneration Policy is benchmarked annually against a relevant labor market peer.

Applies to Management Board only

Applies to Management Board and Supervisory Board

PROCEDURES

ESTABLISHING, REVISION, AND EXECUTION
Our Remuneration Policy is established, revised and executed by the Supervisory Board, and subject to adoption by the General Meeting of Shareholders.

RISK ASSESSMENT
The Remuneration Committee regularly conducts a comprehensive analysis of the risks and scenarios associated with variable compensation elements. This includes calculating remuneration under different scenarios, considering different performance assumptions.

DISCRETION AND DEROGATION
The Supervisory Board may exercise discretion in the execution of our Remuneration Policy, and, in exceptional circumstances, deviate from it.

COMPLIANCE
The design and implementation of our Remuneration Policy are compliant with all applicable laws, rules and regulations, and corporate governance requirements.

REMUNERATION POLICY FOR THE MANAGEMENT BOARD

A proposal for an amended Remuneration Policy for the Management Board was adopted by the General Meeting of Shareholders on April 13, 2022 (94.87% of votes in favor), and became effective retroactively as of January 1, 2022.

BENCHMARK PEER GROUP

As an international company, Ahold Delhaize must remain attractive for top leaders from the industry and beyond to continue to have a strong and diverse Management Board. Management Board remuneration levels are benchmarked annually. The benchmark peer group consists of a total of 18 peer companies in Europe and the United States, as well as AEX- and BEL20-listed companies. This labor market peer group reflects the Company's geographic operating areas and the markets most relevant in relation to the recruitment and retention of top management. As a Dutch-headquartered company, and considering the Company's Dutch and Belgian footprint, the AEX market practice in the Netherlands and BEL20 market practice in Belgium are included.

To accommodate potential changes in the labor market peer group due to delistings, mergers or other extraordinary circumstances, the Supervisory Board may exercise discretion to substitute comparable companies.

Typically, geographical composition leads to the replacement determination. For example, if a European-based company is dropped, it is generally replaced by another European-based company.

In 2022, Wm Morrison was replaced by Danone due to its delisting (after its acquisition by the private equity group Clayton, Dubilier & Rice) from the London Stock Exchange in 2021. The choice of a replacement company is based on a selection from the STOXX® Europe 600 Optimised Consumer Staples, in which Ahold-Delhaize is also included. The final selection is based on the parameters of revenue, market capitalization and assets.

We consider the composition of Total Direct Compensation when benchmarking base salary levels. The target Total Direct Compensation level is typically at or near the median, while consideration is given to Ahold Delhaize's size relative to the peer group, with a fixed-to-variable pay ratio that supports the pay-for-performance culture and a long-term strategic focus. More information is included in the *Remuneration Policies*, available on our website.

An individual exception to the Management Board Remuneration Policy is applied for the CEO Ahold Delhaize USA (Kevin Holt).

The Supervisory Board has determined the remuneration for Kevin Holt on the basis of a local reference market, the U.S. retail labor market reference group.

EUROPEAN PEERS	U.S. PEERS	AEX AND BEL20
Tesco	Kroger	Unilever
Carrefour	Costco	Philips
Metro Cash & Carry	Target	Heineken
Casino Guichard-Perrachon	Walgreens Boots Alliance	Randstad
J Sainsbury	Best Buy	Akzo Nobel
Danone	Lowe's Companies	AB InBev

TOTAL DIRECT COMPENSATION

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 share-based incentive.

In addition to Total Direct Compensation, members of the Management Board are offered pensions and additional arrangements in line with local practices.

ELEMENT	DESCRIPTION
Base salary	The level of the base salary of the members of the Management Board is derived, as one component, from the benchmarking of Total Direct Compensation. Adjustment of individual base salaries is at the discretion of the Supervisory Board.
Annual cash incentive plan: Executive Incentive Plan (EIP)	The Company's priority and goal are to expand market share while focusing on margins to increase profitability and prudently managing capital spending and expenses to secure strong and sustainable cash flow. Consequently, the EIP employs three financial measures that reflect the fundamental key financial metrics of a retail organization: sales growth (30%), underlying operating margin (25%) and operating cash flow (20%). In addition, ESG and other strategic imperatives (25%) are included. In support of the pay-for-performance culture and in recognition of the Company's focus on margins, the underlying operating margin measure serves as a threshold. The at-target pay-out as a percentage of base salary is 100%, contingent on the full achievement of the objectives, with a cap at 125% of the at-target value in the event of above-target performance.
Long-term share-based incentive plan: Global Reward Opportunity (GRO)	Under the GRO program, performance shares are granted as a three-year program. The vesting of these performance shares is subject to performance over three years. As of 2022, the GRO program employs three financial measures: return on capital (RoC) (35%), underlying earnings per share (EPS) growth (25%), and total shareholder return (TSR) (15%). In addition, a non-financial performance[1] measure (25%) related to health and sustainable targets is included. In line with market practice, the target value of long-term incentives granted varies per role. For the CEO, the target value is 275% of base salary; for the CEO Ahold Delhaize USA, the target value is 275% of base salary; for the CFO, the target value is 200% of base salary; and for the CEO Ahold Delhaize Europe and Indonesia, the target value is 175% of base salary. GRO is linked to TSR, RoC, EPS and healthy and sustainable as described in the definitions of GRO performance measures.

1 Please note the weighting of the non-financial performance has increased in 2022 in line with our deepened focus on health and sustainability.

REMUNERATION POLICY FOR THE MANAGEMENT BOARD

PENSIONS AND OTHER CONTRACT TERMS

Pension

All existing pension arrangements in the Netherlands are in line with the applicable fiscal pension regulations.

The pension plan for Management Board members is in line with plans for all other associates of the Company in the Netherlands and is referred to as a defined benefit plan, based on career average salary. The current legal retirement age is between 68 and 71 (depending on year of birth), with the option for early retirement from age 55. The pensionable salary is capped at the legal maximum (2022: €114,866). Each Management Board member working under a Dutch contract pays a pension premium contribution identical to that of all other associates of the Company 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 of the pension allowance. 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 voluntary.

Members of the Management Board working under a non-Dutch contract are offered pensions in line with local practices.

Loans

The Company does not provide loans 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 allowances, insurance, use of company cars and, where applicable, relocation support and allowances, which apply to other senior associates and are in line with market practice. In addition, third-party tax services are 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.

SHAREHOLDING REQUIREMENTS AND SHARE OWNERSHIP GUIDELINES

Management Board members must retain the shares awarded under the GRO program for a minimum of five years from the grant date. The sale of a portion of the shares is permissible to finance tax due at the date of vesting. The CEO and the CEO Ahold Delhaize USA are required to acquire and hold shares in the Company with a value at least equal to 400% of the annual base salary. All other members of the Management Board are required to hold shares in the Company with a value at least equal to 300% of the respective base salaries. The holding may be built up by retaining all after-tax shares from the GRO program and does not require personal share purchases.

CLAWBACK

A clawback provision is in place and may be applied to the Management Board members' annual cash incentive plan (EIP) as well as the long-term share-based incentive program (GRO).

MANAGEMENT BOARD REMUNERATION AT A GLANCE

In 2022, Ahold Delhaize delivered robust results, with strong sales growth, while maintaining a strong underlying operating margin. These results are reflected in the outcomes of our short-term and long-term incentives.

The Management Board remuneration balances the needs of internal and external stakeholders with the Company's commitment to making a sustainable contribution to society and supports a pay-for-performance culture with an emphasis on long-term value creation.

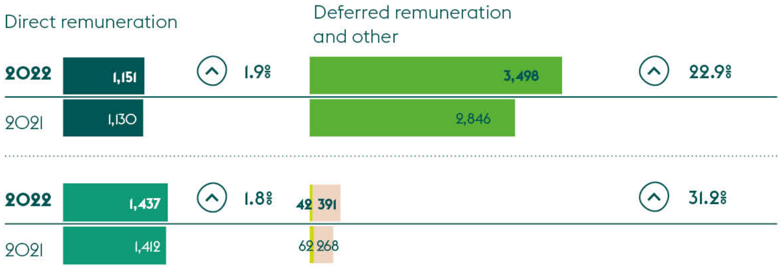
This long-term value creation is reflected in the shareholding requirements and share ownership guidelines, as adopted by shareholders in the 2022 MB Remuneration Policy. As a result, the maximum annual bonus opportunity has been decreased to 125% of the target amount, and the long-term incentive opportunities have been increased, to bring remuneration packages in line with the target positioning while increasing long-term focus and further aligning the interests of the Management Board with those of the Company's shareholders.

Board members are required to acquire and hold shares in the Company with a value equal to a multiple of their annual base salary. In addition, Management Board members must retain the shares awarded under the GRO plan for a minimum period of five years from the grant date. This five-year holding period extends post-tenure (including retirement).

The change in remuneration – as shown in the visual – is predominately caused by the increased (IFRS) costs of the long-term incentive compared to 2021. More details about the IFRS costs and entitlement are included under *Total remuneration*.

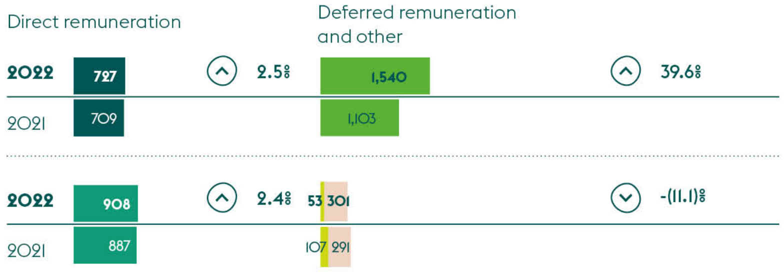
Frans Muller Chief Executive Officer (in € thousand)

Total 2022 **€6,519**



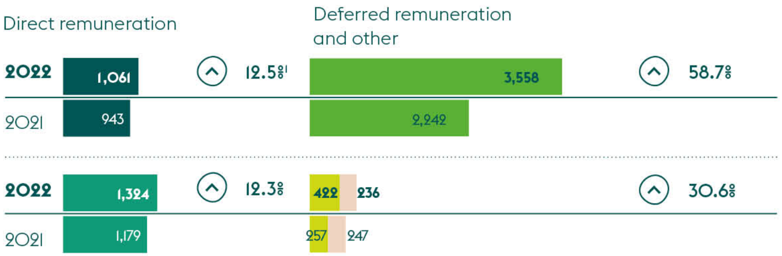
Natalie Knight Chief Financial Officer (in € thousand)

Total 2022 **€3,529**



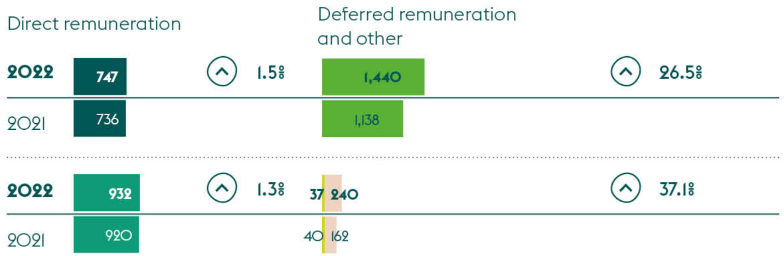
Kevin Holt CEO Ahold Delhaize USA (in € thousand)

Total 2022 **€6,601**



Wouter Kolk CEO Ahold Delhaize Europe & Indonesia (in € thousand)

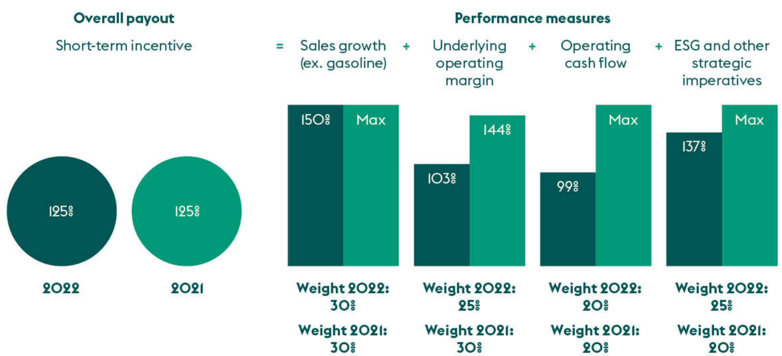
Total 2022 **€3,396**



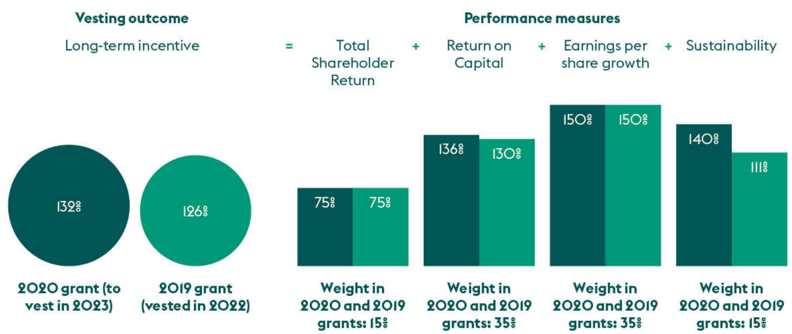
Base salary (fixed) · Annual cash incentive (variable) · Long-term equity-based incentive (variable)[2] · Pension · Other

1 The base salary increase of Kevin Holt in euro is purely based on dollar-euro exchange rate differences, his base salary in U.S. dollars remained the same in 2022 compared to 2021 ($1,114,702).
2 Board members are required to acquire and hold shares in the Company with a value equal to a multiple of their annual base salary and must retain the shares awarded under the GRO plan for a minimum period of five years from the grant date.

Annual cash incentive Executive Incentive Plan



Long-term equity-based incentive Global Reward Opportunity



2022 MANAGEMENT BOARD REMUNERATION

The remuneration paid to the members of the Management Board in 2022 was in accordance with the Remuneration Policy for the Management Board. The individual exceptions for Kevin Holt as adopted by the General Meeting of Shareholders on April 12, 2017, and April 8, 2020, remained in force in 2022.

BASE SALARY

The annual base salaries of the members of the Management Board were reviewed by the Remuneration Committee in early 2022. The Committee considered external and internal salary movement, Company and individual performance, and the determination and assessment of internal pay ratios. It also sought the input of the individual Management Board members.

The annual base salaries of the Management Board members were increased as of January 1, 2022. The increase amounted to 1.9% for Frans Muller, 2.5% for Natalie Knight and 1.5% for Wouter Kolk.

Base salaries per Management Board member

€ THOUSAND	2022	2021	% CHANGE
Frans Muller Chief Executive Officer	**1,151**	1,130	1.9%
Natalie Knight Chief Financial Officer	**727**	709	2.5%
Kevin Holt[1] CEO Ahold Delhaize USA	**1,061**	943	12.5%
Wouter Kolk CEO Ahold Delhaize Europe and Indonesia	**747**	736	1.5%

1 The 2022 and 2021 salaries have been converted from U.S. dollars into euros; for 2022, using the 2022 year-to-date average dollar-euro exchange rate of 0.9515; for 2021, using the 2021 year-to-date average dollar-euro exchange rate of 0.8461.
The base salary in U.S. dollars for Kevin Holt remained the same at $1,114,702.

ANNUAL CASH INCENTIVE: EIP

The members of the Management Board participated in the annual cash-based Executive Incentive Plan (EIP). Three performance measures were used to track the Company's financial performance during the year: sales growth, underlying operating margin, and operating cash flow. In addition, healthy sales and food waste reduction were included as ESG and other strategic imperatives in support of the Company's healthy and sustainable ambitions. To support the greater emphasis on ESG factors in the short- and long-term incentive, we increased the financial performance measure ESG strategic imperatives from 20% (2021) to 25% (2022). To accommodate this change, we reduced the weight of the underlying operating margin measure from 30% (2021) to 25% (2022).
See following table for the definitions and weight per performance measure.

Definitions of EIP performance measures

PERFORMANCE MEASURE	WEIGHT	DEFINITION	RELEVANCE TO OUR STRATEGY
Sales growth (ex. gasoline)[1]	**30%**	Sales growth (ex. gasoline) quantifies how much sales grew year-over-year, excluding gasoline sales, expressed as a percentage of last year's sales excluding gasoline.	Our goal is to expand market share, while at the same time focusing on margins to increase profitability, and manage capital spending and expenses prudently to secure a strong and sustainable cash flow that allows us to cover financial obligations, make investments in the business and remunerate existing shareholders.
Underlying operating margin	**25%**[2]	Underlying operating margin is the result of dividing underlying operating profit (excluding gasoline operating profit) by third-party sales (excluding gasoline sales).	
Operating cash flow[3]	**20%**	Operating cash flow is defined as the cash flow generated by the core operations of the Company, adjusted for net lease payments and after tax.	
ESG and other strategic imperatives	**25%**[2]	ESG and other strategic imperatives are one or more variable performance measures that are defined annually by the Supervisory Board to highlight specific strategic and key business priorities of the Company. In our ongoing dialogue with stakeholders, we find common ground in the importance we attach to ESG factors. Over the past years, we have been consistently increasing the weight of ESG-related metrics in our incentive plans. Two[4] performance measures were selected for 2022 that reflect the Company's commitment to a healthy and sustainable future: • Healthy sales (15%): The percentage of healthy own-brand food sales as a proportion of total own-brand food sales. • Food waste reduction (10%): Tonnes of food waste per €1 million food sales.	Our businesses flourish when our communities are healthy and resilient. We aim to enable customers and associates to eat healthier, while at the same time reducing our global footprint. • Healthy products: We employ this measure to drive performance in pursuit of our objective to facilitate healthier eating. • Food waste: We employ this measure to drive performance against our objective of reducing food waste.

1 For incentive purposes, sales growth performance is calculated using constant rates to ensure individuals are not rewarded nor penalized for foreign exchange rate developments, but only for true business performance.
2 Underlying operating margin was 30% in 2021 and ESG and other strategic imperatives was 20% in 2021.
3 For incentive purposes, we look at operating cash flow to reflect the true business performance of our operations. In case of unforeseen or unusual circumstances occurring during the performance period that have an impact on the performance of the incentive plan as assessed at the end of the performance period, the Supervisory Board can consider an adjustment, in accordance with the principles of reasonableness and fairness.
4 In 2021, carbon-emissions reduction was also included.

2022 MANAGEMENT BOARD REMUNERATION

Performance targets were set in the context of the Company's mid-term strategic and operational objectives.

The at-target payout as a percentage of base salary was 100%, contingent on the full achievement of the objectives. In the event of above-target performance, payout is limited to 125% of the target value.

Performance realized

PERFORMANCE MEASURE	WEIGHT	PERFORMANCE MULTIPLIER 2022	PERFORMANCE MULTIPLIER 2021
Sales growth (ex. gasoline)	30%	150%	Exceeded maximum
Underlying operating margin	25%	103%	144%
Operating cash flow	20%	99%	Exceeded maximum
ESG and other strategic imperatives	25%	137%	Exceeded maximum
Total (%)[1]	100%	124.8%	125%

1 The total performance multiplier is capped at 125%, in accordance with the Remuneration Policy for the Management Board.

A recurring topic in our dialogue with stakeholders has been the call for increased transparency about the performance targets and intervals in our incentive plans. We carefully considered this feedback and have committed to full, ex-post disclosure of all targets and performance intervals for all metrics in both the short-term and long-term incentive plans starting with this year's Annual Report.

PERFORMANCE MEASURE	WEIGHTING	TARGET	PERFORMANCE 0%	PERFORMANCE (ACTUAL)	PERFORMANCE 150%	PERFORMANCE MULTIPLIER 2022
Sales growth (ex. gas)	30%	1.3%	(2.4)%	6.5%	3.2%	150%
Underlying operating margin (ex. gas)[1]	25%	4.0%	3.5%	4.0%	4.3%	103%
Operating cash flow (in millions)[2]	20%	4,271	3,203	4,257	4,805	99%
ESG and other strategic imperatives[3]						
Healthy products	15%	54.2%	53.2%	54.5%	54.7%	128%
Food waste	10%	4.5	4.7	3.9	4.4	150%
Total (%)	100%					124.8%

1 Underlying operating margin is the result of dividing underlying operating profit (excluding gasoline operating profit) by third-party sales (excluding gasoline sales). Gasoline operating profits are excluded from the calculation (EPM accounts definition). The amounts are calculated in local currencies or consolidated using target foreign exchange rates. Underlying operating profit (excluding gasoline) is the total operating income excluding gasoline and adjusted for impairments of non-current assets, gains and losses on the sale of fixed assets, restructuring and related charges, and other unusual items, as well as unplanned insurance and pension benefits relating to changes in discount rates.
2 Operating cash flow is defined as the cash flows generated by the core operations of the company after tax. Operating cash flow is calculated in local currencies or consolidated using target foreign exchange rates.
3 ESG and other strategic imperatives are consolidated using target foreign exchange rates and are corrected for baseline adjustments and other unplanned (algorithmic) changes.

Actual EIP payout

€ THOUSAND	BASE SALARY	TARGET BONUS	PERFORMANCE MULTIPLIER	2022 ACTUAL BONUS[1]	2021 ACTUAL BONUS[2]	% CHANGE
Frans Muller Chief Executive Officer	1,151	100% of base salary	124.8%	1,437	1,412	1.8%
Natalie Knight Chief Financial Officer	727	100% of base salary	124.8%	908	887	2.4%
Kevin Holt[3] CEO Ahold Delhaize USA	1,061	100% of base salary	124.8%	1,324	1,179	12.3%
Wouter Kolk Ahold Delhaize Europe and Indonesia	747	100% of base salary	124.8%	932	920	1.3%

1 The 2022 EIP represents accrued annual cash incentives to be paid in 2023, subject to shareholder approval of the financial statements.
2 The 2021 EIP represents the actual amount paid in 2022.
3 The 2022 and 2021 figures have been converted from U.S. dollars into euros; for 2022, using the 2022 year-to-date average dollar-euro exchange rate of 0.9515 and for 2021, using the 2021 year-to-date average dollar-euro exchange rate of 0.8461.
The base salary in U.S. dollars for Kevin Holt stayed the same at $1,114,702.

2022 MANAGEMENT BOARD REMUNERATION

LONG-TERM SHARE-BASED INCENTIVE: GRO

The members of the Management Board participated in Ahold Delhaize's long-term share-based incentive plan, Global Reward Opportunity (GRO). Under the GRO plan, performance shares were granted with a three-year vesting period. The vesting of these shares is subject to Company performance over these three years. To support the greater emphasis on ESG factors in the short- and long-term incentive, the weight of healthy and sustainable was changed from 15% to 25% and EPS was changed from 35% to 25%, effective 2022.

Performance targets are determined for the three-year performance period based on the Company's strategy and long-term planning. Management Board members will be required to hold shares for five years after the grant date – including post-tenure.

Definitions of GRO performance measures

PERFORMANCE MEASURE	DEFINITION	RELEVANCE TO STRATEGY	WEIGHT 2022 GRANT	WEIGHT 2021 GRANT	MIN-MAX
Total shareholder return (TSR)	TSR is share price growth plus dividends paid during the performance period. TSR is benchmarked against a TSR performance peer group[1]. No performance shares will vest to Management Board members if the Company ranks below the sixth position in the performance peer group.	TSR is used to compare the performance of different companies and stocks over time. The relative TSR position reflects the market perception of the overall performance of the Company relative to a reference group.	15%	15%	0-150%
Underlying earnings per share growth (EPS)	Underlying EPS is the underlying income from continuing operations of the Company, divided by the weighted average number of shares for the year. The growth is measured by dividing the EPS at the end of the performance period by the EPS at the start of the performance period.	EPS reflects our focus on growth, measured through revenue growth.	25%	35%	0-150%
Return on capital (RoC)	Return on capital is calculated as underlying operating income before depreciation and amortization divided by the annual rolling average of the sum of company-owned property, plant and equipment at purchase price, intangible assets (excluding goodwill) at purchase price, operating working capital components and repayment of lease liabilities divided by 8%.	RoC is used as a measure of how effective we are at turning our investments into profit.	35%	35%	0-150%
Healthy and sustainable	Healthy and sustainable comprised different performance measures that reflect our long-standing commitment to sustainability. For the 2021 GRO grant, healthy and sustainable is measured based on healthy products, food waste reduction and carbon emissions reductions. a. Healthy sales: The percentage of healthy own-brand food sales as a proportion of total own-brand food sales. b. Food waste reduction: Tonnes of food waste per €1 million food sales. c. CO_2 emissions: Percentage reduction of absolute scope 1 (direct) and 2 (indirect) CO_2 emissions. For the 2022 GRO grant, healthy and sustainable is measured based on carbon emissions reductions (scope I and II).	Our brands' businesses flourish when communities are healthy and resilient. Our brands aim to make it easy and fun for customers and associates to eat healthier, while at the same time reducing our global footprint. a. Healthy sales: We employ this measure to drive performance in pursuit of our objective to facilitate healthier eating. b. Food waste reduction: We employ this measure to drive performance against our objective of reducing food waste. c. CO_2 emissions: We employ this measure to drive performance against our objective to reduce CO_2 (scope I and II) plus equivalent emissions.	25%	15%	0-150%

1 Wm Morrison was replaced with Albertsons in the 2022 GRO award. The TSR peer group is included in *Note 32* and the Remuneration Policies for the Management Board and Supervisory Board, available on our website.

For incentive purposes, EPS performance is calculated using constant rates to ensure individuals are not rewarded nor penalized for foreign exchange rate developments, but only for true business performance.
In case of unforeseen or unusual circumstances occurring during the performance period that have an impact on the performance of the incentive plan as assessed at the end of the performance period, the Supervisory Board may consider an adjustment, in accordance with the principles of reasonableness and fairness. With respect to EPS growth specifically, planned or anticipated corporate events occurring during the performance period, including share buybacks, transactions and M&A activity that may, positively or negatively, affect EPS performance, are always factored into the performance targets. In case of a significant unplanned share buyback that was not incorporated into the budget, an adjustment will be made to ensure that EPS performance for incentive purposes is not positively affected.

2022 MANAGEMENT BOARD REMUNERATION

Award of new grants

The 2022 GRO share grant was made on April 14, 2022, the day after the 2022 Annual General Meeting of Shareholders. The vesting of the 2022 GRO performance shares in 2025 will be subject to performance as mentioned in the definitions of GRO performance measures.

2022 GRO share grant and maximum vesting

	PERFORMANCE SHARES					
	ROC (35%)	EPS (25%)	TSR (15%)	HEALTHY AND SUSTAINABLE (25%)	TOTAL AT-TARGET GRANT	TOTAL MAXIMUM VESTING
Frans Muller Chief Executive Officer	96%	69%	41%	69%	275%	413%
Natalie Knight Chief Financial Officer	70%	50%	30%	50%	200%	300%
Kevin Holt CEO Ahold Delhaize USA	96%	69%	41%	69%	275%	413%
Wouter Kolk CEO Ahold Delhaize Europe and Indonesia	61%	44%	26%	44%	175%	263%

All percentages represent a percentage of base salary.

2022 GRO share grant calculation – example: Frans Muller, CEO

	AT-TARGET SHARE GRANT	GRANT VALUE	NUMBER OF PERFORMANCE SHARES GRANTED
RoC performance shares	96%	€1,107,959	38,166
EPS performance shares	69%	€791,399	27,262
TSR performance shares	41%	€474,839	16,357
Healthy and sustainable performance shares	69%	€791,399	27,262
Total	275%	€3,165,597	109,047

Table assumes a base salary of €1,151,126 and a six-month average share price of €29.03.

2022 GRO share grant calculation – example: Natalie Knight, CFO

	AT-TARGET SHARE GRANT	GRANT VALUE	NUMBER OF PERFORMANCE SHARES GRANTED
RoC performance shares	70%	€509,067	17,536
EPS performance shares	50%	€363,619	12,526
TSR performance shares	30%	€218,171	7,516
Healthy and sustainable performance shares	50%	€363,619	12,526
Total	200%	€1,454,476	50,104

Table assumes a base salary of €727,238 and a six-month average share price of €29.03.

2022 MANAGEMENT BOARD REMUNERATION

Vesting of previous grants

The vesting of the 2019 and 2020 GRO grants was subject to performance on three financial measures and one non-financial performance measure.

Performance realized

	2020 GRANT (TO VEST IN 2023)		2019 GRANT (VESTED IN 2022)
PERFORMANCE MEASURE	WEIGHT	PERFORMANCE MULTIPLIER	PERFORMANCE MULTIPLIER
Return on capital	35%	136%	130%
Underlying earnings per share growth	35%	150%	150%
Total shareholder return	15%	75%	75%
Healthy and sustainable	15%	140%	111%
Total (%)	100%	132%	126%

A recurring topic in our dialogue with stakeholders has been the call for increased transparency about the performance targets and intervals in our incentive plans. We carefully considered this feedback and have committed to full, ex-post disclosure of all targets and performance intervals for all metrics in both the short-term and long-term incentive plans starting with this year's Annual Report.

PERFORMANCE MEASURE	WEIGHTING	TARGET	PERFORMANCE 0%	100%	150%	PERFORMANCE MULTIPLIER 2022
Return on capital	35%	12.5%	9.0%	13.8%	14.3%	**136%**
EPS growth	35%	20.5%	10.5%	42.1%	25.5%	**150%**
Total shareholder return	15%	4th	<7th	5th	1st	**75%**
Healthy and sustainable[1]						
Healthy sales	5%	51.0%	50.0%	51.4%	52.0%	**121%**
Food waste reduction	5%	(18.0)%	(14.0)%	(28.4)%	(24.0)%	**150%**
Carbon emissions	5%	(13.0)%	(10.0)%	(33.0)%	(20.0)%	**150%**
Total (%)	100%					**132%**

1 Healthy and sustainable performance measures are consolidated using target foreign exchange rates and are corrected for baseline adjustments and other unplanned (algorithmic) changes.

2022 MANAGEMENT BOARD REMUNERATION

2020 GRO share grant (to vest in 2023)[1]

	TOTAL NUMBER OF PERFORMANCE SHARES GRANTED IN 2020	MULTIPLIER	TOTAL NUMBER OF PERFORMANCE SHARES TO VEST IN 2023	SHARE PRICE[2]	ESTIMATED VALUE IN € THOUSAND[2]
Frans Muller Chief Executive Officer					
2020 TSR grant	17,261	75%	12,945		
2020 RoC grant	40,274	136%	54,772		
2020 EPS grant	40,274	150%	60,411		
2020 Sustainability grant[3]	17,261	140%	24,165		
Total vesting April 13, 2023	**115,070**		**152,293**	**€26.84**	**4,088**
Natalie Knight Chief Financial Officer					
2020 TSR grant	7,698	75%	5,773		
2020 RoC grant	17,961	136%	24,426		
2020 EPS grant	17,961	150%	26,941		
2020 Sustainability grant[3]	7,698	140%	10,777		
Total vesting April 13, 2023	**51,318**		**67,917**	**€26.84**	**1,823**
Kevin Holt CEO Ahold Delhaize USA					
2020 TSR grant	15,412	75%	11,559		
2020 RoC grant	35,962	136%	48,908		
2020 EPS grant	35,962	150%	53,943		
2020 Sustainability grant[3]	15,412	140%	21,576		
Total vesting April 13, 2023	**102,748**		**135,986**	**€26.84**	**3,650**
Wouter Kolk CEO Ahold Delhaize Europe and Indonesia					
2020 TSR grant	7,175	75%	5,381		
2020 RoC grant	16,740	136%	22,766		
2020 EPS grant	16,740	150%	25,110		
2020 Sustainability grant[3]	7,175	140%	10,045		
Total vesting April 13, 2023	**47,830**		**63,302**	**€26.84**	**1,699**

1 The 2020 GRO grant was awarded on April 9, 2020.
2 The estimated value is based on the closing share price on the last trading day of the financial year (December 31, 2022) of €26.84. The actual value will be determined at vesting on April 13, 2023.
3 There is no overlap in the 2022 Management Board Remuneration policy between the performance measure of GRO – Sustainability and the performance measure in EIP – ESG and other strategic imperatives (healthy sales). The 2020 grant falls under the old policy (2020) and the EIP under the new policy (2022).

2019 GRO share grant (vested in 2022)[1]

	TOTAL NUMBER OF PERFORMANCE SHARES GRANTED IN 2019	MULTIPLIER	TOTAL NUMBER OF PERFORMANCE SHARES VESTED IN 2022	SHARE PRICE[2]	ESTIMATED VALUE IN € THOUSAND[2]
Frans Muller Chief Executive Officer					
2019 TSR grant	17,304	75%	12,978		
2019 RoC grant	40,374	130%	52,486		
2019 EPS grant	40,374	150%	60,561		
2019 Sustainability grant	17,304	111%	19,207		
Total vesting April 14, 2022	**115,356**		**145,232**	**€28.35**	**4,117**
Natalie Knight[3] Chief Financial Officer					
2019 TSR grant	3,999	75%	2,999		
2019 RoC grant	9,331	130%	12,130		
2019 EPS grant	9,331	150%	13,996		
2019 Sustainability grant	3,999	111%	4,438		
Total vesting April 14, 2022	**26,660**		**33,563**	**€28.35**	**952**
Kevin Holt CEO Ahold Delhaize USA					
2019 TSR grant	12,766	75%	9,574		
2019 RoC grant	29,787	130%	38,723		
2019 EPS grant	29,787	150%	44,680		
2019 Sustainability grant	12,766	111%	14,170		
Total vesting April 14, 2022	**85,106**		**107,147**	**€28.35**	**3,038**
Wouter Kolk CEO Ahold Delhaize Europe and Indonesia					
2019 TSR grant	6,607	75%	4,955		
2019 RoC grant	15,416	130%	20,040		
2019 EPS grant	15,416	150%	23,124		
2019 Sustainability grant	6,607	111%	7,333		
Total vesting April 14, 2022	**44,046**		**55,452**	**€28.35**	**1,572**

1 The 2019 GRO grant was awarded on April 11, 2019.
2 The total value is based on the share price on April 14, 2022, the vesting date, of €28.35. The estimated value of each grant as previously disclosed in the Annual Report 2021 was based on the closing share price on the last trading day of the financial year 2021 (December 31, 2021) of €30.14.
3 In recognition of Natalie's long-term incentive that was outstanding and forfeited at the time of her resignation at Arla Foods, Natalie received a one-off share grant in 2020 subject to the terms and conditions of the 2019 GRO grant.

2022 MANAGEMENT BOARD REMUNERATION

(SERVICE) AGREEMENTS, PENSION AND OTHER INDIVIDUAL ELEMENTS

The following is a summary of management board service agreements.

Frans Muller

Frans's current service agreement runs until the annual General Meeting of Shareholders in April 2023, at which Frans will be nominated for another term of four years. If the Company terminates his current service agreement for reasons other than cause, Frans is entitled to a severance payment equal to one year's base salary or retirement treatment on his unvested performance shares in case of termination in 2019 through 2023. His service agreement may be terminated by the Company with a notice period of 12 months and by Frans with a notice period of six months. Frans participates in the Company's Dutch pension plan.

Natalie Knight

Natalie's service agreement will end by operation of law without notice being required on the day of the annual General Meeting of Shareholders in April 2024, or earlier if she is otherwise terminated. If the Company terminates her service agreement for reasons other than cause, Natalie is entitled to a severance payment equal to one year's base salary. Her service agreement may be terminated by the Company with a notice period of 12 months and by Natalie with a notice period of six months. Natalie receives reimbursement of school fees and a temporary housing allowance of €7,000 net per month. She participates in the Company's Dutch pension plan.

In recognition of the long-term incentive that was outstanding and forfeited at the time of Natalie's resignation at her former employer, two performance share awards were granted in 2020 with a grant value of €600 thousand each, one of which vested on April 15, 2021, and one of which vested on April 14, 2022. Both grants will further be subject to the five-year holding period from the date of grant as applicable to members of the Management Board.

On January 10, 2023, the Company announced that Natalie Knight had resigned and would leave Ahold Delhaize and that a six-month notice period applies. Natalie is not eligible for a severance payment.

Kevin Holt

Kevin was reappointed as a member of the Management Board for a term ending on the day of the annual General Meeting of Shareholders in April 2024. If the Company terminates his employment agreement for reasons other than cause, Kevin is entitled to a severance payment equal to one year's base salary, unless he is eligible for retirement. His employment agreement may be terminated by the Company with a notice period of 12 months and by Kevin with a notice period of six months. Kevin receives a housing allowance of up to $7,500 net per month. He participates in the Company's U.S. pension plan.

At the General Meeting of Shareholders on April 14, 2020, Kevin was reappointed to the Management Board in view of several long-term strategic and operational initiatives that were ongoing at Ahold Delhaize USA. If his role in these initiatives was concluded before the end of the four-year term, Kevin and the Company had the option to end Kevin's assignment as per the annual General Meeting of Shareholders in April 2023. As executive leadership transition and continuity is critical, Kevin would then subsequently remain attached to the Company as an advisor to the Management Board until December 31, 2022, after which he would retire.

On November 15, 2022, the Company announced that Kevin Holt will step down from the Management Board at the annual General Meeting of Shareholders on April 12, 2023, and retire from the Company on December 31, 2023.

Wouter Kolk

Wouter was reappointed in 2022 as a member of the Management Board for a term of four years ending on the day of the annual General Meeting of Shareholders in April 2026. If the Company terminates his service agreement for reasons other than cause, Wouter is entitled to a severance payment equal to one year's base salary. His service agreement may be terminated by the Company with a notice period of 12 months and by Wouter with a notice period of six months. Wouter participates in the Company's Dutch pension plan.

2022 MANAGEMENT BOARD REMUNERATION

TOTAL REMUNERATION

The following table provides an overview of the remuneration costs expensed in 2022 and 2021 per Management Board member. The costs reported here are not in all cases equal to the amounts that were received by the individual Management Board members. Share-based compensation expense represents the non-cash cost for Ahold Delhaize of performance shares awarded to members of the Management Board. These costs are recognized over the three-year vesting period of the performance shares in accordance with IFRS 2, "Share-based Payment." The actual value of the 2019 GRO share grant, as received after vesting in 2022 by each Management Board member, is detailed in the table *2019 GRO share grant (vested in 2022)*. The actual value of the 2020 GRO share grant that will vest in 2023 is contingent on the share price at the vesting date of April 13, 2023. The number of performance shares that are expected to vest is detailed in the table *2020 GRO share grant (to vest in 2023)*.

Total remuneration in 2022 and 2021 per Management Board member

	DIRECT REMUNERATION						DEFERRED REMUNERATION							
	BASE SALARY		ANNUAL CASH INCENTIVE: EIP[1]		OTHER[2]		LONG-TERM SHARE-BASED INCENTIVE: GRO[3]		PENSION[4]		TOTAL REMUNERATION		FIXED VS. VARIABLE REMUNERATION[5]	
€ THOUSAND	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Frans Muller														
Costs (IFRS)	**1,151**	1,130	**1,437**	1,412	**391**	268	**3,498**	2,846	**42**	62	**6,519**	5,718	**19%–81%**	21%–79%
Entitlement[6]							**4,088**	4,377			**7,109**	7,249	**17%–83%**	16%–84%
Natalie Knight[7]														
Costs (IFRS)	**727**	709	**908**	887	**301**	291	**1,540**	1,103	**53**	107	**3,529**	3,097	**23%–77%**	26%–74%
Entitlement[6]							**1,823**	1,012			**3,812**	3,006	**21%–79%**	27%–73%
Kevin Holt														
Costs (IFRS)	**1,061**	943	**1,324**	1,179	**236**	247	**3,558**	2,242	**422**	257	**6,601**	4,868	**18%–82%**	22%–78%
Entitlement[6]							**3,650**	3,229			**6,693**	5,855	**18%–82%**	18%–82%
Wouter Kolk														
Costs (IFRS)	**747**	736	**932**	920	**240**	162	**1,440**	1,138	**37**	40	**3,396**	2,996	**24%–76%**	26%–74%
Entitlement[6]							**1,699**	1,671			**3,655**	3,529	**22%–78%**	22%–78%

1 The 2022 EIP represents accrued annual cash incentives to be paid in 2023, subject to shareholder approval of the financial statements.
2 Other mainly includes gross allowances for net pension, tax compensation (tax equalization charges or refunds for expatriates), allowances for housing expenses, relocation costs, international school fees, employer's contributions to social security plans, benefits in kind such as company cars, tax advice, medical expenses and the associated tax gross-up.
3 The fair value of each year's grant is determined on the grant date and expensed on a straight-line basis over the vesting period. The expense for 2022 reflects this year's portion of the share grants over the previous four years (plans 2019 to 2022).
4 Pension costs are the total net periodic pension costs of the applicable pension plans.
5 Fixed pay comprises the base salary. Variable pay comprises the annual cash incentive plan and the long-term share-based plan.
6 The 2022 entitlement value for the long-term share-based plan is the estimated value based on the closing share price as of the last trading day of the financial year (December 31, 2022) of €26.84 as presented in the table *2020 GRO share grant (to vest in 2023)*. The actual value will be determined at vesting on April 13, 2023. The 2021 entitlement value for the long-term share-based program is the value of the 2019 grant, which vested in 2022.
7 Natalie Knight received two additional performance share awards with a grant value of €600 thousand each, one of which has vested on April 15, 2021, and one of which has vested on April 15, 2022, subject to the terms and conditions of the long-term plan (including performance targets).

2022 MANAGEMENT BOARD REMUNERATION

MANAGEMENT BOARD REMUNERATION IN CONTEXT

This section places the remuneration of the members of the Management Board and its development over time in the broader context of the remuneration of associates, the Company's performance, and (for the Chief Executive Officer) external peers.

Internal context

Associates are at the center of our brands' relationships with customers and communities. In establishing 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, considering societal and market dynamics as well as economic conditions. 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 a performance-based annual 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. We consistently apply this approach to our Management Board, whereby we determine remuneration by establishing a relevant reference market, determining the target level within that reference market, and setting a variable-to-fixed ratio that is reflective of our performance culture.

As a large part of the remuneration of the Management Board is linked to the business performance, the ratio between the total remuneration of the respective members of the Management Board and the average remuneration of all associates across the group will be strongly influenced by the overall business performance of our company. Therefore, in years of strong performance, the ratio within the Company is likely to be higher than in years of below-target performance.

The following table sets out the total remuneration for the members of the Management Board, the average remuneration of all associates across the group, and the overall annual performance multiplier and long-term incentive vesting outcomes for 2018 through 2022. To ensure consistency with our standing disclosure practice and to allow for external comparison, the Management Board remuneration detailed below reflects the remuneration costs expensed per Management Board member for the respective year. Likewise, the average remuneration of all associates is calculated as the total (IFRS-based) labor costs divided by the number of associates on an FTE basis. In accordance with the guidance provided by the Monitoring Committee Dutch Corporate Governance Code, contracted personnel is taken into account in this calculation.

Management Board remuneration and Company performance

€ THOUSAND	2022	% CHANGE	2021	% CHANGE	2020	% CHANGE	2019	% CHANGE	2018
Management Board remuneration									
Chief Executive Officer[1]	**6,519**	14 %	5,718	(5)%	6,024	38%	4,356	(13)%	4,989
Chief Financial Officer[2]	**3,529**	14 %	3,097	(16)%	3,679	6%	3,463	21%	2,857
CEO Ahold Delhaize USA	**6,601**	36 %	4,868	(8)%	5,270	42%	3,714	3%	3,598
CEO Ahold Delhaize Europe and Indonesia[3]	**3,396**	13 %	2,996	(5)%	3,142	72%	1,827		
Average associate remuneration									
Average FTE remuneration[4]	**51**	18 %	43	(14)%	50	19%	42	5%	40
Company performance									
Annual cash incentive plan (EIP) overall performance multiplier[5]	**125 %**	— %	125%	(17)%	150%	69 %	89%	(20)%	111%
Long-term share-based program (GRO) overall performance multiplier[6]	**132%**	5%	126%	8%	117%	72 %	68%	(16)%	81%

1 For 2018 through 2022, CEO refers to Frans Muller. 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.
2 For 2021 through 2022, CFO refers to Natalie Knight. For 2020, CFO refers to Jeff Carr for the period up to April 8, 2020, and to Natalie Knight for the period from April 8, 2020, onwards. For 2018 through 2019, CFO refers to Jeff Carr.
3 Since the position of CEO Ahold Delhaize Europe and Indonesia was created on April 11, 2018, (full-year) numbers for 2018 are not available.
4 In 2020, Ahold Delhaize recorded a $1.7 billion (€1.4 billion) expense for incremental pension liabilities due to withdrawal and settlement agreements of several U.S. multi-employer plans. This expense increased the average associate remuneration to €50 thousand per FTE. If this expense was excluded, the average FTE remuneration would be €44 thousand.
5 After careful consideration, the Supervisory Board decided to adjust the 2021 EIP multiplier downward to 125%.
6 The GRO overall performance multiplier reflects the total performance in the three-year performance period.

2022 MANAGEMENT BOARD REMUNERATION

The following table details the pay ratio of the CEO, CFO, CEO Ahold Delhaize USA and CEO Ahold Delhaize Europe and Indonesia compared to the average remuneration of associates in our stores, warehouses and support offices worldwide.

PAY RATIO	2022	2021	2020[1]		2019	2018
Chief Executive Officer[2]	128	132	122	137	105	124
Chief Financial Officer[3]	69	72	74	84	83	71
CEO Ahold Delhaize USA	129	113	106	120	89	90
CEO Ahold Delhaize Europe and Indonesia[4]	67	69	63	72	44	

1 In 2020, Ahold Delhaize recorded a $1.7 billion (€1.4 billion) expense for incremental pension liabilities due to withdrawal and settlement agreements of several U.S. multi-employer plans. These incremental labor costs increased the average associate remuneration per FTE, impacting the ratio between the total remuneration of the members of the Management Board and the average remuneration of all associates across the group. To facilitate multi-year comparison, the table shows the 2020 pay ratio including this expense (left) as well as excluding this expense (right).
2 For 2018 through 2022, CEO refers to Frans Muller. 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.
3 For 2020, CFO refers to Jeff Carr for the period up to April 8, 2020, and to Natalie Knight for the period from April 8, 2020, onwards. For 2018 through 2019, CFO refers to Jeff Carr.
4 Since the position of CEO Ahold Delhaize Europe and Indonesia was created on April 11, 2018, (full-year) numbers for 2018 are not available.

EXTERNAL CONTEXT

To put Ahold Delhaize's pay ratio into perspective, the following table and chart illustrate how Ahold Delhaize's CEO pay ratio compares to the CEO pay ratio of the companies in the benchmark peer group. All numbers are based on the publicly disclosed 2021 annual reports of the respective companies. For comparison purposes, the ratios have been calculated using the same methodology as is used to determine Ahold Delhaize's pay ratio. As of 2022, Danone is included as the replacement for Wm Morrison following its delisting.

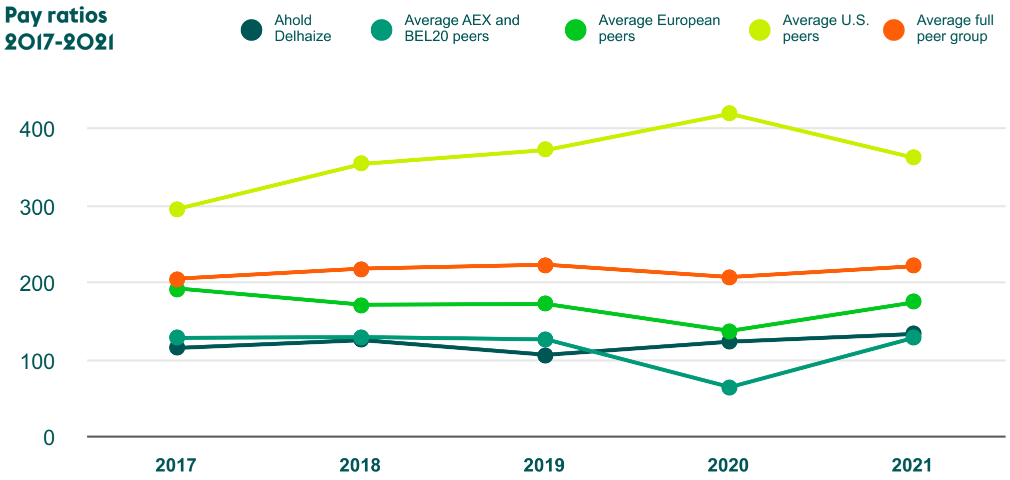
Ahold Delhaize's 2021 pay ratio was higher than in previous years, similar to the 2021 average pay ratios of our AEX, BEL20 and European peers. The average 2021 pay ratio is substantially higher (AEX and Bel20) and slightly higher (Europe), primarily due to higher CEO pay compared to 2020 (COVID-19 impact resulting in base salary reduction and/or limited short-term incentive payout in a few cases in 2020). On average, the U.S. 2021 pay ratio is in line with previous years and lower compared to 2020.

PAY RATIO	2021	2020	2019	2018	2017
Ahold Delhaize	132	122	105	124	114
Average AEX and BEL20 peers	127	63	125	128	127
Average European peers	173	136	171	170	191
Average U.S. peers	361	418	371	353	295
Average full peer group	220	206	222	217	204

It is important to note that pay ratios can vary greatly from one industry to another and that, even within the same industry, comparing pay ratios is challenging due to differences in market conditions (e.g., the mix of high- and low-paying countries).

In determining the compensation of the Management Board, the Supervisory Board will continue to monitor the development of pay ratios in the Company and in comparison to the benchmark peer group.

Pay ratios 2017-2021



MANAGEMENT BOARD SHARE-BASED COMPENSATION

SHARE OWNERSHIP

As of January 1, 2023, Management Board members (excluding the former Management Board members) held the following shares and other interests in Ahold Delhaize:

NUMBER OF SHARES	COMMON SHARES SUBJECT TO ADDITIONAL HOLDING REQUIREMENT[1]	OTHER COMMON SHARES	TOTAL COMMON SHARES
Frans Muller[2]	156,662	194,857	351,519
Natalie Knight	44,531	—	44,531
Kevin Holt	119,892	—	119,892
Wouter Kolk	62,613	41,416	104,029
Total	**383,698**	**236,273**	**619,971**

1 In line with best practice 3.1.2 VI of the Dutch Corporate Governance Code 2016 and the Management Board remuneration policy, shares granted and vested under the GRO program to Management Board members should be held for 5 years after the grant date – including post-tenure, except to finance tax payable at the vesting date.
2 Additionally, 9,579 shares are held by Frans Muller in the form of American Depository Receipts.

MANAGEMENT BOARD SHARE-BASED COMPENSATION

PERFORMANCE SHARES

The following table summarizes the status of the GRO program during 2022 for the individual Management Board members.

	GRANT DATE	VESTING DATE	END OF RETENTION PERIOD	OUTSTANDING AT THE BEGINNING OF 2022	GRANTED	PERFORMANCE ADJUSTMENT	VESTED[2]	FORFEITED	OUTSTANDING AT THE END OF 2022	MAXIMUM NUMBER OF SHARES[3]	FAIR VALUE PER SHARE AT THE GRANT DATE (€)
Frans Muller											
2019 TSR grant	April 11, 2019	April 14, 2022	April 11, 2024	17,304	—	(4,326)	12,978	—	—	N/A	14.47
2019 RoC grant				40,374	—	12,112	52,486	—	—	N/A	20.01
2019 EPS grant				40,374	—	20,187	60,561	—	—	N/A	20.01
2019 Sustainability grant				17,304	—	1,903	19,207	—	—	N/A	20.01
2020 TSR grant	April 9, 2020	April 13, 2023	April 9, 2025	17,261	—	—	—	—	**17,261**	25,891	14.51
2020 RoC grant				40,274	—	—	—	—	**40,274**	60,411	19.98
2020 EPS grant				40,274	—	—	—	—	**40,274**	60,411	19.98
2020 Sustainability grant				17,261	—	—	—	—	**17,261**	25,891	19.98
2021 TSR grant	April 15, 2021	2024 AGM + 1 day	April 15, 2026	16,720	—	—	—	—	**16,720**	25,080	7.41
2021 RoC grant				39,013	—	—	—	—	**39,013**	58,519	20.25
2021 EPS grant				39,013	—	—	—	—	**39,013**	58,519	20.25
2021 Sustainability grant				16,720	—	—	—	—	**16,720**	25,080	20.25
2022 TSR grant	April 13, 2022	2025 AGM + 1 day	April 13, 2027	—	16,357	—	—	—	**16,357**	24,535	14.31
2022 RoC grant				—	38,166	—	—	—	**38,166**	57,249	25.51
2022 EPS grant				—	27,262	—	—	—	**27,262**	40,893	25.51
2022 Sustainability grant				—	27,262	—	—	—	**27,262**	40,893	25.51
Natalie Knight[4]											
2019 TSR grant	April 9, 2020	April 14, 2022	April 9, 2025	3,999	—	(1,000)	2,999	—	—	N/A	13.40
2019 RoC grant				9,331	—	2,799	12,130	—	—	N/A	18.52
2019 EPS grant				9,331	—	4,665	13,996	—	—	N/A	18.52
2019 Sustainability grant				3,999	—	439	4,438	—	—	N/A	18.52
2020 TSR grant	April 9, 2020	45029	April 9, 2025	7,698	—	—	—	—	**7,698**	11,547	14.51
2020 RoC grant				17,961	—	—	—	—	**17,961**	26,941	19.98
2020 EPS grant				17,961	—	—	—	—	**17,961**	26,941	19.98
2020 Sustainability grant				7,698	—	—	—	—	**7,698**	11,547	19.98

MANAGEMENT BOARD SHARE-BASED COMPENSATION

	Grant date	Vesting date	End of retention period	Outstanding at the beginning of 2022	Granted	Performance adjustment	Vested[2]	Forfeited	Outstanding at the end of 2022	Maximum number of shares[3]	Fair value per share at the grant date (€)
Natalie Knight[4]											
2021 TSR grant	April 15, 2021	2024 AGM + 1 day	April 15, 2026	7,820	—	—	—	—	**7,820**	11,730	7.41
2021 RoC grant				18,247	—	—	—	—	**18,247**	27,370	20.25
2021 EPS grant				18,247	—	—	—	—	**18,247**	27,370	20.25
2021 Sustainability grant				7,820	—	—	—	—	**7,820**	11,730	20.25
2022 TSR grant	April 13, 2022	2025 AGM + 1 day	April 13, 2027	—	7,516	—	—	—	**7,516**	11,274	14.31
2022 RoC grant				—	17,536	—	—	—	**17,536**	26,304	25.51
2022 EPS grant				—	12,526	—	—	—	**12,526**	18,789	25.51
2022 Sustainability grant				—	12,526	—	—	—	**12,526**	18,789	25.51
Kevin Holt											
2019 TSR grant	April 11, 2019	April 14, 2022	April 11, 2024	12,766	—	(3,192)	9,574	—	**—**	N/A	14.47
2019 RoC grant				29,787	—	8,936	38,723	—	**—**	N/A	20.01
2019 EPS grant				29,787	—	14,893	44,680	—	**—**	N/A	20.01
2019 Sustainability grant				12,766	—	1,404	14,170	—	**—**	N/A	20.01
2020 TSR grant	April 9, 2020	April 13, 2023	April 9, 2025	15,412	—	—	—	—	**15,412**	23,118	14.51
2020 RoC grant				35,962	—	—	—	—	**35,962**	53,943	19.98
2020 EPS grant				35,962	—	—	—	—	**35,962**	53,943	19.98
2020 Sustainability grant				15,412	—	—	—	—	**15,412**	23,118	19.98
2021 TSR grant	April 15, 2021	2024 AGM + 1 day	April 15, 2026	13,760	—	—	—	—	**13,760**	20,640	7.41
2021 RoC grant				32,107	—	—	—	—	**32,107**	48,160	20.25
2021 EPS grant				32,107	—	—	—	—	**32,107**	48,160	20.25
2021 Sustainability grant				13,760	—	—	—	—	**13,760**	20,640	20.25
2022 TSR grant	April 13, 2022	2025 AGM + 1 day	April 13, 2027	—	13,984	—	—	—	**13,984**	20,976	14.31
2022 RoC grant				—	32,629	—	—	—	**32,629**	48,943	25.51
2022 EPS grant				—	23,307	—	—	—	**23,307**	34,960	25.51
2022 Sustainability grant				—	23,307	—	—	—	**23,307**	34,960	25.51

MANAGEMENT BOARD SHARE-BASED COMPENSATION

	GRANT DATE	VESTING DATE	END OF RENTENTION PERIOD	OUTSTANDING AT THE BEGINNING OF 2022	GRANTED	PERFORMANCE ADJUSTMENT	VESTED[2]	FORFEITED	OUTSTANDING AT THE END OF 2022	MAXIMUM NUMBER OF SHARES[3]	FAIR VALUE PER SHARE AT THE GRANT DATE (€)
Wouter Kolk											
2019 TSR grant	April 11, 2019	April 14, 2022	April 11, 2024	6,607	—	(1,652)	4,955	—	—	N/A	14.47
2019 RoC grant				15,416	—	4,624	20,040	—	—	N/A	20.01
2019 EPS grant				15,416	—	7,708	23,124	—	—	N/A	20.01
2019 Sustainability grant				6,607	—	726	7,333	—	—	N/A	20.01
2020 TSR grant	April 9, 2020	April 13, 2023	April 9, 2025	7,175	—	—	—	—	**7,175**	10,762	14.51
2020 RoC grant				16,740	—	—	—	—	**16,740**	25,110	19.98
2020 EPS grant				16,740	—	—	—	—	**16,740**	25,110	19.98
2020 Sustainability grant				7,175	—	—	—	—	**7,175**	10,762	19.98
2021 TSR grant	April 15, 2021	2024 AGM + 1 day	April 15, 2026	6,950	—	—	—	—	**6,950**	10,425	7.41
2021 RoC grant				16,216	—	—	—	—	**16,216**	24,324	20.25
2021 EPS grant				16,216	—	—	—	—	**16,216**	24,324	20.25
2021 Sustainability grant				6,950	—	—	—	—	**6,950**	10,425	20.25
2022 TSR grant	April 13, 2022	2025 AGM + 1 day	April 13, 2027	—	6,752	—	—	—	**6,752**	10,128	14.31
2022 RoC grant				—	15,754	—	—	—	**15,754**	23,631	25.51
2022 EPS grant				—	11,253	—	—	—	**11,253**	16,879	25.51
2022 Sustainability grant				—	11,253	—	—	—	**11,253**	16,879	25.51
Total Management Board members				889,800	297,390	70,226	341,394	—	**916,022**	1,374,024	

1 Represents the adjustment to the number of performance shares granted resulting from the TSR, RoC and Sustainability performance.
2 The vesting date of the 2019 grant was April 14, 2022. The share price was €28.35 on April 14, 2022.
3 For the TSR performance grants awarded in 2019, 2020, 2021 and 2022, the maximum number of performance shares that could potentially vest equals 150% of the outstanding performance shares if the Company's ranking is one. For the RoC performance grants, the EPS performance grants and the Sustainability performance grants the maximum number of performance shares that could potentially vest equals 150% of outstanding performance shares (as explained in the sections *Main characteristics of performance shares granted in 2019 through 2022* from *Note 32*). The minimum number of performance shares that could potentially vest would be nil (as explained in the sections *Main characteristics of performance shares granted in 2019 through 2022* from *Note 32*).
4 Natalie Knight started at Ahold Delhaize as Executive Vice President Finance and Member of the Executive Committee on March 1, 2020, and was appointed as member of the Management Board effective April 8, 2020. She received two additional performance share awards with a grant value of €600 thousand each, one of which has vested on April 15, 2021, and one of which has vested on April 15, 2022, subject to the terms and conditions of the long-term plan (including performance targets).
It was announced that Natalie Knight will leave Ahold Delhaize and that a six-month notice period applies.

REMUNERATION POLICY FOR THE SUPERVISORY BOARD

A proposal to adopt an amended remuneration policy for the Supervisory Board was adopted by the General Meeting of Shareholders on April 13, 2022 (96.22% of votes in favor), and became effective retroactively as of January 1, 2022.

BENCHMARK PEER GROUP

As an international company, Ahold Delhaize must remain attractive for top leaders from our industry and beyond to continue to have a strong and diverse Supervisory Board. The competitiveness of the Supervisory Board remuneration levels is benchmarked every three years. In extraordinary circumstances, an intermediate adjustment might be considered.

The benchmark peer group is the same as determined for the Management Board and consists of a total of 18 peer companies in Europe and the United States, as well as AEX- and BEL20-listed companies. This labor market peer group reflects the Company's geographic operating areas and the markets most relevant in relation to the recruitment and retention of top management.

EUROPEAN PEERS	U.S. PEERS	AEX AND BEL20
Tesco	Kroger	Unilever
Carrefour	Costco	Philips
Metro Cash & Carry	Target	Heineken
Casino Guichard-Perrachon	Walgreens Boots Alliance	Randstad
J Sainsbury	Best Buy	Akzo Nobel
Danone	Lowe's Companies	AB InBev

To accommodate potential changes in the labor market peer group due to delistings, mergers or other extraordinary circumstances, the Supervisory Board may exercise discretion to substitute comparable companies. In general, geographical composition is leading in replacement determination. For example, if a U.S.-based company is dropped, it is generally replaced by another U.S.-based company. In 2022, Wm Morrison was replaced by Danone due to its delisting (after the acquisition by the private equity group Clayton, Dubilier & Rice) from the London Stock Exchange in 2021.

The target remuneration level is typically at or near the median, while consideration is given to the size of Ahold Delhaize relative to the peer group.

REMUNERATION

Given the nature of the responsibilities of the Supervisory Board as an independent body, remuneration is not tied to the performance of the Company and therefore only comprises fixed remuneration, delivered in cash. In 2022, we increased the base fees to reflect the increasing demands on Supervisory Board members. In addition to a base fee, members of the Supervisory Board are offered committee fees and travel time compensation contingent upon their activities and responsibilities and an additional fee for meetings outside of regular meetings. All remuneration is denominated and delivered in euros. Currency conversion risks are not covered by the company.

Annual base fees

The base fees offered to members of the Supervisory Board reflect the Company's size and complexity, as well as the responsibilities of the members and the time spent on their roles.

Chair Supervisory Board	€220,000
Vice Chair	€125,000
Member Supervisory Board	€95,000

Annual committee fees

The chair and members of the Supervisory Board's committees are offered a supplementary fee for the additional responsibilities they take on.

Chair Audit, Finance and Risk Committee	€32,500
Member Audit, Finance and Risk Committee	€17,500
Chair Remuneration Committee	€30,000
Chair Other Committee	€22,500
Member Other Committee	€15,000

Travel time compensation fee

Supervisory Board members are offered a travel time compensation of €7,500 per intercontinental round trip and €2,500 per continental round trip.

Fee for meetings outside regular meetings in 2022

An additional fee of €2,500 per meeting was introduced for meetings outside the regular meeting cadence to reflect the increasing demand on Supervisory Board members' time.

SHAREHOLDING

Members of the Supervisory Board are allowed to hold (privately acquired) shares in the Company.

PENSIONS AND OTHER CONTRACT TERMS

Pension

Members of the Supervisory Board are not eligible to participate in any benefits program offered by the company to its associates, including, but not limited to, pension plans.

Loans

The Company does not provide loans to members of the Supervisory Board, nor does the Company issue guarantees to the benefit of members of the Supervisory Board.

REMUNERATION POLICY FOR THE SUPERVISORY BOARD

Term

Members of the Supervisory Board shall be on the Supervisory Board for a maximum period of four years and shall thereafter be eligible for reappointment for another four-year period. The member of the Supervisory Board may then be reappointed for a period of two years, which appointment may be extended by at most two years.

Resignation

Members of the Supervisory Board shall resign in accordance with the retirement schedule prepared by the Supervisory Board. No notice period or termination fees are applicable.

The remuneration paid to the members of the Supervisory Board in 2022 was in accordance with the Remuneration Policy for the Supervisory Board. The following table outlines the total remuneration for the members of the Supervisory Board for 2018 through 2022.

€ thousand[1,2]	2022	2021	2020	2019	2018
Peter Agnefjäll (appointed in 2019)	**278**	230	138	104	—
Bill McEwan (reappointed in 2022)	**208**	162	150	208	209
René Hooft Graafland (reappointed in 2022)	**160**	134	129	143	145
Katie Doyle (appointed in 2019)	**168**	133	126	104	—
Helen Weir (appointed in 2020)	**160**	128	88	—	—
Mary Anne Citrino (stepped down as of AGM 2022)	**41**	125	119	130	130
Frank van Zanten (appointed in 2020)	**153**	117	83	—	—
Bala Subramanian (appointed in 2021)	**158**	89	—	—	—
Jan Zijderveld (appointed in 2021)	**153**	93	—	—	—
Pauline van der Meer Mohr (appointed in 2022)	**118**	—	—	—	—
Ben Noteboom (retired in 2021)	**—**	35	109	125	135
Dominique Leroy (retired in 2021)	**—**	30	116	118	123
Jan Hommen (reappointed in 2017, retired on December 31, 2020)	**—**	—	223	243	249
Jacques de Vaucleroy (retired in 2020)	**—**	—	31	120	144
Rob van den Bergh (resigned in 2019)	**—**	—	—	39	148
Mark McGrath (resigned in 2019)	**—**	—	—	44	136
Mats Jansson (retired in 2018)	**—**	—	—	—	68
Johnny Thijs (resigned in 2018)	**—**	—	—	—	31
Patrick De Maeseneire (resigned in 2018)	**—**	—	—	—	32
Total remuneration Supervisory Board	**1,597**	1,276	1,312	1,378	1,550
Number of Supervisory Board members[3]	**10**	11	11	11	12

1 In the remuneration of the Supervisory Board members, the Company has considered the composition and the responsibilities of the Supervisory Board and its related committees, as well as the responsibilities of its individual members in the respective years.
2 For the members who were appointed or resigned during a year, the remuneration for that respective year reflects a partial year.
3 These numbers include members who were appointed or resigned during the respective year.

During 2022, Peter Agnefjäll held 7,200 Ahold Delhaize common shares, Bill McEwan held 7,125 Ahold Delhaize American Depository Receipts common shares and Helen Weir acquired 1,000 Ahold Delhaize common shares on February 18, 2022. None of the other Supervisory Board members held Ahold Delhaize shares.

Ahold Delhaize does not provide loans or advances to members of the Supervisory Board. No loans or advances are outstanding. Ahold Delhaize does not issue guarantees to the benefit of members of the Supervisory Board. No such guarantees are outstanding.

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LOCAL MATTERS

Albert Czech Republic

CONSOLIDATED INCOME STATEMENT

€ million, except per share data	Note	52 weeks ended January 1, 2023	52 weeks ended January 2, 2022
Net sales	7	**86,984**	75,601
Cost of sales	8	**(63,689)**	(54,916)
Gross profit		**23,295**	20,685
Other income	8	**663**	531
Selling expenses	8	**(16,989)**	(14,929)
General and administrative expenses	8	**(3,201)**	(2,967)
Operating income		**3,768**	3,320
Interest income		**69**	29
Interest expense		**(248)**	(181)
Net interest expense on defined benefit pension plans	24	**(17)**	(17)
Interest accretion to lease liability	33	**(356)**	(337)
Other financial income (expense)		**—**	(10)
Net financial expenses	9	**(552)**	(517)
Income before income taxes		**3,216**	2,803
Income taxes	10	**(714)**	(591)
Share in income of joint ventures	15	**44**	33
Income from continuing operations		**2,546**	2,246
Income (loss) from discontinued operations	5	**—**	—
Net income		**2,546**	2,246
Attributable to:			
Common shareholders		**2,546**	2,246
Non-controlling interests		**—**	—
Net income		**2,546**	2,246
Earnings per share	29		
Net income per share attributable to common shareholders:			
Basic		**2.56**	2.18
Diluted		**2.54**	2.17
Income from continuing operations per share attributable to common shareholders:			
Basic		**2.56**	2.18
Diluted		**2.54**	2.17

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ million	Note	52 weeks ended January 1, 2023	52 weeks ended January 2, 2022
Net income		**2,546**	2,246
Remeasurements of pension plans:			
Remeasurements before taxes – income	24	**516**	103
Income taxes	10	**(137)**	(24)
Other comprehensive income that will not be reclassified to profit or loss		**378**	79
Currency translation differences in foreign interests:			
Continuing operations		**671**	766
Income taxes	10	**(1)**	(2)
Cash flow hedges:			
Fair value result for the year		**—**	—
Transfers to net income		**1**	1
Income taxes	10	**—**	—
Non-realized gains (losses) on debt and equity instruments:			
Fair value result for the period		**—**	—
Income taxes		**—**	—
Other comprehensive income of joint ventures – net of income taxes:			
Share of other comprehensive income from continuing operations	15	**—**	—
Other comprehensive income reclassifiable to profit or loss		**670**	765
Total other comprehensive income		**1,049**	843
Total comprehensive income		**3,595**	3,089
Attributable to:			
Common shareholders		**3,595**	3,089
Non-controlling interests		**—**	—
Total comprehensive income		**3,595**	3,089
Attributable to:			
Continuing operations		**3,595**	3,089
Discontinued operations		**—**	—
Total comprehensive income		**3,595**	3,089

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

€ million	Note	January 1, 2023	January 2, 2022
Assets			
Property, plant and equipment	11	**12,482**	11,838
Right-of-use asset	12	**9,607**	9,010
Investment property	13	**661**	708
Intangible assets	14	**13,174**	12,770
Investments in joint ventures and associates	15	**262**	244
Other non-current financial assets	16	**1,193**	1,193
Deferred tax assets	10	**242**	289
Other non-current assets		**116**	76
Total non-current assets		**37,737**	36,128
Assets held for sale	5	**26**	18
Inventories	17	**4,611**	3,728
Receivables	18	**2,391**	2,058
Other current financial assets	19	**373**	356
Income taxes receivable		**35**	45
Prepaid expenses and other current assets		**301**	387
Cash and cash equivalents	20	**3,082**	2,993
Total current assets		**10,818**	9,584
Total assets		**48,555**	45,712
Equity and liabilities			
Equity attributable to common shareholders	21	**15,405**	13,721
Loans	22	**4,527**	4,678
Other non-current financial liabilities	23	**11,055**	10,473
Pensions and other post-employment benefits	24	**696**	1,107
Deferred tax liabilities	10	**1,005**	746
Provisions	25	**742**	746
Other non-current liabilities		**44**	62
Total non-current liabilities		**18,068**	17,812
Accounts payable		**8,191**	7,563
Other current financial liabilities	26	**2,689**	2,552
Income taxes payable		**230**	96
Provisions	25	**377**	484
Other current liabilities	27	**3,595**	3,483
Total current liabilities		**15,082**	14,179
Total equity and liabilities		**48,555**	45,712

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ million	Note	Share capital	Additional paid-in capital	Currency translation reserve	Cash flow hedging reserve	Other reserves including retained earnings[1]	Equity attributable to common shareholders
Balance as of January 3, 2021		**11**	**12,246**	**(839)**	**(3)**	**1,016**	**12,432**
Net income attributable to common shareholders		—	—	—	—	2,246	2,246
Other comprehensive income attributable to common shareholders		—	—	764	1	79	843
Total comprehensive income attributable to common shareholders		—	—	764	1	2,325	3,089
Dividends		—	—	—	—	(856)	(856)
Share buyback		—	—	—	—	(995)	(995)
Cancellation of treasury shares		(1)	(1,258)	—	—	1,259	—
Share-based payments		—	—	—	—	51	51
Balance as of January 2, 2022	21	**10**	**10,988**	**(75)**	**(2)**	**2,799**	**13,721**
Net income attributable to common shareholders		—	—	—	—	2,546	2,546
Other comprehensive income attributable to common shareholders		—	—	670	1	378	1,049
Total comprehensive income attributable to common shareholders		—	—	670	1	2,925	3,595
Dividends		—	—	—	—	(979)	(979)
Share buyback		—	—	—	—	(998)	(998)
Cancellation of treasury shares		(1)	(1,385)	—	—	1,386	—
Share-based payments		—	—	—	—	66	66
Balance as of January 1, 2023	21	**10**	**9,603**	**595**	**(1)**	**5,198**	**15,405**

1 Other reserves include, among others, the remeasurements of defined benefit plans.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

€ million	Note	52 weeks ended January 1, 2023	52 weeks ended January 2, 2022
Income from continuing operations		**2,546**	2,246
Adjustments for:			
Net financial expenses	9	**552**	517
Income taxes	10	**714**	591
Share in income of joint ventures	15	**(44)**	(33)
Depreciation, amortization and impairments	8	**3,668**	3,068
(Gains) losses on leases and the sale of assets / disposal groups held for sale		**(205)**	(76)
Share-based compensation expenses	32	**65**	48
Operating cash flows before changes in operating assets and liabilities		**7,296**	6,361
Changes in working capital:			
Changes in inventories		**(747)**	(283)
Changes in receivables and other current assets		**(162)**	(43)
Changes in payables and other current liabilities		**451**	580
Changes in other non-current assets, other non-current liabilities and provisions		**(331)**	(216)
Cash generated from operations		**6,507**	6,399
Income taxes paid – net	10	**(397)**	(931)
Operating cash flows from continuing operations		**6,110**	5,468
Operating cash flows from discontinued operations		**—**	—
Net cash from operating activities		**6,110**	5,468
Purchase of non-current assets		**(2,490)**	(2,371)
Divestments of assets / disposal groups held for sale		**288**	82
Acquisition of businesses, net of cash acquired	28	**(20)**	(529)
Divestment of businesses, net of cash divested	28	**12**	(5)
Changes in short-term deposits and similar instruments		**—**	44
Dividends received from joint ventures	15	**38**	28
Interest received		**56**	16
Lease payments received on lease receivables		**115**	103
Other		**(13)**	(2)
Investing cash flows from continuing operations		**(2,014)**	(2,634)
Investing cash flows from discontinued operations		**—**	—
Net cash from investing activities		**(2,014)**	(2,634)
Proceeds from long-term debt	28	**—**	848
Interest paid		**(174)**	(138)
Repayments of loans	28	**(162)**	(427)
Changes in short-term loans	28	**(93)**	90
Repayment of lease liabilities	28	**(1,755)**	(1,569)
Dividends paid on common shares	21	**(979)**	(856)
Share buyback	21	**(997)**	(994)
Other cash flows from derivatives	28	**—**	—
Other		**(28)**	(5)
Financing cash flows from continuing operations		**(4,188)**	(3,052)
Financing cash flows from discontinued operations		**—**	—
Net cash from financing activities		**(4,188)**	(3,052)
Net cash from operating, investing and financing activities		**(92)**	(218)
Cash and cash equivalents at the beginning of the year (excluding restricted cash)		**2,968**	2,910
Effect of exchange rates on cash and cash equivalents		**178**	276
Cash and cash equivalents at the end of the year (excluding restricted cash)	28	**3,054**	2,968

The accompanying notes are an integral part of these consolidated financial statements.

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LOCAL MATTERS

Mega Image Romania

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 THE COMPANY AND ITS OPERATIONS

The principal activity of Koninklijke Ahold Delhaize N.V. ("Ahold Delhaize" or the "Company" or "Group" or "Ahold Delhaize Group"), a public limited liability company with its registered seat and head office in Zaandam, the Netherlands, is the operation of retail food stores and e-commerce primarily in the United States and Europe. The Company is registered with the Dutch Trade Register under number 35000363.

On February 28, 2023, the Management Board authorized the financial statements. The financial statements, as presented in this Annual Report, are subject to adoption by the Ahold Delhaize General Meeting of Shareholders. The Company has the ability to amend and reissue the financial statements up to the moment the financial statements have been adopted by the General Meeting of Shareholders.

Ahold Delhaize's significant subsidiaries, joint ventures and associates are listed in *Note 35*.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

Historical cost is used as the measurement basis unless otherwise indicated.

Ahold Delhaize's financial year is a 52- or 53-week period ending on the Sunday nearest to December 31. The financial year 2022 consisted of 52 weeks and ended on January 1, 2023. The comparative financial year 2021 consisted of 52 weeks and ended on January 2, 2022.

These consolidated financial statements are presented in millions of euros (€), unless otherwise stated. Due to rounding, numbers presented may not add up precisely to the totals provided.

The following exchange rates of the euro (€) against the U.S. dollar ($), the Czech crown (CZK), the Romanian leu (RON) and the Serbian dinar (RSD) have been used in the preparation of these financial statements:

	2022	2021
U.S. dollar		
Average exchange rate	**0.9515**	0.8461
Year-end closing exchange rate	**0.9341**	0.8795
Czech crown		
Average exchange rate	**0.0407**	0.0390
Year-end closing exchange rate	**0.0414**	0.0402
Romanian leu		
Average exchange rate	**0.2028**	0.2032
Year-end closing exchange rate	**0.2022**	0.2021
Serbian dinar		
Average exchange rate	**0.0085**	0.0085
Year-end closing exchange rate	**0.0085**	0.0085

2 BASIS OF PREPARATION CONTINUED

Significant estimates, assumptions and judgments

The preparation of financial statements requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities which, by definition, will seldom equal the actual results. All assumptions, expectations and forecasts used as a basis for certain estimates within these financial statements represent good faith assessments of Ahold Delhaize's current and future performance for which management believes there is a reasonable basis. They involve risks, uncertainties and other factors that could cause the Company's actual future results, performance and achievements to differ materially from those forecasted.

Area	Note	Description	Judgments[1]	Estimates[2]
Vendor allowances	8	Expenses by nature	✓	✓
	17	Inventories		
	18	Receivables		
Income taxes	10	Income taxes	✓	✓
	34	Commitments and contingencies		
Intangible assets	4	Acquisitions	✓	✓
	14	Intangible assets		
Leases and sale and leaseback transactions	12	Right-of-use asset	✓	✓
	33	Leases		
Impairments	6	Segment reporting	✓	✓
	8	Expenses by nature		
	11	Property, plant and equipment		
	12	Right-of-use asset		
	13	Investment property		
	14	Intangible assets		
Company and multi-employer pension obligations	24	Pensions and other post-employment benefits	✓	✓
Provisions and contingencies	25	Provisions	✓	✓
	34	Commitments and contingencies		
Other long-term financial liabilities	4	Acquisitions		✓
	23	Other non-current financial liabilities		

1 In applying Ahold Delhaize's accounting policies, management makes judgments that may have a significant effect on the amounts recognized in the financial statements (i.e., current recognition).
2 Management makes assumptions about the future and other major sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Information on the estimates, assumptions and judgments that management considers most critical are included in the notes as listed above.

Fair value measurements

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that the Company can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 inputs are unobservable inputs for the asset or liability.

Risks and uncertainties

An integrated comprehensive analysis of the principal risks faced by Ahold Delhaize is included in the *Risks and opportunities* section of this Annual Report. COVID-19 continues to affect the Company's business operations, but to a much lesser extent than in previous years. While disruption related to COVID-19 has eased during 2022, there is still a risk of further waves, and uncertainty still exists around potential new variants.

The main risks relate to the macro-economic developments resulting from the war in Ukraine, which continue to impact the Company's business and its operations.

War in Ukraine and wider macro-economic developments

The war in Ukraine has destabilized the world economy, leading to a severe energy crisis in Europe and contributing to higher inflation, rising interest rates and slowing economic growth in Europe and the United States. While the Group does not have any operations in Ukraine or Russia, and is not directly affected by trading restrictions or sanctions, it is affected by these wider macro-economic consequences of the war. Rising costs across the value chain – including from increasing commodity prices – supply chain delays and labor shortages continue to create a challenging environment for the retail industry. Food retailing is especially impacted by these dynamics and the resulting inflation. These macro-economic developments impact the Company's balance sheet valuations, results and cash flow. Increasing interest rates mainly impacts the Company's lease liabilities, pension obligations and self-insurance provision, and rising prices increases pressure on the profit margins.

We are continuously monitoring and assessing any further potential impacts of the ongoing war in Ukraine on our people, macro-economic conditions, and operational and supply chain aspects in the markets where our brands operate.

Climate change

The climate-related risks can be divided into two major categories: risks related to the transition to a lower-carbon economy (transition risks) and risks related to the physical impacts of climate change (physical risks).

- Transition risks: Our financial performance may be affected by the nature, speed and focus of policy, legal, technology and market changes.
- Physical risks: Our financial performance may be affected in the future by changes in water availability, sourcing and quality; food security; and extreme temperature changes.

2 BASIS OF PREPARATION CONTINUED

We consider the impact of climate change in assessing whether assets may be impaired or whether the useful life of assets needs to be shortened due to early replacement (see *Note 11*). We also consider climate-related risks for larger projects and limit financial losses by procuring Property Damage and Business Interruption (PDBI) insurance against damage from natural catastrophes and weather-related events, such as floods, hurricanes and winter storms.

Use of estimates

The preparation of these consolidated financial statements requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities which, by definition, will seldom equal the actual results. The Company regularly updates its significant assumptions and estimates. In relation to this, the wider macro-economic consequences of the war in Ukraine primarily impacted the following areas:

Impairments

Cash-generating units (CGUs), to which goodwill and brand names have been allocated, as well as intangible assets under development and other intangible assets with indefinite lives, are tested for impairment annually, or more frequently when there is an indication that the CGU or an asset may be impaired. An impairment trigger assessment is performed on a quarterly basis to determine whether there is an indication, based on either internal or external sources of information, that an asset or a CGU may be impaired.

The Company performed its annual goodwill impairment test in the fourth quarter. Free cash flow projections for the CGUs reflect current macro-economic circumstances, including increases in energy costs and inflation as well as certain cost saving initiatives to reduce negative impacts. The Weighted Average Cost of Capital (WACC) rates applied increased compared to the prior year as a result of these macro-economic developments. For more information, see *Note 14*.

With regard to non-current assets other than goodwill and other intangible assets with indefinite lives, the Company assessed, on a quarterly basis, whether there was any indication that non-current assets were impaired. Where such indicators of impairment existed, the Company estimated the recoverable amount of the individual asset, where possible, or, otherwise, the CGU to which the asset belonged. The pre-tax discount rates that were applied increased compared to the prior year as a result of the wider macro-economic developments. For more information, see *Note 11*.

Pension obligations and self-insurance provision

The Company's pension and self-insurance provisions were impacted by the increased economic uncertainty and related risks. The impact on the actuarial assumptions used reflects the current economic outlook and is mutually compatible, including estimated future salary increases.

The discount rates applied increased compared to the prior year as a result of these macro-economic developments.

Income taxes

The changes in the economic environment did not affect whether deferred tax assets are realizable and, therefore, recognized in the balance sheet.

Impairment testing financial assets

The Company measures the loss allowance at an amount equal to the lifetime-expected credit losses for trade receivables, contract assets and lease receivables. An updated assessment of the lifetime-expected credit losses was made based on reasonable and supportable information. The overall impact from the wider macro-economic consequences of the war in Ukraine was not material.

Fair value measurements

Of the Company's categories of financial instruments, only derivatives, investment in debt instruments and reinsurance assets (liabilities) are measured and recognized on the balance sheet at fair value.

These fair value measurements are categorized within Level 2 of the fair value hierarchy. The increased volatility and uncertainty in the financial markets did not materially impact the fair values of these financial assets.

3 GENERAL ACCOUNTING POLICIES

Where necessary, accounting policies relating to financial statement captions are included in the relevant notes to the consolidated financial statements. These are presented in a paragraph titled *Accounting policies* at the bottom of each note. The accounting policies outlined in this note are applied throughout the financial statements.

Consolidation

The consolidated financial statements incorporate the financial figures of the Company and its subsidiaries. Subsidiaries are entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. All intra-group transactions, balances, income and expenses are eliminated upon consolidation. Unrealized losses on intra-group transactions are eliminated, unless the transaction provides evidence of an impairment of the assets transferred.

Non-controlling interests are recorded, as appropriate, on the consolidated balance sheet, in the consolidated income statement, and in the consolidated statement of comprehensive income for the non-controlling shareholders' share in the net assets and the income or loss of subsidiaries. Non-controlling shareholders' interest in an acquired subsidiary is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

Ahold Delhaize applies the anticipated acquisition method where it has the right and the obligation to purchase any remaining non-controlling interest (so-called call-and-put arrangements). Under the anticipated acquisition method, the interests of the non-controlling shareholder are presented as already owned, even though legally they are still non-controlling interests. The recognition of the related financial liability implies that the interests subject to the purchase are deemed to have been acquired already.

Pursuant to IFRS 9, Ahold Delhaize initially recognizes the non-controlling interest (NCI) at fair value less any transaction costs that are directly attributable to the issuance of the financial liability. The financial liability is then subsequently measured at amortized cost with any changes in the estimated cash flows to settle the non-controlling interest resulting in the carrying value of the NCI being recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the original effective interest rate.

3 GENERAL ACCOUNTING POLICIES CONTINUED

Foreign currency translation

The financial statements of subsidiaries, joint ventures and associates are prepared in their functional currencies, which are determined based on the primary economic environment in which they operate. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the transaction dates. At each balance sheet date, monetary items denominated in foreign currencies are translated into the entity's functional currency at the then prevailing rates. Exchange differences arising on the settlement and translation of monetary items are included in net income for the period. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are considered as assets and liabilities denominated in the functional currency of the foreign entity.

Upon consolidation, the assets and liabilities of subsidiaries with a functional currency other than the euro are translated into euros using the exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the respective periods. Exchange rate differences arising during consolidation and on the translation of investments in subsidiaries are included in other comprehensive income and in equity, in the currency translation reserve. Intercompany loans to and from foreign entities for which settlement is neither planned nor likely to occur in the foreseeable future are considered to increase or decrease the net investment in that foreign entity; therefore, the exchange rate differences relating to these loans are also included in other comprehensive income and in equity, in the currency translation reserve.

On the disposal of a foreign operation resulting in loss of control, loss of joint control or loss of significant influence, the related cumulative exchange rate difference that was included in equity is transferred to the consolidated income statement.

Financial alternative performance measures

In presenting and discussing Ahold Delhaize's operating results, management uses certain financial alternative performance measures not defined by IFRS (*Note 6*). These financial alternative performance measures should not be viewed in isolation as alternatives to the equivalent IFRS measures and should be used as supplementary information in conjunction with the most directly comparable IFRS measures. Financial alternative performance measures do not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. Where a non-financial measure is used to calculate an operational or statistical ratio, this is also considered an alternative performance measure. For the definitions of the financial alternative performance measures, see *Definitions and abbreviations*.

New accounting policies effective for 2022

The following amendments and revisions to existing standards became effective for Ahold Delhaize's consolidated financial statements as of January 3, 2022:

- Amendments to IAS 16, "*Property, Plant and Equipment: Proceeds before Intended Use*"
- Amendments to IAS 37, "*Onerous Contracts Cost of Fulfilling a Contract*"
- Amendments to IFRS 3, "*Reference to the Conceptual Framework*"
- Annual improvements cycle 2018-2020, which included amendments to IFRS 1, "*First-time Adoption of International Financial Reporting Standards,*" IFRS 9, "*Financial Instruments,*" IFRS 16, "*Leases*" and IAS 41, "*Agriculture*"

These amendments have no impact on the Company's consolidated financial statements.

New accounting policies not yet effective for 2022

The International Accounting Standards Board (IASB) issued several standards, or revisions to standards, that are not yet effective for 2022, but will become effective in coming years.

IFRS 17, "Insurance contracts"

IFRS 17 replaces IFRS 4, ''Insurance Contracts.'' It establishes principles for recognition, measurement, presentation and disclosure requirements for insurance and reinsurance contracts. The standard introduces a general model for recognition and measurement but allows a premium allocation approach (''PAA''), which is an optional simplification for measurement of liability for remaining coverage for insurance and reinsurance contracts with short-term coverage. The standard also allows a choice between recognizing changes in discount rates either in the income statement or directly in other comprehensive income. IFRS 17 is effective for annual periods beginning on or after January 1, 2023.

The Company's self-insurance program (see *Note 25*) is out of scope of IFRS 17. Part of the self-insured risk is ceded under a reinsurance treaty, which is a pooling arrangement between unrelated parties. At the same time, Ahold Delhaize assumes a share of the reinsurance treaty risks. In connection with this pooling arrangement, the Company recognizes reinsurance assets and reinsurance liabilities (see *Note 16*, *Note 19*, *Note 23* and *Note 26*). These contracts fall within the scope of IFRS 17 and are eligible for recognition and measurement under PAA. The company expects that the application of IFRS 17 to these contracts will not have a significant effect on the future consolidated financial statements.

Amendments to IAS 1, "Liabilities as current or non-current"

In January 2020, the IASB issued amendments to IAS 1, to clarify its requirements for the presentation of liabilities in the statement of financial position. Since approving these amendments, the IASB has issued further amendments with regard to classification (as current or non-current), presentation and disclosures of liabilities for which an entity's right to defer settlement for at least 12 months is subject to the entity complying with conditions after the reporting period. The amendments are effective for annual periods beginning on or after January 1, 2024. The Company does not anticipate that the application of these amendments will have a significant effect on the future consolidated financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2, "Disclosure of accounting policies"

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2. The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company does not anticipate that the application of these amendments will have a significant effect on the future consolidated financial statements.

3 GENERAL ACCOUNTING POLICIES CONTINUED

Amendments to IAS 8, "Definition of accounting estimates"

In February 2021, the IASB issued amendments to IAS 8. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company does not anticipate that the application of these amendments will have a significant effect on the future consolidated financial statements.

Amendments to IAS 12, "Deferred tax related to assets and liabilities arising from a single transaction"

In May 2021, the IASB issued amendments to IAS 12. The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company does not anticipate that the application of these amendments will have a significant effect on the future consolidated financial statements.

Amendments to IFRS 16, "Lease liability in a sale and leaseback"

In September 2022, the IASB issued amendments to IFRS 16. The amendments clarify how a seller-lessee should apply the subsequent measurement requirements in IFRS 16 to the lease liability that arises in the sale and leaseback transaction. These amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments are effective for annual periods beginning on or after January 1, 2024. The Company does not anticipate that the application of these amendments will have a significant effect on the future consolidated financial statements.

There are no other IFRSs that have been issued but are not yet effective that are expected to have a material effect on the future consolidated financial statements.

4 ACQUISITIONS

Ahold Delhaize completed the acquisition of Cycloon for a total purchase consideration of €43 million. The provisional allocation of the fair values of the identifiable assets acquired, liabilities assumed, and the goodwill arising from the acquisitions during 2022 is as follows:

€ million	Cycloon	Other acquisitions[1]	**Total acquisitions**
Property, plant and equipment	3	—	**3**
Right-of-use asset	1	(1)	**—**
Other intangible assets	13	—	**13**
Other non-current financial assets	—	3	**3**
Other non-current assets	—	—	**—**
Assets held for sale	—	1	**1**
Inventories	—	—	**1**
Receivables	5	—	**5**
Prepaid expenses and other current assets	—	—	**—**
Cash and cash equivalents	—	—	**—**
Loans	—	—	**—**
Lease liabilities	(1)	—	**(1)**
Deferred tax liability	(1)	—	**—**
Accounts payable	(5)	—	**(5)**
Other current financial liabilities	—	—	**—**
Other current liabilities	(7)	(6)	**(13)**
Net identifiable assets acquired	**9**	**(3)**	**6**
Goodwill	33	5	**38**
Total purchase consideration	**43**	**2**	**44**
Deferred consideration payable – non-current	(27)	—	**(27)**
Settlement of deferred consideration payable	—	1	**1**
Purchase consideration settlement with other parties	—	1	**1**
Cash acquired (excluding restricted cash)	—	—	**—**
Acquisition of businesses, net of cash acquired	**15**	**5**	**20**

1 Includes acquisition of two stores in Europe as well as measurement period adjustments recognized subsequent to the amounts initially recognized and reported for other acquisitions in 2021.

4 ACQUISITIONS CONTINUED

Acquisition of Cycloon

On December 21, 2021, Ahold Delhaize announced that bol.com entered into a strategic alliance with delivery expert Cycloon. The parties intend to jointly accelerate the growth of Cycloon and bol.com and share the ambition to make delivery more sustainable and socially responsible.

The transaction closed on April 30, 2022. A majority stake (50% plus one share) was acquired by bol.com, with an obligation to buy the remaining shares and become full owner in 2026. Ahold Delhaize paid €15 million in cash and recognized €27 million in non-current deferred consideration payable relating to the obligation to increase its shareholding to 100% in 2026.

The deferred consideration for acquiring the remaining shares is classified as “Other long-term financial liability” and is subsequently measured at amortized cost pursuant to IFRS 9. The goodwill recognized is attributable to the synergies expected from the combination of the operations of bol.com and Cycloon. The goodwill from the acquisition of Cycloon is not deductible for tax purposes.

Since the acquisition, Cycloon has had an insignificant impact on net sales and net income in 2022.

Accounting estimates and judgments

Intangible assets acquired in a business acquisition and the financial liability related to non-controlling interest are measured at fair value at the date of the acquisition.

To determine the fair value of intangible assets at the acquisition date, estimates and assumptions are required. The valuation of the identifiable intangible assets involves estimates of expected sales, earnings and/or future cash flows and requires use of key assumptions such as discount rate, royalty rate and growth rates.

The financial liability related to the non-controlling interest is subsequently measured at amortized cost. The measurement of the financial liability involves estimates of the cash flows to settle the non-controlling interest based on the most likely scenario of exercise of related call-and-put options.

Accounting policies

The Company accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired and the liabilities assumed. Transaction costs are expensed as incurred. Any contingent consideration is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

5 ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets and liabilities held for sale

€ million	**January 1, 2023**	January 2, 2022
Non-current assets and disposal groups held for sale	**26**	18
Total assets held for sale	**26**	18

Assets held for sale at January 1, 2023, primarily comprises non-current assets of retail locations in Europe of €26 million (January 2, 2022: €13 million) and in The United States of nil (January 2, 2022: €5 million). The assets held for sale in Europe include retail locations in the Netherlands relating to the cooperating agreement between Jan Linders and Albert Heijn as announced on December 14, 2022.

Discontinued operations

Discontinued operations for the years ended 2022 and 2021 included minor adjustments on various discontinued operations and past divestments.

Accounting policies

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition and its sale must be highly probable. Non-current assets (or disposal groups) classified as held for sale are measured at the lower of the asset’s carrying amount or the fair value less costs of disposal. Depreciation or amortization of an asset ceases when it is classified as held for sale. Equity accounting ceases for an investment in a joint venture or associate when it is classified as held for sale; instead, dividends received are recognized in the consolidated income statement.

A discontinued operation is a component of the Company that either has been disposed of or is classified as held for sale, and represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations. Results from discontinued operations that are clearly identifiable as part of the component disposed of and that will not be recognized subsequent to the disposal are presented separately as a single amount in the consolidated income statement. Results and cash flows from discontinued operations are reclassified for prior periods presented in the financial statements so that the results and cash flows from discontinued operations relate to all operations that have been discontinued as of the balance sheet date for the latest period presented.

6 SEGMENT REPORTING

Reportable segments

Ahold Delhaize's retail operations are presented in two reportable segments. In addition, Other retail, consisting of Ahold Delhaize's unconsolidated joint ventures JMR – Gestão de Empresas de Retalho, SGPS, S.A. ("JMR") and P.T. Lion Super Indo ("Super Indo"), as well as Ahold Delhaize's Global Support Office, is presented separately.

All reportable segments sell a wide range of perishable and non-perishable food and non-food consumer products.

Reportable segment	Operating segments included in the Reportable segment
The United States	Stop & Shop, Food Lion, The GIANT Company, Hannaford, Giant Food and FreshDirect
Europe	Albert Heijn (including the Netherlands and Belgium) Delhaize ("Delhaize Le Lion" including Belgium and Luxembourg) bol.com (including the Netherlands and Belgium) Albert (Czech Republic) Alfa Beta (Greece) Mega Image (Romania) Delhaize Serbia (Republic of Serbia) Etos (the Netherlands) Gall & Gall (the Netherlands)

Other	Included in Other
Other retail	Unconsolidated joint ventures JMR (49%) and Super Indo (51%)
Global Support Office	Global Support Office staff (the Netherlands, Belgium, Switzerland and the United States)

Segment reporting 2022

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	55,218	31,767	—	86,984
Of which: online sales	4,157	4,461	—	8,618
Operating income (loss)	2,605	1,173	(10)	3,768
Adjusted for:				
Impairment losses and reversals – net[1]	212	24	—	235
(Gains) losses on leases and the sale of assets – net	(181)	(17)	—	(198)
Restructuring and related charges and other items	(33)	(49)	4	(78)
Underlying operating income (loss)	2,603	1,131	(6)	3,728
Other segment information				
Additions to non-current assets[2]	2,283	1,798	26	4,107
Depreciation and amortization[3]	2,114	1,305	14	3,433
Share-based compensation expenses	36	17	12	65

1 Net impairments of property, plant and equipment; investment property; right-of-use assets; and intangible assets.
2 Additions to property, plant and equipment; right-of-use assets; investment property; and intangible assets (including assets acquired through business combinations as well as net reassessments and modifications of right-of-use assets).
3 Depreciation and amortization of property, plant and equipment; right-of-use assets; investment property; and intangible assets.

6 SEGMENT REPORTING CONTINUED

Segment reporting 2021

€ million	The United States	Europe	Global Support Office	Ahold Delhaize Group
Net sales	45,455	30,147	—	75,601
Of which: online sales	3,228	4,477	—	7,704
Operating income (loss)	2,231	1,209	(119)	3,320
Adjusted for:				
Impairment losses and reversals – net[1]	48	13	—	61
(Gains) losses on leases and the sale of assets – net	(49)	(21)	(6)	(76)
Restructuring and related charges and other items	(80)	106	—	26
Underlying operating income (loss)	2,150	1,306	(125)	3,331
Other segment information				
Additions to non-current assets[2]	3,346	2,418	12	5,776
Depreciation and amortization[3]	1,788	1,208	11	3,007
Share-based compensation expenses	27	11	9	48

1 Net impairments of property, plant and equipment; investment property; right-of-use assets; and intangible assets.
2 Additions to property, plant and equipment; right-of-use assets; investment property; and intangible assets (including assets acquired through business combinations as well as net reassessments and modifications of right-of-use assets).
3 Depreciation and amortization of property, plant and equipment; right-of-use assets; investment property; and intangible assets.

Information about geographical areas

€ million	The Netherlands (country of domicile)	The United States	Rest of world	Ahold Delhaize Group
2022				
Net sales[1]	**17,284**	**55,218**	**14,482**	**86,984**
Non-current assets[2]	**6,336**	**22,242**	**7,347**	**35,925**
2021				
Net sales[1]	16,431	45,455	13,716	75,601
Non-current assets[2]	6,135	20,942	7,249	34,326

1 Net sales are presented based on country of destination.
2 Non-current assets include property, plant and equipment, right-of-use assets, investment property and intangible assets.

Additional segment information

Segment results do not include significant non-cash items other than depreciation, amortization, reassessments, modifications and additions of right-of-use assets, impairment losses and reversals and share-based compensation expenses.

Segment information joint ventures – Other retail (JMR and Super Indo)

The information with respect to JMR and Super Indo is presented in *Note 15*.

Accounting estimates and judgments

Reportable segments

To define the reportable segments for Europe and the U.S., management has applied judgment in determining the key economic characteristics to be assessed for similarities.

Impairments

For more information on the accounting estimates and judgment policies for impairments, see *Note 11* and *Note 14*.

Accounting policies

The accounting policies used for the segments are the same as the accounting policies used for the consolidated financial statements. Ahold Delhaize's operating segments are its retail operating companies that engage in business activities from which they earn revenues and incur expenses, and whose operating results are regularly reviewed by the Executive Committee to make decisions about resources to be allocated to the segments and to assess their performance. In establishing the reportable segments, certain operating segments with similar economic characteristics have been aggregated. As Ahold Delhaize's operating segments offer similar products using complementary business models, and there is no discernible difference in customer bases, Ahold Delhaize's policy on aggregating its operating segments into reportable segments is based on geography, macro-economic environment and management oversight.

The segments' performance is evaluated against several measures, of which operating income and underlying operating income are the most important. Underlying operating income is regularly reviewed by the Executive Committee and is defined as total operating income, adjusted for impairments of non-current assets, gains and losses on the sale of assets, gains and losses on leases and subleases, restructuring and related charges, and other items considered not to be directly related to the underlying operating performance. Ahold Delhaize's management believes this measure provides better insight into the underlying operating performance of the Company's operations. This alternative performance measure should be considered in addition to, but not as substitute for, operating income. Intersegment sales are executed under normal commercial terms and conditions that would also be available to unrelated third parties.

7 NET SALES

€ million	2022	2021
Sales from owned stores	**71,090**	61,052
Sales to and fees from franchisees and affiliates	**6,957**	6,570
Online sales	**8,618**	7,704
Wholesale sales	**319**	274
Net sales	**86,984**	75,601

Sales by segment for 2022 are as follows:

€ million	The United States	Europe	Ahold Delhaize Group
Sales from owned stores	**50,846**	**20,244**	**71,090**
Sales to and fees from franchisees and affiliates	**—**	**6,957**	**6,957**
Online sales	**4,157**	**4,461**	**8,618**
Wholesale sales	**215**	**104**	**319**
Net sales	**55,218**	**31,767**	**86,984**

Sales by segment for 2021 are as follows:

€ million	The United States	Europe	Ahold Delhaize Group
Sales from owned stores	42,053	18,999	61,052
Sales to and fees from franchisees and affiliates	—	6,570	6,570
Online sales	3,228	4,477	7,704
Wholesale sales	174	100	274
Net sales	45,455	30,147	75,601

Net sales by product category are as follows:

Percentage of net sales	2022	2021
Food: perishable	**45%**	45%
Food: non-perishable	**35%**	35%
Non-food	**15%**	16%
Pharmacy	**3%**	3%
Gasoline	**2%**	1%
Net sales	**100%**	100%

Accounting estimates and judgments

The recognition of revenue requires estimates regarding the timing of redemption of gift cards and future discounts under bonus and loyalty programs. Consideration received from the customer upon activation of a gift card is deferred until redemption or until the card expires, at which time the liability is recognized as revenue. The Company estimates any gift card non-redemptions and recognizes such breakage on a proportionate basis as redemptions occur.

Accounting policies

Ahold Delhaize generates and recognizes net sales to retail customers as it satisfies its performance obligation at the point of sale in its stores and upon delivery of goods through its online channel. The Company also generates revenues from the sale of products to retail franchisees and affiliates that are recognized upon delivery. Ahold Delhaize recognizes fees from franchisees and affiliates as revenue as services are performed or the granted rights are used. Revenue from the sale of gift cards and gift certificates is recognized when the gift card or gift certificate is redeemed by the retail customer. Future discounts earned by customers in connection with bonus or loyalty cards and other Company-sponsored programs are deferred on the balance sheet at the time of the sale and subsequently recognized in the income statement when redeemed. When the Company expects that gift cards and future discounts under bonus and loyalty programs will not be redeemed, the breakage that is able to be estimated is recognized proportionately as revenue at the time that the Company's performance obligations are satisfied (e.g., as customers redeem their award credits or purchase goods using gift cards or vouchers).

Ahold Delhaize's sales activities do not result in the Company having a material amount of unperformed obligations and, therefore, no contract assets are recognized separately from receivables. The Company does enter into transactions with customers where contract liabilities result from consideration being received from the customer prior to the Company satisfying its performance obligations. These contract liabilities are presented on the balance sheet and in the notes as deferred income and gift card liabilities; see *Note 27*.

Generally, net sales and cost of sales are recorded based on the gross amount received from the customer for products sold and the amount paid to the vendor for products purchased, excluding sales taxes and value-added taxes. However, for certain products or services, such as sales through bol.com's partner platform and the sale of lottery tickets, third-party prepaid phone cards, stamps and public transportation tickets, Ahold Delhaize acts as an agent and, consequently, records the amount of commission income in its net sales. Net sales also reflect the value of products sold to customers for which the Company anticipates returns from customers, when such returns are considered to be material. Currently, customer returns are only considered material with regards to Ahold Delhaize's online general merchandise sales. Past customer return practices provide the basis for determining the anticipated returns that the Company is exposed to at the balance sheet date.

8 EXPENSES AND OTHER INCOME BY NATURE

Expenses by nature

The aggregate of cost of sales, selling expenses and general and administrative expenses is specified by nature as follows:

€ million	2022	2021
Cost of product	**59,965**	51,962
Labor costs	**12,674**	11,179
Other operational expenses	**7,699**	6,621
Depreciation and amortization	**3,433**	3,007
Rent expenses	**70**	58
Impairment losses and reversals – net	**235**	61
(Gains) losses on leases and the sale of assets – net	**(198)**	(76)
Total expenses by nature	**83,879**	72,812

The increase in Impairment losses and reversals – net is mainly driven by impairments on Intangible assets. For more information, see *Note 14*.

Other income by nature

Other income is specified as follows:

€ million	2022	2021
Rent income	**155**	146
Advertising income	**28**	15
Other income	**480**	371
Total other income	**663**	531

For more information on rent expenses and rent income, see *Note 33*.

Accounting estimates and judgments

Vendor allowances

When vendor allowances cannot be specifically identified in the purchase price of products, this requires management to apply judgments and estimates, mainly surrounding the timing of when performance obligations have been fulfilled, the volume of purchases that will be made during a period of time, the product remaining in ending inventory, and the probability that funds can be collected from vendors. Using these judgments and estimates, management's practice is to allocate earned vendor allowances between cost of sales and inventory based upon the amount of related product that was sold and the amount that remains in ending inventories. This practice is based upon the turnover of the inventories.

Impairments

For more information on the accounting estimates and judgments policies for impairments, see *Note 11* and *Note 14*.

Accounting policies

Cost of sales

Cost of sales includes the purchase price of the products sold and other costs incurred in bringing the inventories to the location and condition ready for sale. These costs include: costs of purchasing; storing; rent; depreciation of property, plant and equipment and right-of-use assets; salaries; and transporting products to the extent that it relates to bringing the inventories to the location and condition ready for sale.

Vendor allowances

Ahold Delhaize receives various types of vendor allowances. The most common allowances vendors offer are (i) volume allowances, which are off-invoice or amounts billed back to vendors based on the quantity of products sold to customers or purchased from the vendor and (ii) promotional allowances, which relate to cooperative advertising and market development efforts. Volume allowances are recognized as a reduction of the cost of the related products as they are sold. Promotional allowances are recognized as a reduction of the cost of the related products when the Company has performed the activities specified in the contract with the vendor. If the contract does not specify any performance criteria, the allowance is recognized over the term of the contract.

Vendor allowances are generally deducted from cost of sales, unless there is clear evidence that they should be classified as revenue resulting from the Company providing a distinct good or service to the vendor. Ahold Delhaize recognizes vendor allowances only where there is evidence of a binding arrangement with the vendor, the amount can be estimated reliably and receipt is probable.

Selling expenses

Selling expenses relate to our store and online operations and consist of employees' salaries and wages, store expenses, depreciation related to owned and leased stores, advertising costs, outbound logistics costs (order fulfillment and delivery cost) and other selling expenses.

General and administrative expenses

General and administrative expenses consist of support office employees' salaries and wages, rent and depreciation of support offices, impairment losses and reversals, gains and losses on the sale of non-current assets and disposal groups held for sale, restructuring costs, and other general and administrative expenses.

9 NET FINANCIAL EXPENSES

€ million	2022	2021
Interest income	**69**	29
Interest expense	**(248)**	(181)
Net interest expense on defined benefit pension plans	**(17)**	(17)
Interest accretion to lease liability	**(356)**	(337)
Gains (losses) on foreign exchange	**13**	(3)
Fair value losses on financial instruments	**(19)**	(4)
Other gains (losses)	**7**	(4)
Other financial income (expense)	**—**	(10)
Net financial expenses	**(552)**	(517)

Interest income relates primarily to interest earned on cash and cash equivalents, short-term cash deposits and similar instruments.

Interest expense relates primarily to notes and financing obligations and also includes:

- Interest accretions to provisions, which mainly consists of interest accretions to the provision for self insurance in the amount of €39 million (2021: €7 million). For details, see *Note 25*.
- Interest accretion on the FELRA settlement liability of €19 million (2021: €15 million). See *Note 24*.
- Interest expenses on the other long-term financial liabilities, which includes the interest accretion on the financial liability for the call-and-put options embedded in the non-controlling interest of FreshDirect of €22 million (2021: €16 million) and interest accretion on the Local 1500 withdrawal liability of €2 million (2021: €3 million). Interest accretion on the National Plan withdrawal liability was nil in 2022 (2021: €5 million). See *Note 23*.

Net interest expense on defined benefit pension plans is related to the Company's pension plans being in a net liability position over 2022 and 2021.

For more information on leases and the interest accretion thereon, see *Note 33*.

Foreign exchange results arising from the purchase of goods for sale or goods and services consumed in Ahold Delhaize's operations are included in cost of sales or in the appropriate element of operating expenses, respectively. In 2022, the Company recorded a net exchange gain of €2 million in operating income (2021: net exchange loss of €3 million).

10 INCOME TAXES

Income taxes on continuing operations

The following table specifies the current and deferred tax components of income taxes on continuing operations in the income statement:

€ million	2022	2021
Current income taxes		
Domestic taxes (the Netherlands)	**(158)**	(171)
Foreign taxes		
United States	**(294)**	(241)
Europe – Other	**(102)**	(123)
Total current tax expense	**(553)**	(535)
Deferred income taxes		
Domestic taxes (the Netherlands)	**—**	5
Foreign taxes		
United States	**(138)**	(45)
Europe – Other	**(23)**	(16)
Total deferred tax expense	**(161)**	(56)
Total income taxes on continuing operations	**(714)**	(591)

Effective income tax rate on continuing operations

Ahold Delhaize's effective tax rate in its consolidated income statement differed from the Netherlands' statutory income tax rate of 25.8%. The following table reconciles the statutory income tax rate with the effective income tax rate in the consolidated income statement:

	2022	
	€ million	**Tax rate**
Income before income taxes	**3,216**	
Income tax expense at statutory tax rate	**(830)**	**25.8%**
Adjustments to arrive at effective income tax rate:		
Rate differential (local rates versus the statutory rate of the Netherlands)	**107**	**(3.3)%**
Deferred tax income (expense) related to recognition of deferred tax assets – net	**3**	**(0.1)%**
Non-taxable income (expense)	**(16)**	**0.5 %**
Other	**23**	**(0.7)%**
Total income taxes	**(714)**	**22.2%**

	2021	
	€ million	Tax rate
Income before income taxes	2,803	
Income tax expense at statutory tax rate	(701)	25.0%
Adjustments to arrive at effective income tax rate:		
Rate differential (local rates versus the statutory rate of the Netherlands)	90	(3.2)%
Deferred tax income (expense) related to recognition of deferred tax assets – net	2	(0.1)%
Non-taxable income (expense)	6	(0.2)%
Other	12	(0.4%)
Total income taxes	(591)	21.1 %

The rate differential indicates the effect of Ahold Delhaize's taxable income being generated and taxed in jurisdictions where tax rates differ from the statutory tax rate in the Netherlands.

Non-taxable income (expense) for 2022 includes a tax expense on non-deductible impairment in the amount of €14 million.

Other includes discrete items, such as one-time transactions, movement in tax uncertain positions and (state) tax rate changes impacting deferred tax in the balance sheet.

In December 2021, the OECD issued model rules for a new global minimum tax framework and several countries, including the Netherlands, have announced the intention to bring these into effect in the foreseeable future. While the overarching framework has been published, we are awaiting the legislation and detailed guidance to assess the full implications.

Income taxes on discontinued operations

Current and deferred income tax related to discontinued operations amounted to nil in 2022 (2021: nil).

10 INCOME TAXES CONTINUED

Deferred income tax

The significant components and annual movements of deferred income tax assets and liabilities as of January 1, 2023, and January 2, 2022, are as follows:

€ million	January 3, 2021	Recognized in income statement	Other	January 2, 2022	Recognized in income statement	Other	January 1, 2023
Leases and financings	393	(6)	18	404	**(7)**	**18**	**416**
Pensions and other (post-)employment benefits	482	(30)	9	461	**15**	**(118)**	**359**
Provisions	86	17	2	105	**(24)**	**43**	**123**
Interest	51	8	15	74	**(12)**	**3**	**65**
Other	84	(27)	8	65	**(12)**	**(32)**	**21**
Total gross deductible temporary differences	1,095	(39)	53	1,109	**(40)**	**(85)**	**984**
Unrecognized deductible temporary differences	(2)	—	(5)	(7)	**—**	**—**	**(7)**
Total recognized deductible temporary differences	1,093	(39)	48	1,102	**(40)**	**(86)**	**977**
Tax losses and tax credits	358	(32)	41	366	**(30)**	**9**	**346**
Unrecognized tax losses and tax credits	(241)	2	(28)	(267)	**3**	**(5)**	**(269)**
Total recognized tax losses and tax credits	116	(30)	13	99	**(27)**	**5**	**77**
Total net deferred tax asset position	1,209	(69)	61	1,202	**(67)**	**(81)**	**1,053**
Property, plant and equipment and intangible assets	(1,365)	47	(120)	(1,438)	**(34)**	**(50)**	**(1,522)**
Inventories	(170)	(34)	(14)	(217)	**(60)**	**(12)**	**(289)**
Other	(15)	—	12	(3)	**—**	**(2)**	**(5)**
Total deferred tax liabilities	(1,550)	13	(122)	(1,659)	**(93)**	**(64)**	**(1,816)**
Net deferred tax assets (liabilities)	(341)	(56)	(60)	(457)	**(161)**	**(145)**	**(763)**

The column Other in the table above includes amounts recorded in equity, acquisitions, divestments and exchange rate differences, as well as reclassifications between deferred tax components and the application of tax losses and tax credits against current year income tax payables.

Deferred income tax assets and liabilities are offset on the balance sheet when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to income taxes levied by the same fiscal authority. The deferred tax assets and liabilities are presented as non-current assets and liabilities on the balance sheet as follows:

€ million	**January 1, 2023**	January 2, 2022
Deferred tax assets	**242**	289
Deferred tax liabilities	**(1,005)**	(746)
Net deferred tax liabilities	**(763)**	(457)

10 INCOME TAXES CONTINUED

As of January 1, 2023, Ahold Delhaize had operating and capital loss carryforwards of a total nominal amount of €2,001 million (January 2, 2022: €2,075 million). The following table specifies the years in which Ahold Delhaize's operating and capital loss carryforwards and tax credits are scheduled to expire:

€ million	2023	2024	2025	2026	2027	2028–2032	2033–2037	After 2037	Does not expire	Total
Operating and capital losses (nominal value)	3	48	80	10	53	381	323	26	1,075	**2,001**
Operating and capital losses (tax value)	—	3	4	—	3	22	17	1	279	**331**
Tax credits	1	1	2	3	2	3	1	—	3	**15**
Tax losses and tax credits	1	4	6	3	5	25	19	1	282	**346**
Unrecognized tax losses and tax credits	(1)	(1)	(1)	(1)	—	—	—	(1)	(265)	**(269)**
Total recognized tax losses and tax credits	—	3	5	3	5	25	19	1	17	**77**

The majority of the above-mentioned deferred tax assets relate to tax jurisdictions in which Ahold Delhaize has suffered a tax loss in the current or a preceding period. Operating and capital loss carryforwards related to one jurisdiction may not be used to offset income taxes in other jurisdictions. Of the loss carryforwards, €916 million relates to U.S. state taxes, for which a weighted average tax rate of 5.5% applies.

No deferred income taxes are recognized on undistributed earnings of Ahold Delhaize's subsidiaries and joint ventures, as the undistributed earnings will not be distributed in the foreseeable future. The cumulative amount of undistributed earnings on which the Group has not recognized deferred income taxes was approximately €58 million at January 1, 2023 (January 2, 2022: €135 million).

Income taxes in equity and comprehensive income

Current and deferred income taxes recognized in and transferred from equity and comprehensive income are as follows:

€ million	2022	2021
Remeasurement of pension plans	**(137)**	(24)
Currency translation differences on loans	**(1)**	(2)
Cash flow hedges	**—**	—
Share buyback	**(1)**	(2)
Share-based compensation	**1**	4
Total	**(139)**	(24)

Income taxes paid

The following table specifies the income taxes paid per country:

€ million	2022	2021
The United States	**(190)**	(260)
The Netherlands	**(120)**	(155)
Belgium	**(17)**	(390)
Greece	**(12)**	(10)
Czech Republic	**(13)**	(11)
Serbia	**(12)**	(8)
Romania	**—**	(3)
Other Europe	**(33)**	(94)
Total income taxes paid	**(397)**	(931)

In 2021, tax payments in Belgium were impacted by a payment to the Belgian tax authorities for an adjustment notice relating to the tax return over 2018. Ahold Delhaize decided that the basis to issue an additional assessment of approximately €380 million is without any merit and, as such, the Company recorded a receivable for the full paid amount. In 2022, no tax payments for Romania due to overpayments in previous years. For more information, see the *Taxes* section in Note 34.

10 INCOME TAXES CONTINUED

Accounting estimates and judgments

The ultimate tax effects of transactions may be uncertain for a considerable period of time, requiring management to estimate the related current and deferred tax positions. The Company recognizes liabilities for uncertain tax positions when it is probable that additional tax will be due or recognizes assets for uncertain tax positions when it is probable that the benefit will flow to the Company and the benefit can be reliably measured. Probability is estimated using the Company's interpretation of legislation and relevant case law and the Company assumes that the taxation authorities have full knowledge of all facts and circumstances.

Management is required to make significant judgment in determining whether deferred tax assets are realizable. The Company determines this on the basis of expected taxable profits arising from the reversal of recognized deferred tax liabilities and on the basis of budgets, cash flow forecasts and impairment models. The Company assesses and weighs all positive and negative evidence to support this determination. Where utilization is not considered probable, deferred tax assets are not recognized in the balance sheet.

Accounting policies

Income tax expense represents the sum of current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity or other comprehensive income. Current tax expense is based on the best estimate of taxable income for the year, using tax rates that have been enacted or substantively enacted at the balance sheet date and adjustments for current taxes payable (receivable) for prior years. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and the corresponding tax basis used in the computation of taxable income. Deferred tax assets and liabilities are generally recognized for all temporary differences. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets, including deferred tax assets for tax loss carryforward positions and tax credit carryforward positions, are recognized to the extent that it is probable that future taxable income will be available against which temporary differences, unused tax losses or unused tax credits can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are not discounted. Deferred income tax assets and liabilities are offset on the balance sheet when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to income taxes levied by the same fiscal authority. Current income tax assets and liabilities are offset on the balance sheet when there is a legally enforceable right to offset and when the Company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The ultimate tax effects of some transactions can be uncertain for a considerable period of time, requiring management to estimate the related current and deferred tax positions. The Company recognizes liabilities for uncertain tax positions when it is probable that additional taxes will be due or recognizes assets for uncertain tax positions when it is probable that the benefit will flow to the Company and the benefit can be reliably measured. To measure the liability for the uncertain tax position, management determines whether uncertainties need to be considered separately or together based on which approach better predicts the resolution of the uncertainty. The Company also recognizes the liability for either the most likely amount or the expected value (probability weighted average), depending on which method it expects to better predict the resolution.

These liabilities are presented as current income taxes payable, except in jurisdictions where prior tax losses are being carried forward to be used to offset future taxes that will be due; in these instances, the liabilities are presented as a reduction of deferred tax assets. Interest accrued on uncertain tax positions is considered to be a financial expense of the Company. Any other adjustments to uncertain tax position liabilities are recognized within income tax expense.

A (voluntary) tax payment of a disputed amount to the tax authority meets the definition of an asset and is recognized as a current or non-current income tax receivable, depending on the timing of the expected resolution. The payment is an asset for the Company because it will either be refunded by the tax authority or be used to settle the tax liability arising from the resolution of the dispute.

11 PROPERTY, PLANT AND EQUIPMENT

€ million	Buildings and land	Other	Under construction	Total
As of January 3, 2021				
At cost	12,289	8,913	483	21,685
Accumulated depreciation and impairment losses	(5,506)	(5,482)	—	(10,989)
Carrying amount	**6,783**	**3,431**	**483**	**10,696**
Year ended January 2, 2022				
Additions	294	631	1,017	1,942
Transfers from under construction	465	476	(941)	—
Acquisitions through business combinations	261	103	—	364
Depreciation	(614)	(879)	(1)	(1,494)
Impairment losses	(28)	(13)	(1)	(42)
Impairment reversals	4	—	—	5
Assets classified (to) from held for sale or sold	(126)	(6)	(1)	(133)
Other movements	(12)	(4)	6	(10)
Exchange rate differences	328	169	14	511
Closing carrying amount	**7,355**	**3,907**	**576**	**11,838**
As of January 2, 2022				
At cost	13,600	10,167	576	24,343
Accumulated depreciation and impairment losses	(6,245)	(6,260)	—	(12,505)
Carrying amount	**7,355**	**3,907**	**576**	**11,838**
Year ended January 1, 2023				
Additions	**302**	**798**	**817**	**1,918**
Transfers from under construction	**434**	**470**	**(904)**	**—**
Acquisitions through business combinations	**—**	**3**	**—**	**3**
Depreciation	**(684)**	**(1,005)**	**—**	**(1,689)**
Impairment losses	**(27)**	**(13)**	**—**	**(40)**
Impairment reversals	**1**	**—**	**—**	**1**
Assets classified (to) from held for sale or sold	**(38)**	**(7)**	**(1)**	**(46)**
Other movements	**3**	**(4)**	**47**	**45**
Exchange rate differences	**298**	**155**	**(1)**	**452**
Closing carrying amount	**7,644**	**4,303**	**534**	**12,482**
As of January 1, 2023				
At cost	**14,681**	**11,431**	**534**	**26,647**
Accumulated depreciation and impairment losses	**(7,037)**	**(7,127)**	**—**	**(14,164)**
Carrying amount	**7,644**	**4,303**	**534**	**12,482**

Buildings and land includes stores, distribution centers (DCs), warehouses and improvements to these assets. Other property, plant and equipment mainly consists of furnishings, machinery and equipment, trucks, trailers and other vehicles. Assets under construction mainly consists of stores and improvements to stores and furnishings, machinery and equipment.

The higher of the value in use or fair value less cost of disposal represents an asset's recoverable amount. The value-in-use method involves estimating future cash flows. The present value of estimated future cash flows has been calculated using pre-tax discount rates ranging between 6.2% and 13.5% (2021: 5.9%-12.0%). Fair value represents the price that would be received to sell an asset in an orderly transaction between market participants and is generally measured by using an income approach or a market approach. The income approach is generally applied by using discounted cash flow projections based on the assets' highest and best use from a market participants' perspective. The market approach requires the comparison of the subject assets to transactions involving comparable assets by using inputs such as bid or ask prices or market multiples.

In 2022, Ahold Delhaize recognized net impairment losses of €39 million for property, plant and equipment (2021: €37 million). These were related to The United States (2022: €22 million, 2021: €28 million) and Europe (2022: €17 million, 2021: €9 million) and were recognized mainly for underperforming and closed stores.

The additions to property, plant and equipment include capitalized borrowing costs of €2 million (2021: €5 million). Generally, the capitalization rate used to determine the amount of capitalized borrowing costs is a weighted average of the interest rate applicable to the respective operating companies. This rate ranged between 2.7% and 7.7% (2021: 2.4%-6.5%).

Other movements mainly includes transfers between asset classes and transfers between property, plant and equipment, investment property and intangible assets.

The carrying amount of buildings and land includes amounts related to assets held under financings of €108 million (January 2, 2022: €109 million). Ahold Delhaize does not have legal title to these assets.

Company-owned property, plant and equipment with a carrying amount of €309 million (January 2, 2022: €352 million) has been pledged as security for liabilities, mainly for loans. Included in this amount as of January 1, 2023, is FreshDirect's building with a carrying value of €247 million (January 2, 2022: building and machinery and equipment of €276 million) pledged as security for loans.

Accounting estimates and judgments

Judgments are required, to determine not only whether there is an indication that an asset may be impaired, but also whether indications exist that impairment losses previously recognized may no longer exist or may have decreased (impairment reversal). After indications of impairment have been identified, estimates and assumptions are used in the determination of the recoverable amount of a non-current asset. These involve estimates of expected future cash flows (based on future growth rates and remaining useful life) and residual value assumptions, as well as discount rates to calculate the present value of the future cash flows.

11 PROPERTY, PLANT AND EQUIPMENT CONTINUED

Accounting policies

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition or construction of an asset and borrowing costs incurred during construction. Where applicable, estimated asset retirement costs are added to the cost of an asset. Subsequent expenditures are capitalized only when it is probable that future economic benefits associated with the item will flow to the Company and the costs can be measured reliably. All other subsequent expenditures represent repairs and maintenance and are expensed as incurred.

Depreciation is computed using the straight-line method based on the estimated useful lives of the items of property, plant and equipment, taking into account the estimated residual value. Where an item of property, plant and equipment comprises major components having different useful lives, each such part is depreciated separately.

The ranges of estimated useful lives of property, plant and equipment are:

Land	indefinite
Buildings	30–40 years
Certain structural components of buildings	10–20 years
Finish components of buildings	5–10 years
Machinery and equipment	3–15 years
Other	5–10 years

The useful lives, depreciation method and residual value are reviewed at each balance sheet date and adjusted, if appropriate.

Depreciation of leasehold improvements is calculated on a straight-line basis over either the lease term (including renewal periods when renewal is reasonably assured) or the estimated useful life of the asset, whichever is shorter.

Impairment of non-current assets other than goodwill

Ahold Delhaize assesses on a quarterly basis whether there is any indication that non-current assets may be impaired. If indicators of impairment exist, the Company estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which it belongs. Individual stores are considered separate CGUs for impairment testing purposes. The carrying value of the store includes mainly its property, plant and equipment and right-of-use assets (if held under a lease arrangement).

The recoverable amount is the higher of an asset’s fair value less costs of disposal or the asset’s value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The estimated future cash flows exclude lease payments if the cash-generating unit is held under a lease arrangement, but include a replacement CapEx if needed to maintain the ongoing operation during the forecast period.

An impairment loss is recognized in the income statement for the amount by which the asset’s carrying amount exceeds its recoverable amount.

In subsequent years, Ahold Delhaize assesses whether indications exist that impairment losses previously recognized for non-current assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is recalculated and, if required, its carrying amount is increased to the revised recoverable amount. The increase is recognized in operating income as an impairment reversal. An impairment reversal is recognized only if it arises from a change in the assumptions that were used to calculate the recoverable amount. The increase in an asset’s carrying amount due to an impairment reversal is limited to the depreciated amount that would have been recognized had the original impairment not occurred.

As noted above, companies are required to assess at each reporting date whether there is an indication that a non-current asset may be impaired. One such indicator is significant changes with adverse effects in the technological, market, economic or legal environment in which the company operates that have taken place during the period (or will take place in the near future). Transitioning to a lower-carbon economy may trigger such adverse effects. Therefore, Ahold Delhaize also considers the impact of climate change in assessing whether assets may be impaired or whether the useful life of assets needs to be shortened due to early replacement.

12 RIGHT-OF-USE ASSET

€ million	Buildings and land	Other	Total
Carrying amount as of January 3, 2021	**7,340**	**116**	**7,455**
Year ended January 2, 2022			
Additions	653	73	726
Reassessments and modifications to leases	1,020	(8)	1,012
Acquisitions through business combinations	633	12	644
Depreciation	(1,062)	(49)	(1,111)
Termination of leases	(26)	(1)	(28)
Impairment losses	(3)	—	(3)
Transfer (to) from right-of-use assets – investment property	(1)	2	1
Reclassifications (to) from net investment in leases	(87)	—	(88)
Exchange rate differences	395	5	400
Carrying amount as of January 2, 2022	**8,861**	**149**	**9,010**
Year ended January 1, 2023			
Additions	**476**	**83**	**559**
Reassessments and modifications to leases	**1,030**	**5**	**1,035**
Acquisitions through business combinations	**(1)**	**1**	**—**
Depreciation	**(1,216)**	**(57)**	**(1,274)**
Termination of leases	**(13)**	**(1)**	**(14)**
Impairment losses	**(2)**	**—**	**(2)**
Transfer (to) from right-of-use assets – investment property	**(7)**	**—**	**(7)**
Reclassifications (to) from net investment in leases	**(82)**	**—**	**(82)**
Exchange rate differences	**379**	**4**	**383**
Carrying amount as of January 1, 2023	**9,423**	**184**	**9,607**

Buildings and land includes stores, DCs and warehouses. Other mainly consists of furnishings, machinery and equipment and vehicles. Right-of-use assets that meet the criteria of an investment property are included in *Note 13*. For more information on leases, see *Note 33*.

Accounting estimates and judgments

For more information on the accounting estimates and judgments policies for leases, see *Note 33*, and for impairments, see *Note 11*.

Accounting policies

For more information on the accounting policies for leases, see *Note 33*.

13 INVESTMENT PROPERTY

€ million	Right-of-use asset investment property	Company-owned investment property	Total Investment property
As of January 3, 2021			
At cost	689	866	1,554
Accumulated depreciation and impairment losses	(430)	(386)	(816)
Carrying amount	**259**	**480**	**739**
Year ended January 2, 2022			
Additions	2	29	31
Reassessments and modifications to leases	7	—	7
Depreciation	(23)	(22)	(45)
Impairment losses	—	(20)	(20)
Termination of leases	(13)	—	(13)
Assets classified (to) from held for sale or sold	—	(33)	(33)
Reclassifications (to) from net investment in leases	(7)	—	(7)
Transfers (to) from right-of-use assets, property, plant and equipment and intangible assets	(1)	8	7
Exchange rate differences	16	25	42
Closing carrying amount	**241**	**467**	**708**
As of January 2, 2022			
At cost	712	941	1,653
Accumulated depreciation and impairment losses	(471)	(474)	(945)
Carrying amount	**241**	**467**	**708**

13 INVESTMENT PROPERTY CONTINUED

€ million	Right-of-use asset investment property	Company-owned investment property	Total Investment property
Year ended January 1, 2023			
Additions	**2**	**9**	**11**
Reassessments and modifications to leases	**(5)**	**—**	**(5)**
Depreciation	**(26)**	**(21)**	**(47)**
Impairment losses	**(1)**	**(2)**	**(3)**
Termination of leases	**(1)**	**—**	**(1)**
Assets classified (to) from held for sale or sold	**—**	**(49)**	**(49)**
Reclassifications (to) from net investment in leases	**(1)**	**—**	**(1)**
Transfers (to) from right-of-use assets, property, plant and equipment and intangible assets	**7**	**4**	**12**
Exchange rate differences	**14**	**22**	**37**
Closing carrying amount	**231**	**430**	**661**
As of January 1, 2023			
At cost	**710**	**880**	**1,590**
Accumulated depreciation and impairment losses	**(479)**	**(449)**	**(928)**
Carrying amount	**231**	**430**	**661**

A significant portion of the Company's investment property comprises shopping centers containing both an Ahold Delhaize store and third-party retail units. The third-party retail units generate rental income, but are primarily of strategic importance to Ahold Delhaize in its retail operations. Ahold Delhaize recognizes the part of a shopping center leased to a third-party retailer as investment property, unless it represents an insignificant portion of the property.

The impairment losses recognized were mainly related to The United States (2022: €2 million, 2021: €20 million).

The company-owned investment property includes an amount related to assets held under financings of €17 million (January 2, 2022: €17 million). Ahold Delhaize does not have legal title to these assets. Company-owned investment property with a carrying amount of €29 million (January 2, 2022: €72 million) has been pledged as security for liabilities, mainly for loans.

The fair value of investment property as of January 1, 2023, amounted to approximately €855 million (January 2, 2022: €948 million). Fair value of investment property has generally been measured using an income or market approach. Fair value for right-of-use asset investment property is the fair value of the right-of-use itself, not the fair value of the property under lease. Approximately 80% of Ahold Delhaize's fair value measurements are categorized within Level 2. The most significant inputs into this valuation approach are observable market retail yields and tenant rents to calculate the fair value. The remaining fair value measurements that are categorized within Level 3 primarily include the fair value measurements based on the Company's own valuation methods and the fair value for certain mixed-use properties and properties held for strategic purposes. For certain mixed-use properties and properties held for strategic purposes, Ahold Delhaize cannot determine the fair value of the investment property reliably. In such cases, the fair value is assumed to be equal to the carrying amount.

Rental income from investment property (both company-owned and right-of-use asset) included in the income statement in 2022 amounted to €78 million (2021: €75 million). Direct operating expenses (including repairs and maintenance but excluding depreciation expense) arising from rental-income-generating and non-rent-generating investment property in 2022 amounted to €16 million (2021: €23 million).

Accounting estimates and judgments

For more information on the accounting estimates and judgments policies for impairments, see *Note 11*.

Accounting policies

Investment property consists of land and buildings held by Ahold Delhaize to earn rental income or for capital appreciation, or both. These properties are not used by the Company in the ordinary course of business. The Company often owns (or leases) shopping centers containing an Ahold Delhaize as well as third-party retail units. In these cases, the third-party retail units generate rental income, but are primarily of strategic importance for operating purposes to Ahold Delhaize in its retail operations. The Company recognizes the part of an owned (or leased) shopping center that is leased to third-party retailers as investment property, unless it represents an insignificant portion of the property. Land and buildings leased to franchisees are not considered to be investment property as they contribute directly to Ahold Delhaize's retail operations. Investment property is measured on the same basis as property, plant and equipment.

Right-of-use assets are separately disclosed as a line in the balance sheet, but right-of-use assets that meet the definition of investment property are included in "Investment property" and separately disclosed in the notes.

14 INTANGIBLE ASSETS

€ million	Goodwill	Brand names	Software	Customer relationships	Other	Under development	Total
As of January 3, 2021							
At cost	6,839	3,070	1,796	196	948	212	13,062
Accumulated amortization and impairment losses	(8)	(10)	(1,145)	(114)	(220)	—	(1,497)
Carrying amount	**6,831**	**3,061**	**651**	**82**	**728**	**212**	**11,565**
Year ended January 2, 2022							
Additions	—	—	91	1	10	365	468
Transfers from under development	—	—	241	—	—	(241)	—
Acquisitions through business combinations	476	76	14	10	3	1	580
Amortization	—	(2)	(307)	(13)	(35)	—	(357)
Impairments	(1)	—	—	—	—	—	(1)
Assets classified to held for sale or sold	(3)	—	—	(1)	—	—	(4)
Other movements[1]	—	—	—	—	1	—	—
Exchange rate differences	337	145	16	3	6	11	518
Closing carrying amount	**7,641**	**3,280**	**706**	**82**	**713**	**348**	**12,770**
As of January 2, 2022							
At cost	7,649	3,292	2,177	215	967	348	14,649
Accumulated amortization and impairment losses	(8)	(13)	(1,471)	(133)	(255)	—	(1,879)
Carrying amount	**7,641**	**3,280**	**706**	**82**	**713**	**348**	**12,770**
Year ended January 1, 2023							
Additions	**—**	**—**	**147**	**—**	**18**	**370**	**535**
Transfers from under development	**—**	**—**	**408**	**—**	**9**	**(417)**	**—**
Acquisitions through business combinations	**38**	**6**	**2**	**5**	**—**	**—**	**51**
Amortization	**—**	**(3)**	**(371)**	**(14)**	**(35)**	**—**	**(423)**
Impairments	**(66)**	**(93)**	**(10)**	**(11)**	**—**	**(11)**	**(191)**
Assets classified to held for sale or sold	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Other movements[1]	**—**	**—**	**(2)**	**—**	**(1)**	**(47)**	**(50)**
Exchange rate differences	**307**	**138**	**20**	**3**	**5**	**8**	**482**
Closing carrying amount	**7,920**	**3,328**	**900**	**66**	**709**	**251**	**13,174**
As of January 1, 2023							
At cost	**7,990**	**3,431**	**2,591**	**228**	**998**	**258**	**15,495**
Accumulated amortization and impairment losses	**(69)**	**(103)**	**(1,692)**	**(161)**	**(289)**	**(7)**	**(2,321)**
Carrying amount	**7,920**	**3,328**	**900**	**66**	**709**	**251**	**13,174**

1 Other movements mainly includes transfers between asset classes and transfers between intangible assets and property, plant and equipment.

14 INTANGIBLE ASSETS CONTINUED

Goodwill acquired in business combinations is allocated, at acquisition, to the cash-generating units (CGUs) or groups of CGUs expected to benefit from the business combination.

Brand names include retail brands as well as certain own brands referring to ranges of products. Retail brands are strong and well-established brands of supermarkets, convenience stores and online stores protected by trademarks that are renewable indefinitely in their relevant markets. There are not believed to be any legal, regulatory or contractual provisions that limit the useful lives. Ahold Delhaize brands play an important role in the Company's business strategy. Ahold Delhaize believes that there is currently no foreseeable limit to the period over which the retail brands are expected to generate net cash inflows, and therefore they are assessed to have an indefinite useful life.

Customer relationships consist primarily of pharmacy scripts and customer lists recognized through the acquisition of bol.com in 2012 and FreshDirect in 2021. Other mainly includes intangible assets related to relationships with franchisees and affiliates recognized in connection with the Ahold Delhaize merger, location development rights, deed restrictions and similar assets. Intangible assets under development relate mainly to software development.

The carrying amounts of goodwill allocated to Ahold Delhaize's CGUs and brand names recognized from business acquisitions are as follows:

€ million		**Goodwill January 1, 2023**	Goodwill January 2, 2022	**Brand names January 1, 2023[1]**	Brand names January 2, 2022[1]
	Cash-generating unit				
The United States	Stop & Shop[2]	**1,046**	985	**—**	—
	Food Lion	**1,118**	1,053	**1,351**	1,273
	The GIANT Company	**600**	565	**—**	—
	Hannaford	**1,893**	1,783	**803**	757
	Giant Food	**353**	332	**—**	—
	FreshDirect[2,3]	**—**	58	**—**	82
Europe	Albert Heijn (including the Netherlands and Belgium)	**1,751**	1,746	**—**	—
	Delhaize (including Belgium and Luxembourg)	**439**	439	**786**	786
	bol.com (including the Netherlands and Belgium)[4]	**235**	201	**92**	86
	Albert (Czech Republic)	**191**	186	**—**	—
	Alfa Beta (Greece)	**142**	142	**136**	137
	Mega Image (Romania)	**131**	131	**83**	83
	Delhaize Serbia (Republic of Serbia)	**12**	12	**76**	76
	Etos	**8**	8	**—**	—
	Gall & Gall	**1**	1	**—**	—
Ahold Delhaize Group		**7,920**	7,641	**3,328**	3,280

1 Included own brands at Food Lion (€5 million; January 2, 2022: €6 million), Hannaford (€5 million; January 2, 2022: €6 million), FreshDirect (nil; January 2, 2022: €9 million), Greece (€2 million; January 2, 2022: €2 million) and Romania (€2 million; January 2, 2022: €2 million).
2 Of the goodwill arising from the acquisition of FreshDirect in 2021, €60 million was allocated to Stop & Shop.
3 FreshDirect's goodwill and brand names of €66 million and €93 million were fully impaired in 2022.
4 The goodwill and brand names arising from the acquisition of Cycloon by bol.com amounted to €33 million and €6 million, respectively.

14 INTANGIBLE ASSETS CONTINUED

Goodwill impairment testing

In the 2022 annual goodwill impairment test, the recoverable amounts of the CGUs were based on fair value less costs of disposal.

The disposal of a CGU would require the buyer to assume associated lease liabilities for the stores and DCs, and, therefore, the need to make the contractual lease payments. The fair value less costs of disposal of the CGU would be the sale price for the CGU including the lease liabilities, less the costs of disposal. Therefore the cash flow projections used in determining recoverable amounts included the lease payments. The carrying values of the CGUs tested included their right-of-use assets. To perform a meaningful comparison, the carrying amounts of the lease liabilities were then deducted when determining the carrying values of the CGUs tested.

Fair value represents the price that would be received for selling an asset in an orderly transaction between market participants and is generally measured using an income approach and / or a market approach. The Company used discounted cash flow projections based on the assets' highest and best use from a market participant's perspective; taking financial plans as approved by management as a base (Level 3 valuation). The discounted cash flow projections generally cover a period of five years. Due to the expected continuation of high growth in the relevant online retail markets, the Company projected cash flows for bol.com over a 10-year period to better reflect the growth expectations in sales, profitability and cash generation as the business has not yet reached a steady state. The terminal value is based on the simplified value driver formula (Net operating profit less adjusted taxes (NOPLAT) / WACC). NOPLAT in perpetuity is determined by extrapolating the amount at the end of an explicit forecast period by a long-term growth rate. The long-term growth rates are determined using the long-term inflation expectations based on external market data.

An impairment trigger assessment is performed on a quarterly basis to determine whether there is an indication, based on either internal or external sources of information, that an asset or a cash generating unit may be impaired. The Q3 2022 assessment triggered a detailed impairment analysis for FreshDirect, largely related to the broad-based re-rating of sector valuations and reduced scope of that business, which is now focused on the New York Tri-State area. The Company estimated FreshDirect's fair value less costs of disposal by using a business enterprise value sales multiple determined from a set of observable market multiples for comparable businesses. Impairment losses of €66 million and €122 million were recognized for goodwill and other intangible assets (including brand names), respectively. The impairment charges reduced the carrying amount of FreshDirect's goodwill and other intangibles to nil.

The key assumptions for the goodwill impairment test relate to the weighted average cost of capital (hereafter: discount rate), sales growth, operating margin and growth rate (terminal value). The post-tax discount rates are determined based on external market data and reflect specific risks relating to relevant CGUs, the key assumptions used in the cash flow projections and the composition of the assets and liabilities included in the CGUs' carrying value. The post-tax discount rates are as follows:

	Post-tax discount rate
The U.S. brands (excluding FreshDirect)	5.7%
The brands in the Netherlands (excluding bol.com)	5.6%
Delhaize	6.7%
bol.com	10.8%
Albert (Czech Republic)	7.1%
Alfa Beta (Greece)	7.4%
Mega Image (Romania)	10.2%
Delhaize Serbia (Republic of Serbia)	8.9%

The sales growth rates and operating margins used to estimate future performance are based on past performance and our experience of growth rates and operating margins achievable in Ahold Delhaize's main markets. The sales compound annual growth rates applied in the projected periods ranged between 0.8% and 10.1% for the CGUs. The average operating margins applied in the projected periods ranged between 1.4% and 6.8% for the CGUs. The terminal value to extrapolate cash flows beyond the explicit forecast period included one year of additional growth based on the long-term inflation expectations that ranged between 2.2% and 3.5% for the CGUs; no additional growth was assumed thereafter.

Key assumptions relating to CGUs to which a significant amount of goodwill or intangible assets with indefinite useful lives is allocated are as follows:

	Post-tax discount rate	Growth rate (terminal value)
Stop & Shop	5.7%	2.6%
Food Lion	5.7%	2.6%
Hannaford	5.7%	2.6%
Albert Heijn	5.6%	2.6%
Delhaize	6.7%	2.7%

Cash flow projections for these CGUs reflect current macro-economic circumstances, including increases in energy costs and inflation as well as certain cost-saving initiatives to reduce negative impacts. The post-tax discount rates applied increased compared to prior year as a result of these macro-economic developments. For more information, see *Note 2*.

Additional capital investments to mitigate climate-related risks can be phased out over a reasonably long period as part of investments in the normal course of business. Transitioning to a lower-carbon economy is not expected to trigger significant adverse effects on future cash flows.

Given the macro-economic circumstances, further reasonable negative changes in sales growth, margins and post-tax discount rates would not result in impairment of these CGUs, except for Delhaize.

14 INTANGIBLE ASSETS CONTINUED

For the CGU Delhaize, the Company used discounted cash flow (DCF) projections based on the assets' highest and best use from a market participant's perspective (Level 3 valuation). The key assumptions used in the DCF projections are revenue growth and improved margin.

Challenging market conditions at Delhaize resulted in the analysis of a plan to change the strategic direction with an increased focus on the affiliated business. Delhaize has realized a higher operating margin from the affiliated stores versus owned operated stores in recent years.

As a result, cash flow projections in the projected period include plans to increase productivity and European sourcing initiatives; to optimize working hours to the declining volumes in the market and implement further efficiencies through investments in automation and process optimization; and to expand our affiliated business, which will require significant costs.

The sales growth is based on actual experience, an analysis of market growth and the development of market share. The margin development is based on actual experience, management's long-term projections and the leverage of higher operating margins from the affiliated business.

The recoverable amount for Delhaize exceeds the carrying amount by more than 10%. A sensitivity analysis indicates that the valuation is sensitive to changes in sales compound annual growth rate, operating margins and post-tax discount rate. Under the assumption that a change in one of those does not impact the others, the recoverable amount of Delhaize would be equal to its carrying amount if the sales compound annual growth rate would be reduced by 1.5% in the projection period, if Delhaize's operating margins in the projection period were reduced by 0.4%, or if the post-tax discount rate was higher by 0.5%.

Accounting estimates and judgments

Intangible assets

For accounting estimates and judgments relating to intangible assets, see *Note 4*.

Impairments

Judgments are required to determine whether there is an indication that a CGU to which goodwill has been allocated may be impaired. Estimates and assumptions are involved in the determination of the recoverable amount of the CGUs. These include assumptions related to discount rates, cash flow projections (such as sales growth rates, operating margins and growth rates to determine terminal value) as well as those related to market multiples.

Accounting policies

Goodwill and impairment of goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Company's interest in the net fair value of the identifiable assets, liabilities and assumed contingent liabilities at the date of acquisition. It is carried at cost less accumulated impairment losses. Goodwill on acquisitions of joint ventures and associates is included in the carrying amount of the investment.

For the purposes of impairment testing, goodwill is allocated to each of the CGUs (or groups of CGUs) that is expected to benefit from the synergies of a business combination. Goodwill is allocated to a CGU (or group of CGUs) representing the lowest level within the Company at which the goodwill is monitored for internal management purposes and is never larger than an operating segment before aggregation. CGUs to which goodwill has been allocated are tested for impairment annually or more frequently when there is an indication that the CGU may be impaired. Goodwill on acquisitions of joint ventures and associates is assessed for impairment as part of the investment whenever there is an indication that the investment may be impaired. An impairment loss is recognized for the amount by which the CGU's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of a CGU's fair value less costs of disposal or its value in use. An impairment loss is allocated first to reduce the carrying amount of the goodwill and then to the other assets of the CGU pro rata on the basis of the carrying amount of each asset. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On the partial or complete disposal of an operation, the goodwill attributable to that operation is included in the determination of the gain or loss on disposal.

Other intangible assets

Separately acquired intangible assets and internally developed software are carried at cost less accumulated amortization and impairment losses. Intangible assets acquired in a business combination are recognized at fair value at the date of acquisition (which is regarded as their cost).

Brand names and customer, franchise and affiliate relationships acquired in business acquisitions are stated at fair value determined using an income approach. Direct costs related to the development of software for internal use are capitalized only if the costs can be measured reliably, technological feasibility has been established, future economic benefits are probable, and the Company intends to complete development and use the software. All other costs, including all overhead, general and administrative, and training costs, are expensed as incurred.

Amortization is computed using the straight-line method based on estimated useful lives, which are as follows:

Software	3–10 years
Customer relationships	7–25 years
Retail brands	indefinite
Own brands	10–15 years
Franchise and affiliate relationships	14–40 years
Other	5 years–indefinite

The useful lives, amortization method and residual value are reviewed at each balance sheet date and adjusted, if appropriate. Brand names, intangible assets under development and other intangible assets with indefinite lives are assessed for impairment annually or whenever there is an indication that the asset may be impaired.

15 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

In 1992, Ahold Delhaize partnered with Jerónimo Martins, SGPS, S.A. in the joint venture JMR – Gestão de Empresas de Retalho, SGPS, S.A. ("JMR"). Ahold Delhaize holds 49% of the shares in JMR and shares equal voting power on JMR's board of directors with Jerónimo Martins, SGPS, S.A. JMR operates food retail stores in Portugal under the brand name Pingo Doce.

Ahold Delhaize holds 51% of the shares in P.T. Lion Super Indo ("Super Indo"). Super Indo operates supermarkets in Indonesia. Although Ahold Delhaize has a 51% investment in Super Indo, the Company cannot exercise its majority voting rights mainly due to (i) a quorum requirement for the board of directors to decide on critical operating and financing activities and (ii) a requirement of unanimous affirmative decisions in the board of directors on significant and strategic investing and financing matters, such as budgets and business plans and any resolution on the allocation of profits and distribution of dividends.

Therefore, JMR and Super Indo are joint ventures and are accounted for using the equity method. There are no quoted market prices available.

Ahold Delhaize is also a partner in various smaller joint ventures and associates that are individually not material to the Group.

Changes in the carrying amount of Ahold Delhaize's interest in joint ventures and associates are as follows:

€ million	JMR 2022	Super Indo 2022	Other 2022	Total 2022
Beginning of the year	**165**	**62**	**18**	**244**
Investments in associates	**—**	**—**	**12**	**12**
Share in income (loss) of joint ventures	**19**	**8**	**17**	**44**
Dividend	**(17)**	**(3)**	**(18)**	**(38)**
Exchange rate differences	**—**	**(2)**	**1**	**(1)**
End of the year	**167**	**64**	**30**	**262**

€ million	JMR 2021	Super Indo 2021	Other 2021	Total 2021
Beginning of the year	158	59	10	227
Investments in associates	—	—	7	7
Share in income (loss) of joint ventures	24	8	1	33
Dividend	(17)	(9)	(2)	(28)
Exchange rate differences	—	4	1	4
End of the year	165	62	18	244

Share in income (loss) from continuing operations for Ahold Delhaize's interests in all individually immaterial joint ventures was a gain of €17 million (2021: a gain of €1 million) and nil for individually immaterial associates (2021: nil).

Set out below is the summarized financial information for JMR and Super Indo (on a 100% basis).

€ million	JMR 2022	JMR 2021	Super Indo 2022	Super Indo 2021
Summarized statement of comprehensive income				
Net sales	**5,038**	4,462	**628**	556
Depreciation and amortization	**(158)**	(150)	**(20)**	(16)
Interest income	**—**	—	**1**	2
Interest expense	**(1)**	(2)	**—**	—
Interest accretion to lease liability	**(22)**	(22)	**(3)**	(3)
Income tax expense	**(33)**	(12)	**(5)**	(3)
Income from continuing operations	**39**	49	**15**	15
Net income	**39**	49	**15**	15
Other comprehensive income	**—**	—	**—**	—
Total comprehensive income	**39**	49	**15**	15

€ million	JMR January 1, 2023	JMR January 2, 2022	Super Indo January 1, 2023	Super Indo January 2, 2022
Summarized balance sheet				
Non-current assets	**1,710**	1,600	**118**	110
Current assets				
Cash and cash equivalents	**130**	43	**91**	88
Other current assets	**463**	416	**75**	70
Total current assets	**593**	459	**165**	158
Non-current liabilities				
Financial liabilities	**382**	364	**43**	42
Other liabilities	**52**	42	**5**	7
Total non-current liabilities	**434**	406	**49**	48
Current liabilities				
Financial liabilities (excluding trade payables)	**63**	81	**7**	6
Other current liabilities	**1,465**	1,235	**120**	112
Total current liabilities	**1,529**	1,316	**126**	118
Net assets	**340**	336	**108**	102

15 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES CONTINUED

The reconciliation of the summarized financial information presented above to the carrying amount of JMR and Super Indo is as follows:

€ million	JMR 2022	JMR 2021	Super Indo 2022	Super Indo 2021
Opening net assets	**336**	322	**102**	98
Net income	**39**	49	**15**	15
Dividend	**(35)**	(35)	**(6)**	(17)
Exchange rate differences	**—**	—	**(3)**	6
Closing net assets	**340**	336	**108**	102
Interest in joint venture	**49%**	49%	**51%**	51%
Closing net assets included in the carrying value	**167**	165	**55**	52
Goodwill	**—**	—	**9**	10
Carrying value	**167**	165	**64**	62

Commitments and contingent liabilities in respect of joint ventures and associates

JMR is involved in investigations by the competition authority in Portugal into alleged violations of the respective antitrust laws for some products sold by its 100%-owned subsidiary Pingo Doce in Portugal. Following search-and-seizure actions carried out in late 2016 and early 2017 in several companies operating in the food distribution sector, the Portuguese Competition Authority (AdC) decided to open several inquiries. Within the scope of these inquiries, it has issued, since then, statements of objections for alleged anti-competitive practices against various suppliers and retailers, including Pingo Doce. Pingo Doce received ten statements of objections for alleged anti-competitive practices, consisting of price alignment for certain products. Throughout the course of these investigations, Pingo Doce has fully cooperated with the authorities.

Up to the end of 2022, Pingo Doce was notified of decisions issued by the AdC regarding nine of the above-mentioned proceedings, imposing fines on several retailers and their suppliers, including Pingo Doce. In the case of Pingo Doce, these decisions resulted in the imposition of fines in the amount of around €187 million.

Pingo Doce disagrees with these decisions, which it considers to be completely ungrounded. As such, Pingo Doce filed the respective appeals before the Competition, Regulation and Supervision Court ("Tribunal da Concorrência, Regulação e Supervisão") in accordance with the applicable deadlines. Under the terms of the applicable law, Pingo Doce also requested suspensive effect to the appeals, subject to providing a guarantee, to prevent the immediate payment of the fine. Based on the opinion of its legal counsels and economic advisors, Pingo Doce is fully convinced of the strength and merits of its position. Therefore, no provision was recognized for this imposed fine in the JMR accounts.

As to the remaining one proceeding, Pingo Doce has already filed the respective statement of defense, as it considers the statement of objections to be ungrounded – and will wait for the respective decision from AdC.

In addition, our JMR joint venture is involved in several tax proceedings initiated by the Portuguese tax authorities. These tax claims are contested by our JMR joint venture. For these tax claims, JMR issued several bank guarantees for a total amount of €186 million. Ahold Delhaize's indirect share of these JMR-issued guarantees is €91 million, based on our ownership interest.

There are no other significant contingent liabilities or restrictions relating to the Company's interest in the joint ventures and associates. The commitments are presented in *Note 34*.

Accounting policies

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. Joint operations arise where Ahold Delhaize has both rights to the assets and obligations for the liabilities relating to the arrangement and, therefore, the Company accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where Ahold Delhaize has rights to the net assets of the arrangement and, therefore, the Company equity accounts for its interest.

Associates are entities over which Ahold Delhaize has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is defined as the power to participate in the financial and operating policy decisions of the entity but not control or joint control over those policies. Associates are accounted for using the equity method.

Under the equity method, investments in joint ventures and associates are measured initially at cost and subsequently adjusted for post-acquisition changes in Ahold Delhaize's share of the net assets of the investment (net of any accumulated impairment in the value of individual investments). Where necessary, adjustments are made to the financial figures of joint ventures and associates to ensure consistency with the accounting policies of the Company.

Unrealized gains on transactions between Ahold Delhaize and its joint ventures and associates are eliminated to the extent of the Company's stake in these investments. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

16 OTHER NON-CURRENT FINANCIAL ASSETS

€ million	January 1, 2023	January 2, 2022
Net investment in leases	**524**	475
Reinsurance assets	**188**	209
Loans receivable	**23**	41
Defined benefit asset	**54**	71
Derivative financial instruments	**—**	—
Non-current income tax receivable	**382**	382
Other	**22**	15
Total other non-current financial assets	**1,193**	1,193

For more information on the Net investment in leases, see *Note 33*.

Part of the self-insured risk is ceded under a reinsurance treaty, which is a pooling arrangement between unrelated companies. At the same time, Ahold Delhaize assumes a share of the reinsurance treaty risks that is measured by Ahold Delhaize's participation percentage in the treaty. The participation percentage is the ratio of premium paid by Ahold Delhaize to the total premium paid by all treaty members. In connection with this pooling arrangement, the Company recognizes reinsurance assets and reinsurance liabilities (see also *Note 19*, *Note 23* and *Note 26*) on the balance sheet. There were no significant gains or losses related to this pooling arrangement during 2022 or 2021.

Of the non-current loans receivable, €18 million matures between one and five years and €5 million after five years (January 2, 2022: €36 million between one and five years and €6 million after five years). The current portion of loans receivable of €13 million (January 2, 2022: €43 million) is included in Other current financial assets (see *Note 19*).

The defined benefit asset at January 1, 2023, represents defined benefit pension plans for which the fair value of plan assets exceeds the present value of the defined benefit obligations. For more information on defined benefit plans, see *Note 24*.

The non-current income tax receivable relates to a €382 million payment to the Belgian tax authorities for an additional assessment notice issued for the tax return over 2018. Ahold Delhaize decided that the basis to issue an additional assessment of €382 million is without any merit and, as such, the Company recorded a receivable for the full paid amount. For more information see the *Taxes section* in *Note 34*.

Accounting policies

For more information on the accounting policies for financial assets and reinsurance assets, see *Note 30*.

17 INVENTORIES

€ million	January 1, 2023	January 2, 2022
Finished products and merchandise inventories	**4,505**	3,644
Raw materials, packaging materials, technical supplies and other	**107**	83
Total inventories	**4,611**	3,728

In 2022, €1,970 million has been recognized as a write-off of inventories in the income statement (2021: €1,608 million). Write-offs include, among others, spoilage, damaged product and product donated to food banks.

Accounting estimates and judgments

For more information on the accounting estimates and judgments policies for vendor allowances, see *Note 8*.

Accounting policies

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost consists of all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their location and condition ready for sale, net of vendor allowances attributable to inventories. For certain inventories, cost is approximated using the retail method, in which the sales value of the inventories is reduced by the appropriate percentage of gross margin. The cost of inventories is determined using either the first-in, first-out (FIFO) method or the weighted average cost method, depending on their nature or use. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated marketing, distribution and selling expenses.

Included in the value of inventory is an amount representing the estimated value of inventories that have already been sold that the Company expects to be returned for a refund by customers.

Cost of sales

For more information on the accounting policies for cost of sales, see *Note 8*.

Vendor allowances

For more information on the accounting policies for vendor allowances, see *Note 8*.

18 RECEIVABLES

€ million	January 1, 2023	January 2, 2022
Trade receivables	**1,346**	1,151
Vendor allowance receivables	**686**	625
Other receivables	**464**	378
	2,495	2,153
Provision for impairment	**(104)**	(96)
Total receivables	**2,391**	2,058

The receivable balances are presented net of accounts payable and subject to an enforceable netting arrangement between the Company and the counterparty. The total effect of netting as of January 1, 2023, is €173 million (January 2, 2022: €260 million).

At January 1, 2023, the aging analysis of receivables was as follows:

			Past due			
€ million	Total	Not past due	0–3 months	3–6 months	6–12 months	> 12 months
Trade receivables	**1,346**	**869**	**354**	**21**	**32**	**69**
Vendor allowance receivables	**686**	**516**	**97**	**30**	**27**	**16**
Other receivables	**464**	**222**	**131**	**41**	**9**	**62**
	2,495	**1,607**	**581**	**92**	**68**	**147**
Provision for impairment	**(104)**	**(10)**	**(9)**	**(7)**	**(9)**	**(68)**
Total receivables	**2,391**	**1,597**	**572**	**85**	**58**	**78**
Expected credit loss	**4.2%**	**0.6%**	**1.6%**	**7.6%**	**13.7%**	**46.7%**

At January 2, 2022, the aging analysis of receivables was as follows:

			Past due			
€ million	Total	Not past due	0–3 months	3–6 months	6–12 months	> 12 months
Trade receivables	1,151	778	287	10	16	60
Vendor allowance receivables[1]	625	529	69	9	8	9
Other receivables	378	191	98	30	11	48
	2,153	1,498	454	49	36	117
Provision for impairment	(96)	(8)	(10)	(4)	(10)	(64)
Total receivables	2,058	1,490	444	45	26	53
Expected credit loss	4.5%	0.6%	2.2%	8.0%	26.5%	55.0%

1 The comparative amounts for the aging of the vendor allowance receivables have been restated to align the presentation with Ahold Delhaize's accounting policies. Not past due increased by €84 million, 0-30 days decreased by €55 million, 3-6 months decreased by €13 million, 6-12 months decreased by €15 million and >12 months decreased by €1 million.

The concentration of credit risk with respect to receivables is limited, as the Company's customer base and vendor base are large and unrelated. The Company does not hold any significant collateral on its receivables. Management believes there is no further credit risk provision required in excess of the normal individual and collective impairment assessment, based on the aging analysis performed as of January 1, 2023. For more information about credit risk, see *Note 30*.

The changes in the provision for impairment were as follows:

€ million	2022	2021
Beginning of the year	**(96)**	(97)
Charged to income	**(39)**	(38)
Used	**32**	40
Exchange rate differences	**(1)**	(1)
End of the year	**(104)**	(96)

Accounting estimates and judgments

For more information on the accounting estimates and judgments policies for vendor allowances, see *Note 8*.

19 OTHER CURRENT FINANCIAL ASSETS

€ million	January 1, 2023	January 2, 2022
Derivative financial instruments – current portion	**2**	—
Net investment in leases – current portion	**96**	91
Investments in debt instruments (FVPL[1]) – current portion	**125**	135
Short-term deposits and similar instruments	**16**	15
Reinsurance assets – current portion (see *Note 16*)	**94**	71
Short-term loans receivable	**13**	43
Other	**27**	1
Total other current financial assets	**373**	356

1 Fair Value through Profit or Loss (FVPL).

For more information on Net investment in leases – current portion, see *Note 33*.

The Investments in debt instruments relate primarily to investments in U.S. Treasury bond funds, which are held by one of the Company's captive insurance companies.

As of January 1, 2023, short-term deposits and similar instruments included short-term investments with a maturity at acquisition of between three and 12 months. Of the short-term deposits and similar instruments as of January 1, 2023, €16 million was restricted (January 2, 2022: €15 million). The restricted investments are held for insurance purposes for U.S. workers' compensation and general liability programs.

At each reporting date, the Company assesses whether there is evidence that a financial asset or group of financial assets is impaired and recognizes a loss allowance for expected credit losses for financial assets measured at amortized costs. In 2022, the Company recognized net impairment charges for these financial assets of €1 million (2021: €2 million). The net impairments were included in Other gains (losses); see *Note 9*.

Accounting policies

For more information on the accounting policies for financial assets and reinsurance assets, see *Note 30*.

20 CASH AND CASH EQUIVALENTS

€ million	January 1, 2023	January 2, 2022
Cash in banks and cash equivalents	**2,772**	2,752
Cash on hand	**310**	241
Total cash and cash equivalents	**3,082**	2,993

Cash and cash equivalents include all cash-on-hand balances, checks, debit and credit card receivables, short-term highly liquid cash investments, and time deposits with original maturities of three months or less. Time deposits and similar instruments with original maturities of more than three months but less than 12 months are classified as other current financial assets. Bank overdrafts are included in short-term borrowings.

Of the cash and cash equivalents as of January 1, 2023, €28 million was restricted (January 2, 2022: €25 million).

Cash and cash equivalents include €712 million (January 2, 2022: €807 million) held under a notional cash pooling arrangement. This cash amount was fully offset by an identical amount included under Other current financial liabilities. From an operational perspective, the balances in the cash pool are netted. However, in accordance with the guidance of IAS 32 regarding the offsetting of debit and credit balances for financial reporting purposes, these balances have to be presented on a gross basis on the balance sheet (see *Note 26* and *Note 30*).

Ahold Delhaize's banking arrangements allow the Company to fund outstanding checks when presented to the bank for payment. This cash management practice may result in a net cash book overdraft position, which occurs when the total issued checks exceed available cash balances within the Company's cash concentration structure. Such book overdrafts are classified in accounts payable and amounted to €414 million (January 2, 2022: €397 million). No right to offset with other bank balances exists for these book overdraft positions.

21 EQUITY ATTRIBUTABLE TO COMMON SHAREHOLDERS

Shares and share capital

Authorized share capital comprises the following classes of shares:

€ million	January 1, 2023	January 2, 2022
Common shares (2022 and 2021: 1,923,515,827 of €0.01 par value each)	**19**	19
Cumulative preferred shares (2022 and 2021: 2,250,000,000 of €0.01 par value each)	**23**	23
Cumulative preferred financing shares (2022 and 2021: 326,484,173 of €0.01 par value each)	**3**	3
Total authorized share capital	**45**	45

Issued share capital

As of January 1, 2023 and January 2, 2022, the common shares comprise 100% of the issued share capital. Ahold Delhaize had no cumulative preferred shares and no cumulative preferred financing shares outstanding as of January 1, 2023 and January 2, 2022.

The holders of common shares are entitled to one vote per share and to participate in the distribution of dividends and liquidation proceeds. Such rights do not apply in respect of treasury shares that are held by the Company.

Common shares and additional paid-in capital

Changes in the number of common shares and the number of treasury shares were as follows:

	Number of common shares issued and fully paid (x 1,000)	Number of treasury shares (x 1,000)	Number of common shares outstanding (x 1,000)
Balance as of January 3, 2021	**1,100,725**	**53,689**	**1,047,036**
Share buyback	—	38,650	(38,650)
Cancellation of treasury shares	(55,000)	(55,000)	—
Share-based payments[1]	—	(2,952)	2,952
Balance as of January 2, 2022	**1,045,725**	**34,387**	**1,011,338**
Share buyback	—	36,596	(36,596)
Cancellation of treasury shares	(52,000)	(52,000)	—
Share-based payments[1]	—	(2,611)	2,611
Balance as of January 1, 2023	**993,725**	**16,372**	**977,353**

1 Represents the treasury shares used for the delivery of the shares vested during the year, related to the GRO program (see *Note 32*).

Dividends on common shares

On April 13, 2022, the General Meeting of Shareholders approved the dividend over 2021 of €0.95 per common share. The final dividend for 2021 of €0.52 per common share was paid on April 28, 2022, while the interim dividend for 2021 of €0.43 per common share was paid on September 2, 2021.

On August 10, 2022, the Company announced the interim dividend for 2022 of €0.46 per common share, which was paid on September 1, 2022. In the aggregate, in 2022, the Company paid dividends on common shares in the amount of €979 million.

The Management Board, with the approval of the Supervisory Board, proposes that a dividend of €1.05 per common share be paid with respect to 2022. This dividend is subject to approval by the General Meeting of Shareholders. If approved, a final dividend of €0.59 per common share will be paid on April 27, 2023. This is in addition to the interim dividend of €0.46 per common share, which was paid on September 1, 2022. The total dividend payment for the full year 2022 would, therefore, total €1.05 per common share (2021: €0.95).

The final dividend of €0.59 per common share has not been included as a liability on the consolidated balance sheet as of January 1, 2023. The payment of this dividend will not have income tax consequences for the Company.

Share buyback

On January 3, 2022, the Company commenced the €1 billion share buyback program that was announced on November 15, 2021. The program was successfully completed on December 15, 2022.

In total, 36,596,304 of the Company's own shares were repurchased at an average price of €27.33 per share. The share buyback execution resulted in a net transactional discount from the dealers of €3 million.

On January 2, 2023, the Company commenced the €1 billion share buyback program that was announced on November 9, 2022. The program is expected to be completed before the end of 2023.

Share-based payments

Share-based payments recognized in equity in the amount of €66 million (2021: €51 million) relate to the 2022 Global Reward Opportunity (GRO) share-based compensation expenses (see *Note 32*) and the associated current and deferred income taxes.

Cumulative preferred shares

The Company's Articles of Association provide for the possible issuance of cumulative preferred shares. The Company believes that its ability to issue this class of shares could at least delay an attempt by a potential bidder to make a hostile takeover bid, allowing the Company and its stakeholders time to discuss and respond to the offer in an orderly process. According to Dutch law, a response device is limited in time and therefore cannot permanently block a take-over of the Company concerned. Instead, it aims to facilitate an orderly process in which the interests of the continuity of the Company, its shareholders and other stakeholders are safeguarded in the best way possible.

Moreover, outside the scope of a public offer, but also under other circumstances, the ability to issue this class of shares may safeguard the interests of the Company and its stakeholders and resist influences that might conflict with those interests by affecting the Company's continuity, strategy or identity. No cumulative preferred shares were outstanding as of January 1, 2023, or during 2022 and 2021.

21 EQUITY ATTRIBUTABLE TO COMMON SHAREHOLDERS CONTINUED

In March 1989, the Company entered into an agreement with the Dutch foundation Stichting Continuïteit Ahold Delhaize (SCAD, previously named Stichting Ahold Continuïteit), as amended and restated in April 1994, March 1997, December 2001, December 2003 and May 2018 (the “Option Agreement”). Pursuant to the Option Agreement, SCAD has been granted an option to acquire cumulative preferred shares from the Company from time to time for no consideration.

The Option Agreement entitles SCAD, under certain circumstances, to acquire cumulative preferred shares from the Company up to a total par value that is equal to the total par value of all issued and outstanding shares of Ahold Delhaize’s share capital, excluding cumulative preferred shares, at the time of exercising the option. If the authorized share capital of the Company is amended during the term of the option, the Option Agreement provides for a corresponding change of the total par value of cumulative preferred shares under option.

The holders of the cumulative preferred shares are entitled to one vote per share and a cumulative dividend expressed as a percentage of the amount called-up and paid-in to purchase the cumulative preferred shares. The percentage to be applied is the sum of (1) the average basic refinancing transaction interest rate as set by the European Central Bank – measured by the number of days during which that rate was in force in the fiscal year over which the dividend is paid – plus 2.1%, and (2) the average interest surcharge rate – measured by the number of days during which that rate was in force in the fiscal year over which the dividend is paid – that would be charged by the largest credit institution in the Netherlands (based on the balance sheet total as of the close of the fiscal year immediately preceding the fiscal year over which the dividend is paid). The minimum percentage to be applied is 5.75%. Subject to limited exceptions, any potential transfer of cumulative preferred shares requires the approval of the Management Board. Cumulative preferred shares can only be issued in a registered form. The Company may stipulate that only 25% of the par value will be paid upon subscription to cumulative preferred shares until payment in full is later required by the Company. SCAD would then only be entitled to a market-based interest return on its investment.

SCAD is a foundation organized under the laws of the Netherlands. Its purpose under its articles is to safeguard the interests of the Company and its stakeholders and to resist, to the best of its ability, influences that might conflict with those interests by affecting the Company’s continuity, strategy or identity. SCAD seeks to realize its objectives by acquiring and holding cumulative preferred shares and by exercising the rights attached to these shares, including the voting rights. The SCAD board has four members, who are appointed by the board of SCAD itself.

If the board of SCAD considers acquiring cumulative preferred shares or exercising voting rights on cumulative preferred shares, it will make an independent assessment and, pursuant to Dutch law, it must ensure that its actions are proportional and reasonable. If SCAD acquires cumulative preferred shares, it will only hold them for a limited period of time. These principles are in line with Dutch law, which only allows response measures that are proportionate, reasonable and limited in time. In the case of liquidation, the SCAD board will decide on the use of any remaining residual assets.

Legal reserves

In accordance with the Dutch Civil Code and statutory requirements in other countries, legal reserves have to be established in certain circumstances. Legal reserves are not available for distribution to the Company’s shareholders. The currency translation reserve, cash flow hedging reserve and other reserves include non-distributable amounts. Of the total equity as per January 1, 2023, of €15,405 million, an amount of €1,061 million is non-distributable (January 2, 2022: €460 million out of total equity of €13,721 million). See *Note 9* to the parent company financial statements for more details on the legal reserves.

Accounting policies

Equity instruments issued by the Company are recorded at the value of proceeds received. Own equity instruments that are bought back (treasury shares) are deducted from equity. When reissued or cancelled, shares are removed from the treasury shares on a FIFO basis, and recorded as a reduction of the additional paid-in capital, in accordance with the Company’s Articles of Association. Incremental costs that are directly attributable to issuing or buying back own equity instruments are recognized directly in equity, net of the related tax. No gain or loss is recognized in the income statement on the purchase, sale, issuance or cancellation of the Company’s own equity instruments.

22 LOANS AND CREDIT FACILITIES

The notes in the table below were either issued by or guaranteed by Ahold Delhaize unless otherwise noted. The amortization of the purchase price allocation to the debt acquired through business combinations is allocated to the respective maturity brackets.

€ million, unless otherwise stated	Outstanding notional redemption amount		January 1, 2023 Current portion	Non-current portion	Total	January 2, 2022 Current portion	Non-current portion	Total
USD 55 notes 5.6%[1]	USD	55	—	51	51	51	—	51
EUR 750 notes 0.875%, due 2024	EUR	750	—	750	750	—	750	750
EUR 600 notes 0.250%, due 2025	EUR	600	—	600	600	—	600	600
USD 32 indebtedness 8.62%, due 2025[2]	USD	32	13	16	29	17	38	56
EUR 500 notes 1.125%, due 2026	EUR	500	—	500	500	—	500	500
EUR 500 notes 1.75%, due 2027	EUR	500	—	500	500	—	500	500
USD 71 notes 8.05%, due 2027	USD	71	2	75	77	2	73	75
USD 500 notes 6.875%, due 2029	USD	500	—	441	441	—	439	439
EUR 600 notes 0.375%, due 2030	EUR	600	—	600	600	—	600	600
USD 271 notes 9.00%, due 2031	USD	271	7	314	321	6	302	308
USD 470 notes 5.70%, due 2040[3]	USD	470	3	516	519	3	496	499
Deferred financing costs			(5)	(12)	(17)	(5)	(18)	(23)
Total notes			**21**	**4,352**	**4,373**	74	4,280	4,354
Financing obligations[4]			22	172	194	22	183	205
Mortgages payable[5]			—	—	—	41	—	41
Other loans[6]			190	3	193	60	214	274
Total loans			**233**	**4,527**	**4,760**	197	4,678	4,874

1 The $55 million notes were part of the loans acquired with the FreshDirect acquisition in 2021; These notes are not guaranteed by Ahold Delhaize and were reclassified to non-current in 2022 to align with Ahold Delhaize's accounting policies.
2 The notional amount of these lease notes at the end of 2021 amounted to $63 million and was reduced in 2022 to $32 million as a result of regular bond repayments of $19 million as well as additional repayments due to sold locations of $12 million.
3 In December 2018, Ahold Delhaize repurchased and cancelled $350 million of its outstanding $827 million notes. In November 2022, Ahold Delhaize repurchased and cancelled an additional $7 million of its outstanding notes.
4 The weighted average interest rate for the financing obligations amounted to 6.4% at the end of 2022 (2021: 6.8%).
5 Mortgages payable are collateralized by buildings and land. The weighted average interest rate for these mortgages payable amounted to 8.9% at the end of 2022 (2021: 8.4%).
6 Other loans mainly include a €190 million drawing under a committed credit facility, which matures in 2023 (2021: €250 million, of which €60 million matures in 2022 and €190 million matures in 2023).

22 LOANS AND CREDIT FACILITIES CONTINUED

On March 11, 2021, Ahold Delhaize announced it successfully priced its inaugural Sustainability-Linked Bond, amounting to €600 million with a term of nine years, maturing on March 18, 2030. The bond pays an annual coupon of 0.375% and was issued at a price of 99.63% of the nominal value. The bond settled on March 18, 2021, and is listed on Euronext Amsterdam. The proceeds were used for the refinancing of debt maturities and general corporate purposes. The bond is linked to Ahold Delhaize achieving two Sustainability Performance Targets (SPTs) by 2025:

- SPT 1: Reduction of scope 1 and 2 CO_2-e emissions by 29% from a 2018 baseline
- SPT 2: Reduction of food waste by 32% from a 2016 baseline

The sustainability-linked feature will result in a coupon adjustment if Ahold Delhaize's performance does not achieve one or both of the stated SPTs. The sustainability performance reference date is December 28, 2025. Any adjustment to the rate of interest, if applicable, shall take effect and accrue from the interest payment date immediately following December 28, 2025 (i.e., prospectively).

On March 19, 2021, Ahold Delhaize repaid its floating EUR 300 notes on maturity.

The fair values of financial instruments, corresponding derivatives, and the foreign exchange and interest rate risk management policies applied by Ahold Delhaize are disclosed in *Note 30*.

Credit facilities

Ahold Delhaize has access to a €1.5 billion committed, unsecured, multi-currency and syndicated credit facility. In December 2022, Ahold Delhaize closed a five-year €1.5 billion Sustainability-Linked Revolving Credit Facility, with two one-year extension options. This facility refinanced the 2020-dated €1.0 billion facility.

The credit facility has a mechanism to adjust the margin based on the Company's performance on predefined sustainability targets. Specifically, the facility includes three sustainability KPIs: to reduce Ahold Delhaize's carbon emissions within its own operations (scope 1 and 2), to reduce food waste and to help customers make healthier choices. The facility also includes the opportunity to add scope 3 carbon emissions reduction performance targets by 2025. The facility contains customary covenants and is subject to a financial covenant that requires Ahold Delhaize, in the event that its corporate rating from Standard & Poor's and Moody's is lower than BBB/Baa2, respectively, not to exceed a maximum leverage ratio of 5.5:1.

During 2022 and 2021, the Company was in compliance with these covenants. However, it was not required to test the financial covenant as a result of its credit rating. As of January 1, 2023, there were no outstanding borrowings under the facility (January 2, 2022: no outstanding borrowings under the facility).

Ahold Delhaize also has access to committed and uncommitted credit facilities to cover working capital requirements, issuance of guarantees and letters of credit. As of January 1, 2023, €448 million was utilized (January 2, 2022: €468 million).

23 OTHER NON-CURRENT FINANCIAL LIABILITIES

€ million	January 1, 2023	January 2, 2022
Lease liabilities	**10,637**	10,061
Reinsurance liabilities	**179**	205
Other long-term financial liabilities	**203**	196
Derivative financial instruments	**26**	1
Financial guarantees	**9**	10
Total other non-current financial liabilities	**11,055**	10,473

For more information on lease liabilities, see *Note 33*.

The Company recognizes reinsurance liabilities on its balance sheet in connection with a pooling arrangement between unrelated companies (see *Note 16*).

As of January 1, 2023, Other long-term financial liabilities mainly consists of:

- $129 million (€121 million) financial liability for the call-and-put options embedded in the non-controlling interest of FreshDirect. On January 5, 2021, Ahold Delhaize acquired a majority stake of 80% in FreshDirect and has a right and obligation to acquire the remaining 20% from Centerbridge (January 2, 2022: $103 million (€91 million)).
- €26 million deferred consideration for the remaining shares in Cycloon. On April 30, 2022, Ahold Delhaize acquired a majority stake of 50% plus one share in Cycloon and has the right and obligation to acquire the remaining shares and become full owner in 2026.
- $46 million (€43 million) liability for the discounted amount of the remaining settlement liability, relating to a 2013 agreement with the New England Teamsters and Trucking Industry Pension Fund (NETTI) to settle Stop & Shop's pension liabilities in the fund (January 2, 2022: $44 million (€39 million)).
- The non-current portion of the liability for the withdrawal from the 1500 Plan is nil (January 2, 2022: $53 million (€47 million)). The current portion of the liability amounts to $57 million (€54 million) and is included in other current financial liabilities (January 2, 2022: $57 million (€50 million)). See *Note 24* and *Note 26*.

Accounting estimates and judgments

For more information on the accounting estimates for other long-term financial liabilities, see *Note 4*.

Accounting policies

Financial guarantees

Financial guarantees made by Ahold Delhaize to third parties that may require the Company to incur future cash outflows if called upon to satisfy are recognized at inception as liabilities at fair value. Fair value is measured as the premium received, if any, or calculated using a scenario analysis. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the obligation or the amount initially recognized less cumulative amortization corresponding to the expiration or repayment of the underlying amount guaranteed.

Reinsurance liabilities

For more information on the accounting policies for reinsurance liabilities, see *Note 30*.

24 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

€ million	January 1, 2023	January 2, 2022
Defined benefit liabilities	**338**	613
Other long-term pension plan obligations	**358**	493
Total pension and other post-employment benefits	**696**	1,107

Post-employment benefits are provided through a number of funded and unfunded defined benefit plans and defined contribution plans, the most significant of which are in the United States and the Netherlands. For more information on the defined benefit liabilities and the other long-term pension plan obligations as presented in the table above, see the sections titled *Defined benefit plans*, *Multi-employer plans (MEPs)*, and *FELRA and MAP settlement agreement*. The current portion of other long-term pension plan obligations in the amount of €40 million is included in *Note 27* (January 3, 2021: €28 million). The decrease in the pension and other post-employment benefits is mainly caused by increased discount rates.

The following table provides an overview of the pension and other post-employment benefit expenses recorded in the income statement:

€ million	2022	2021
Defined benefit costs	**293**	266
Defined benefit costs – FELRA and MAP settlement agreement	**(26)**	(136)
Total defined benefit costs (see section *Defined benefit plans)*	**267**	130
Defined contribution plans (see section *Defined contribution plans)*	**152**	128
Multi-employer plans (see section *Multi-employer plans (MEPs)*):		
Defined benefit plans	**21**	20
Defined contribution plans	**295**	283
Withdrawal and settlement:		
National Plan withdrawal	**—**	7
Total pension and other post-employment benefit expenses[1]	**735**	568

1 In 2022, total pension and other post-employment benefit expenses included a net one-off gain in the amount of €26 million, mainly related to an additional adjustment of the FELRA and MAP excess benefit liability due to a reassessment in relation to the American Rescue Plan Act of 2021 (ARPA); see *ARPA* section (2021: net one-off gain in the amount of €129 million, mainly related to an adjustment of the FELRA and MAP excess benefit liability due to a reassessment in relation to the ARPA).

The following table provides an overview of the remeasurements of the defined benefit pension plans and other long-term pension plan obligations as recorded in other comprehensive income:

€ million	2022	2021
Remeasurements defined benefit pension plans[1]	**(367)**	(103)
Remeasurements other long-term pension plan obligations[2]	**(148)**	—
Total remeasurements pension plans in other comprehensive income	**(516)**	(103)

1 For a breakdown of the remeasurements of the defined benefit pension plans, see *Defined benefit plans.*
2 The long-term pension plan obligations were remeasured at a discount rate of 5.8% (2021: 2.7%).

More information on the defined benefit plans, defined contribution plans and multi-employer plans is provided in the sections below.

Defined benefit plans

Ahold Delhaize has a number of defined benefit pension plans covering a substantial number of employees, former employees and retirees in the Netherlands, the United States, Belgium, Greece and Serbia.

Net assets relating to one plan are not offset against liabilities of another plan, resulting in the following presentation of the pension and other post-employment benefits on the consolidated balance sheet:

€ million	January 1, 2023	January 2, 2022
Defined benefit liabilities	**338**	613
Defined benefit assets	**(54)**	(71)
Total net defined benefit plan funded status	**283**	540

The defined benefit assets are part of the other non-current financial assets; for more information, see *Note 16*.

In the Netherlands, the Company has a career average plan covering all employees, except for bol.com employees, over the age of 21. The plan provides benefits to participants or beneficiaries upon retirement, death or disability. The plan's assets, which are made up of contributions from Ahold Delhaize and its employees, are managed by Stichting Ahold Delhaize Pensioen ("Ahold Delhaize Pensioen"), an independent foundation. The contributions are established in a funding agreement between Ahold Delhaize, employee representatives and Ahold Delhaize Pensioen and are generally set every five years, or at the time of a plan change. The contributions are determined as a percentage of an employee's pension base.

In the United States, the Company maintains a funded plan covering a limited population of employees. This plan is closed to new participants. The plan provides a life annuity benefit based upon final pay to participants or beneficiaries upon retirement, death or disability. The assets of the plan, which are made up of contributions from Ahold Delhaize, are maintained with various trustees. Contributions to the plan are required under the current funding policy if the prior year-end funding ratio falls below 100% as measured using regulatory interest rates without funding relief in order to avoid variable Pension Benefit Guaranty Corporation (PBGC) premiums. In addition, the Company provides additional pension benefits for certain Company executives and life insurance and medical care benefits for certain retired employees meeting age and service requirements at its U.S. subsidiaries, all of which the Company funds as claims are incurred.

In Belgium, the Company sponsors plans for substantially all of its employees. The plans are funded by fixed monthly contributions from both the Company and employees, which are adjusted annually according to the Belgian consumer price index. Certain employees who were employed before 2005 could choose not to participate in the employee contribution part of the plans. The plans ensure that employees receive a lump-sum payment at retirement based on the contributions made, and provide employees with death-in-service benefits. Belgian law prescribes a variable minimum guaranteed rate of return with Belgian 10-year government bonds as the underlying benchmark, and a collar of 1.75% and 3.75%. The Company substantially insures these returns with external insurance companies that receive and manage the contributions to the plans. According to the relevant legislation, a shortfall only

24 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS CONTINUED

needs to be compensated by the employer at the point in time when the employee either retires or leaves the Company. As these plans have defined benefit features (when the return provided by the insurance company can be below the legally required minimum return, in which case the employer has to cover the gap with additional contributions), the Company treats these plans as defined benefit plans. In order to avoid the gap, or reduce it to a minimum, the Company has opened a new cash balance plan, under branch 23 rules in Belgium, as of July 1, 2017. All new employees who begin service after this date will be included in this new plan. The level of contributions remains unchanged, but the new plan is expected to experience higher returns in the long term than those generated under the branch 21 rules followed by the older plans.

Additionally, in Belgium, the Company maintains a plan covering Company executives that provides lump-sum benefits to participants upon death or retirement based on a formula applied to the last annual salary of the participant before his or her retirement or death. The plan is subject to the legal requirement to guarantee a minimum return on contributions. The plan's assets, which are made up of contributions, are managed through a fund that is administered by an independent insurance company, providing a minimum guaranteed return. The plan participant's contributions are defined in the terms of the plan, while the annual contributions to be paid by the Company are determined based on the funding level of the plan and are calculated based on current salaries, taking into account the legal minimum funding requirement, which is based on the vested reserves to which employees are entitled upon retirement or death. The plan mainly invests in debt securities in order to achieve the required minimum return. The Company bears any risk above the minimum guarantee given by the insurance company. There are no asset ceiling restrictions. In order to avoid returns being less than the minimum guaranteed return, or to reduce the risk to a minimum, the level of contributions at July 1, 2017, has been capped and applied under the classic branch 21 rules. Any increase in contributions after July 1, 2017, will be managed in accordance with branch 23 rules, which are expected to experience higher returns in the long term.

In Greece, the Company operates an unfunded defined benefit post-employment plan. This plan relates to retirement benefits prescribed by Greek law, consisting of lump-sum compensation payable in case of normal retirement or termination of employment. The amount of the indemnity is based on an employee's monthly earnings and a multiple depending on the length of service and the status of the employee. There is no legal requirement to fund these plans with contributions or other plan assets. Employees participate in the plan once they have completed a minimum service period, which is generally one year.

In Serbia, the Company has an unfunded defined benefit plan that provides a lump-sum benefit upon the employee's retirement, as prescribed by Serbian law. The benefit is based on a fixed multiple of the higher of the (i) average gross salary of the employee, (ii) average gross salary in the Company or (iii) average gross salary in the country, each determined at the time the employee retires. There is no legal requirement to fund these plans with contributions or other plan assets.

The pension plans expose the Company to actuarial risks such as: longevity risk, interest rate risk, currency risk, salary risk and investment risk. Longevity risk relates to the mortality assumptions used to value the defined benefit obligation, where an increase in participants' life expectancies will increase a plan's liability. Interest rate risk relates to the discount rate used to value the defined benefit obligation, where a decrease in the discount rate will increase a plan's liability; however, this will be partially offset by an increase in the return on a plan's investments in debt instruments. The pension plans may mitigate interest rate risk by entering into interest rate swap contracts. Currency risk relates to the fact that a plan holds investments that may not be denominated in the same currency as the plan's obligations. The pension plans may mitigate currency risk by purchasing forward currency instruments. Salary risk relates to salary increase assumptions used to value the defined benefit obligation, where an increase will result in a higher plan liability. See section *Plan assets* for more details on the asset-liability matching strategy the Company employed to manage its investment risk.

The net defined benefit cost in 2022 and 2021 were as follows:

€ million	2022	2021
Service cost:		
Current service cost	**257**	242
Past service cost	**(29)**	(143)
Net interest expense	**17**	17
Administrative cost	**16**	13
Termination benefits	**7**	2
Components of defined benefit cost recorded in the income statement	**267**	130
Remeasurements recognized:		
Return on plan assets, excluding amounts included in net interest (income) expense	**2,059**	(177)
(Gain) loss from changes in demographic assumptions	**64**	(9)
(Gain) loss from changes in financial assumptions	**(2,555)**	117
Experience (gains) losses	**65**	(34)
Components of defined benefit cost recognized in other comprehensive income	**(367)**	(103)
Total net defined benefit cost	**(99)**	28

24 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS CONTINUED

The changes in the defined benefit obligations and plan assets in 2022 and 2021 were as follows:

	The Netherlands		The United States		Rest of world		Total	
€ million	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Defined benefit obligations								
Beginning of the year	**6,799**	6,492	**1,696**	1,721	**339**	387	**8,835**	8,600
Current service cost	**189**	177	**50**	45	**18**	20	**257**	242
Past service cost	**—**	—	**(29)**	(143)	**—**	—	**(29)**	(143)
Interest expense	**76**	55	**57**	50	**4**	3	**137**	108
Termination benefits	**—**	—	**—**	—	**7**	2	**7**	2
Contributions by plan participants	**33**	30	**—**	—	**1**	1	**34**	31
Benefits paid	**(110)**	(125)	**(90)**	(75)	**(20)**	(15)	**(220)**	(214)
(Gain) loss from changes in demographic assumptions	**61**	(9)	**5**	—	**(2)**	—	**64**	(9)
(Gain) loss from changes in financial assumptions	**(2,020)**	185	**(431)**	(50)	**(104)**	(18)	**(2,555)**	117
Experience (gains) losses	**75**	(5)	**(13)**	11	**3**	(40)	**65**	(34)
Exchange rate differences	**—**	—	**112**	137	**—**	—	**112**	137
End of the year	**5,104**	6,799	**1,357**	1,696	**246**	339	**6,706**	8,835
Plan assets								
Fair value of assets, beginning of the year	**6,587**	6,339	**1,429**	1,298	**279**	278	**8,295**	7,915
Interest income	**71**	52	**46**	36	**3**	2	**120**	90
Company contribution	**91**	152	**66**	39	**28**	21	**184**	212
Contributions by plan participants	**33**	30	**—**	—	**1**	1	**34**	31
Benefits paid	**(110)**	(125)	**(90)**	(75)	**(20)**	(15)	**(220)**	(214)
Administrative cost	**(10)**	(10)	**(5)**	(3)	**—**	—	**(16)**	(13)
Return on plan assets, excluding amounts included in net interest (income) expense	**(1,689)**	148	**(283)**	35	**(88)**	(7)	**(2,059)**	177
Exchange rate differences	**—**	—	**85**	97	**—**	—	**85**	97
Fair value of assets, end of the year	**4,973**	6,587	**1,247**	1,429	**203**	279	**6,423**	8,295
Funded status	**(130)**	(212)	**(110)**	(268)	**(43)**	(60)	**(283)**	(540)

The total defined benefit obligation of €6,706 million as of January 1, 2023, includes €153 million related to plans that are wholly unfunded. These plans include pension plans in Greece and Serbia and other benefits (such as life insurance and medical care) and supplemental executive retirement plans in the United States.

Following the 2020 Dutch pension plan amendment, which included a decrease in the accrual rate, an increase in the maximum salary cap to the legal maximum and an increase in the level of employer and employee contributions, the accrual rate is assessed annually. In 2021, it was agreed to increase the accrual rate from 1.75% to 1.825%. In 2022, the accrual rate remained at 1.825%.

In 2021, the enactment of the American Rescue Plan Act resulted in a partial release of the FELRA and MAP excess benefit obligation in the amount of $160 million (€142 million), which is presented as past service cost. In 2022, the issuance of the final rule by the PBGC resulted in an additional release of the FELRA and MAP excess benefit obligation in the amount of $27 million (€26 million), also presented as past service cost (see *Multi-employer defined benefit plans – FELRA and MAP settlement agreement and ARPA*).

In Greece, the actuarial calculations were updated in accordance with the IFRS Interpretation Committee Agenda Decision issued in May 2021. This resulted in an adjustment of €40 million in 2021, which is presented as Experience (gains) losses in Rest of world in the table above.

24 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS CONTINUED

Cash contributions

From 2022 to 2023, Company contributions are expected to increase from €91 million to €152 million in the Netherlands (impacted by a prepayment of the 2022 contributions in the amount of €55 million in 2021), decrease from $69 million (€66 million) to $66 million (€61 million) for all defined benefit plans in the United States, and decrease from €28 million to €19 million for all plans in the rest of the world.

As of year-end 2022, the funding ratio of the Dutch plan, calculated in accordance with regulatory requirements, was 126%. Under the financing agreement with Ahold Delhaize Pensioen, contributions are made as a percentage of employees' pension bases and shared between Ahold Delhaize and the employees. The agreement also allows for a reduction in premiums if certain funding conditions are met. In addition, Ahold Delhaize can be required to contribute a maximum amount of €150 million over a five-year period if the funding ratio is below 105%.

The Ahold Delhaize USA pension plan's funding ratio at year-end 2022 was 104%, measured using regulatory interest rates allowed by the U.S. government as part of funding relief, which are higher than otherwise would be allowed. Based upon this funding ratio, under the current funding policy, we do not expect to make a funding contribution to the Ahold Delhaize USA pension plan in 2023.

Actuarial assumptions

The calculations of the defined benefit obligation and net defined benefit cost are sensitive to the assumptions set out below. These assumptions require a large degree of judgment. Actual experience may differ from the assumptions made. The assumptions required to calculate the actuarial present value of benefit obligations and the net defined benefit costs are determined per plan and are as follows (expressed as weighted averages):

	The Netherlands		The United States		Rest of world	
%	**2022**	2021	**2022**	2021	**2022**	2021
Discount rate	**3.6**	1.3	**5.7**	3.1	**3.8**	1.1
Future salary increases	**2.5**	2.5	**4.3**	4.3	**3.6**	4.0
Future pension increases	**2.3**	1.4	**0.0**	0.0	**0.0**	0.0

Assumptions regarding longevity are based on published statistics and mortality tables. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

	The Netherlands		The United States		Rest of world	
Years	**2022**	2021	**2022**	2021	**2022**	2021
Longevity at age 65 for current pensioners						
Male	**21.2**	21.1	**20.3**	20.1	**N/A**	N/A
Female	**23.6**	23.4	**22.2**	22.1	**N/A**	N/A
Longevity at age 65 for current members aged 50						
Male	**22.8**	22.6	**21.4**	21.2	**N/A**	N/A
Female	**25.2**	24.8	**23.3**	23.2	**N/A**	N/A

The following table summarizes how the effect on the defined benefit obligations at the end of the reporting period would have increased (decreased) as a result of a 0.5% change in the respective assumptions and a one-year increase in life expectancy.

€ million	The Netherlands	The United States	Rest of world	Total
Discount rate				
0.5% increase	**(538)**	**(58)**	**(12)**	**(607)**
0.5% decrease	**634**	**64**	**13**	**710**
Future salary increases				
0.5% increase	**53**	**—**	**4**	**57**
0.5% decrease	**(51)**	**—**	**(4)**	**(55)**
Future pension increases				
0.5% increase	**602**	**—**	**N/A**	**602**
0.5% decrease	**(519)**	**—**	**N/A**	**(519)**
Life expectancy				
One-year increase at age 65	**204**	**40**	**—**	**245**

The above sensitivity analyses are based on a change in each respective assumption while holding all other assumptions constant. In reality, one might expect interrelationships between the assumptions, especially between discount rate and future salary increases, as both depend to a certain extent on expected inflation rates. The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to the previous period.

24 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS CONTINUED

Plan assets

The pension plan asset allocation differs per plan. The allocation of plan assets was as follows:

	The Netherlands		The United States		Rest of world	
€ million	**2022**	2021	**2022**	2021	**2022**	2021
Equity instruments:						
Consumer goods	**265**	412	**49**	21	**—**	—
Financial services	**156**	212	**16**	17	**—**	—
Telecommunications and information	**220**	261	**9**	11	**—**	—
Energy and utilities	**94**	105	**23**	27	**—**	—
Industry	**319**	470	**5**	9	**—**	—
Other	**303**	445	**99**	148	**20**	9
Debt instruments:						
Government bonds	**1,612**	2,035	**95**	119	**—**	—
Corporate bonds (investment grade)	**431**	488	**419**	641	**—**	—
Corporate bonds (non-investment grade)	**6**	7	**23**	13	**—**	—
Other	**—**	—	**78**	100	**30**	40
Real estate:						
Retail	**—**	1	**7**	—	**—**	—
Offices	**—**	—	**—**	—	**—**	—
Residential	**—**	2	**—**	—	**—**	—
Other	**—**	—	**59**	57	**—**	—
Investment funds	**1,621**	1,956	**176**	107	**—**	—
Insurance contracts	**—**	—	**—**	—	**152**	230
Derivatives:						
Interest rate swaps	**(519)**	(52)	**—**	—	**—**	—
Forward foreign exchange contracts	**30**	(16)	**—**	—	**—**	—
Cash and cash equivalents	**440**	260	**86**	70	**—**	—
Other	**(4)**	1	**103**	89	**—**	—
Total	**4,973**	6,587	**1,247**	1,429	**203**	279

Virtually all equity and debt instruments have quoted prices in active markets. Derivatives can be classified as Level 2 instruments, and real estate and some investment funds as Level 3 instruments based on the definitions in IFRS 13, “Fair Value Measurement.” It is Ahold Delhaize Pensioen’s policy to use interest rate swaps to partially hedge its exposure to interest rate risk on the pension liability. Foreign currency exposures are hedged by the use of forward foreign exchange contracts.

In the Netherlands, the plan assets are managed by outside investment managers following investment strategies based on the composition of the plan liabilities. With the aid of asset liability management modeling, analyses are made of possible future economic scenarios and investment portfolios. Based on these analyses, investment strategies are determined to produce optimal investment returns at acceptable funding ratio risk levels. Less favorable years can be part of these scenarios. During 2022, the strategic targets for asset allocation of the Dutch pension plan were: 50% return portfolio (equity, high-yield debt, emerging-market debt, private equity and real estate) and 50% matching portfolio (government bonds, interest swaps, € credits, mortgages and cash).

In the United States, the plan assets are managed by external investment managers and rebalanced periodically. Pension plan assets are invested in a trust intended to comply with the Employee Retirement Income Security Act of 1974 (ERISA), as amended, the United States Tax Code, and applicable fiduciary standards. In 2020, AON was approved by the Fiduciary Committee as the pension plan’s Outsourced Chief Investment Officer (OCIO). The OCIO manages the entire pension plan portfolio and acts as fiduciary under ERISA. The Fiduciary Committee monitors the OCIO’s performance. The long-term investment objective for the plan’s assets is to maintain an acceptable funding ratio of the plan’s assets and liabilities without undue exposure to risk. In 2021, the Fiduciary Committee approved a new asset allocation approach that terminated the strategic weight to hedge funds and replaced it with high-yield debt. A revised glide path of the plan (the split between return-seeking and liability-hedging assets) was also approved. At year-end 2022, the strategic targets were: 8.4% equity securities, 3.6% high yield and 88% liability hedging debt securities.

In 2022, the Dutch plan had nil plan assets invested in Ahold Delhaize’s financial instruments (2021: €2 million). In 2022 or 2021, the U.S. plans did not have any plan assets invested in Ahold Delhaize financial instruments.

The actual return on plan assets in 2022 was (24.5)% for the Dutch plan (2021: 3.3%) and (18.7)% for the Ahold Delhaize USA pension plan (2021: 0.6%).

Benefit maturities

The weighted average duration of the defined benefit obligations of the plans in the Netherlands, the United States and the rest of world are 24.2, 10.7 and 10.7 years, respectively.

The expected schedule of benefit payments for the plans are as follows:

€ million	The Netherlands	The United States	Rest of world	Total
Amount due within one year	**108**	**90**	**11**	**209**
Amount due between two and five years	**449**	**382**	**63**	**894**
Amount due between six and ten years	**763**	**520**	**92**	**1,375**

24 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS CONTINUED

Defined contribution plans

The Company operates defined contribution plans in the Netherlands, the United States, Belgium, Greece and the Czech Republic. As mentioned above, the defined contribution plans in Belgium are accounted for as defined benefit plans due to the guaranteed return elements of the plans. The largest defined contribution plans exist in the United States, where the Company sponsors profit-sharing retirement plans that include a 401(k) feature that permits participating employees to make elective deferrals of their compensation and requires the Company to make matching contributions.

During 2022 and 2021, the Company contributed €152 million and €128 million, respectively, to its defined contribution plans. These contributions were recognized as an expense in the income statement and related entirely to continuing operations in 2022 and 2021.

Multi-employer plans (MEPs)

A number of union employees in the United States are covered by MEPs based on obligations arising from collective bargaining agreements. These plans provide retirement and other benefits to participants generally based on their service to contributing employers. The benefits are paid from assets held in trust for that purpose. Trustees are appointed in equal number by employers and unions, and they are typically responsible for oversight of the investment of the assets and administration of the plan. Contribution rates and, in some instances, benefit levels are generally determined through the collective bargaining process between the participating employers and unions. At year-end, none of the Company's collective bargaining agreements required an increase in the Company's total pension contributions for MEPs to meet minimum funding requirements.

Most of these plans are defined contribution plans. The plans that are defined benefit plans, on the basis of the terms of the benefits provided, are accounted for as defined contribution plans because, among other things, there is insufficient information available to account for these plans as defined benefit plans. These plans are generally flat dollar benefit plans. Ahold Delhaize is generally one of several employers participating in most of these plans and, in the event that Ahold Delhaize withdraws from a plan, its allocable share of the plan's obligations (with certain exceptions) would be based upon unfunded vested benefits in the plan at the time of such withdrawal. Ahold Delhaize's obligation to pay for its allocable share of a plan's unfunded vested benefits is called a withdrawal liability. The withdrawal liability payable by Ahold Delhaize at such time as it experiences a withdrawal from a plan is based upon the applicable statutory formula, plan computation methods and actuarial assumptions, and the amount of the plan's unfunded benefits. Ahold Delhaize does not have sufficient information to accurately determine its ratable share of plan obligations and assets following defined benefit accounting principles, and the financial statements of the MEPs are drawn up on the basis of other accounting policies than those applied by Ahold Delhaize. Consequently, these MEPs are not included in the Company's balance sheet.

The risks of participating in MEPs are different from the risks of single-employer plans. Ahold Delhaize's contributions are pooled with the contributions of other contributing employers, and are, therefore, used to provide benefits to employees of these other participating employers. If other participating employers cease to participate in the plan without paying their allocable portion of the plan's unfunded obligations, this could result in increases in the amount of the plan's unfunded benefits and, thus, Ahold Delhaize's future contributions. Similarly, if a number of employers cease to have employees participating in the plan, Ahold Delhaize could be responsible for an increased share of the plan's deficit. If Ahold Delhaize seeks to withdraw from a MEP, it generally must obtain the agreement of the applicable unions and will likely be required to pay withdrawal liability in connection with this. If a MEP in which Ahold Delhaize participates becomes insolvent, Ahold Delhaize may be required to increase its contributions, in certain circumstances, to fund the payment of benefits by the MEP.

Under normal circumstances, when a MEP reaches insolvency, it must reduce all accrued benefits to the maximum level guaranteed by the United States' PBGC. MEPs pay annual insurance premiums to the PBGC for such benefit insurance.

MEP – defined benefit plans

At the end of 2021 and 2022, Ahold Delhaize participated in seven MEPs that are defined benefit plans on the basis of the terms of the benefits provided. The Company's participation in these MEPs is outlined in the following tables.

Ahold Delhaize's participation percentage is an indication based on the relevant amount of its contributions during the year in relation to the total contributions made to the plan.

The estimate of the Company's net proportionate share of the plans' deficits is based on the latest available information received from these plans, such as the plans' measurement of plan assets and the use of discount rates between 6.5% and 7.5%. The estimate does not represent Ahold Delhaize's direct obligation. While it is our best estimate, based upon information available to us, it is imprecise, and a reliable estimate of the amount of the obligation cannot be made.

The EIN/Pension Plan Number column provides the Employer Identification Number (EIN) and the three-digit pension plan number. As with all pension plans, multi-employer pension plans in the U.S. are regulated by the ERISA; the United States Tax Code, as amended; the Pension Protection Act of 2006 (PPA); and the Multi-employer Pension Reform Act of 2014 (MPRA), among other legislation.

Under the PPA, plans are categorized as "endangered" (Yellow Zone), "seriously endangered" (Orange Zone), "critical" (Red Zone), or neither endangered nor critical (Green Zone). This categorization is based primarily on three measures: the plan's funded percentage, the number of years before the plan is projected to have a minimum funding deficiency under ERISA and the number of years before the plan is projected to become insolvent. A plan is in the "Yellow Zone" if the funded percentage is less than 80% or a minimum funding deficiency is projected within seven years. If both of these triggers are reached, the plan is in the "Orange Zone." Generally, a plan is in the "Red Zone" if a funding deficiency is projected at any time in the next four years (or five years if the funded percentage is less than 65%). Plans with a funding ratio above 80% are generally designated as being in the "Green Zone." A plan in the "Red Zone" may be further categorized as "critical and declining" if the plan is projected to become insolvent within the current year or within either the next 14 years or the next 19 years, depending on the plan's ratio of inactive participants to active participants and its specific funding percentage. MEPs in endangered or critical status are required by U.S. law to develop either a funding improvement plan (FIP) or a rehabilitation plan (RP) to enhance funding through reductions in benefits, increases in contributions, or both. The FIP/RP Status Pending/Implemented column in the table below indicates plans for which an FIP or an RP is pending or has been implemented. Additional information regarding the multi-employer plans listed in the following tables can be found on the website of the U.S. Department of Labor (*www.efast.dol.gov*).

24 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS CONTINUED

€ million, except Ahold Delhaize's participation percentages	EIN / Pension plan number	ERISA zone status	FIP / RP status pending / implemented	Year of Form 5500[1]	Expiration date of collective bargaining agreement	January 1, 2023 Annual contributions	Plan deficit / (surplus)[2]	Ahold Delhaize's participation	Ahold Delhaize's proportionate share of deficit (surplus)[3]
New England Teamsters & Trucking Industry Pension	04-6372430/001	Red (Critical and declining)	Implemented	2021	March 29, 2025	5	—	2.0%	—
UFCW Local 1262 & Employers Pension Fund	22-6074414/001	Red	Implemented	2021	October 23, 2027-February 12, 2028	6	260	33.7%	88
Warehouse Employees' Union Local 730 Pension Trust Fund	52-6124754/001	Red (Critical and declining)	Implemented	2021	June 20, 2026-May 15, 2027	4	146	87.3%	128
Other plans[4]						6	9,527	0.0%	3
Total						**21**	**9,933**		**219**

€ million, except Ahold Delhaize's participation percentages	EIN / Pension plan number	ERISA zone status	FIP / RP status pending / implemented	Year of Form 5500[1]	Expiration date of collective bargaining agreement	January 2, 2022 Annual contributions	Plan deficit / (surplus)[2]	Ahold Delhaize's participation	Ahold Delhaize's proportionate share of deficit (surplus)[3]
New England Teamsters & Trucking Industry Pension	04-6372430/001	Red (Critical and declining)	Implemented	2020	March 29, 2025	4	—	2.2%	—
UFCW Local 1262 & Employers Pension Fund	22-6074414/001	Red	Implemented	2020	October 23, 2027-February 12, 2028	6	(19)	30.7%	(6)
Warehouse Employees' Union Local 730 Pension Trust Fund	52-6124754/001	Red (Critical and declining)	Implemented	2020	June 20, 2026-May 15, 2027	4	102	87.0%	88
Other plans[4]						6	4,461	1.5%	(67)
Total						20	4,543		16

1 Form 5500 is part of ERISA's overall reporting and disclosure framework and includes the financial statements of a MEP.
2 The deficit/(surplus) of the plans is heavily influenced by the discount rate applied by the plans, which ranges between 6.5% and 7.5%, consistent with the prior year, and by the projected assets for the funds, which decreased by between 18% and 27%. MEPs discount the liabilities at the plan's expected rate of return on assets. As a plan nearing insolvency reduces liquidity risk and expected volatility, its expected rate of return on assets declines and, as such, the discount rate will decline, resulting in an increase of the deficit within the plan. The steady liabilities, combined with a significant change in assets, has resulted in erosion of the funded status of these funds.
3 Ahold Delhaize's proportionate share of deficit (surplus) is calculated by multiplying the deficit/(surplus) of each plan that the Company participates in by Ahold Delhaize's participation percentage in that plan. This proportional share of deficit/(surplus) is an indication of our share of deficit/(surplus) based on the best available information. The deficit is calculated in accordance with the accounting policies and funding assumptions applied by the relevant plan and does not represent any obligation or liability Ahold Delhaize may have in respect of the plan, which would be accounted for and measured in accordance with Ahold Delhaize's accounting policies.
4 Other plans include Teamsters Local 639 Employers Pension Plan, UFCW Local 464A Pension Fund, Bakery and Confectionery Union Pension Fund and IAM National Pension Fund, with participation percentages as of January 1, 2023, equal to 3.9%, 24.0%, 0.5% and 0.0%, respectively (January 2, 2022: 4.4%, 23.9%, 0.5% and 0.0%).

24 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS CONTINUED

If the underfunded liabilities of the multi-employer pension plans are not reduced, by improved market conditions, reductions in benefits and/or collective bargaining changes, increased future payments by the Company and the other participating employers may result. However, all future increases generally will be subject to the collective bargaining process.

In 2020, Ahold Delhaize withdrew from the United Food & Commercial Workers International Union–Industry Pension Fund (the "National Plan") and the United Food & Commercial Workers (UFCW) – Local 1500 Pension Fund (the "1500 Plan"), resulting in a total withdrawal liability of $634 million (€559 million) and $222 million (€183 million), respectively. In 2020, Ahold Delhaize paid $590 million, which included a transition payment to the new plan, as explained below. In 2021, Ahold Delhaize fully paid the remaining National Plan withdrawal liability in the amount of $190 million. In 2022, Ahold Delhaize paid $57 million on the withdrawal liability for the 1500 Plan. The outstanding withdrawal liability for the 1500 Plan, as of January 1, 2023, amounts to $57 million (€54 million) (January 2, 2022: $110 million (€97 million)). This withdrawal liability is recorded as a financial liability; see *Note 23* for the non-current portion and *Note 26* for the current portion.

For the National Plan, a new multi-employer variable annuity pension plan (VAPP) was established (effective retrospectively as of July 1, 2020). The new plan is a defined benefit plan and the Company applies defined benefit accounting (the plan is included in the *Defined benefit plans* above).

For the 1500 Plan, the Company will provide associates who are members of the UFCW Local 1500 future service retirement benefits through an existing defined contribution plan for which defined contribution accounting is applied.

In 2023, the Company expects its total contributions to multi-employer defined benefit plans to be €22 million, which includes RP contribution increases where applicable. Ahold Delhaize has a risk of increased contributions and withdrawal liability (upon a withdrawal) if any of the participating employers in an underfunded MEP withdraw from the plan or become insolvent and are no longer able to meet their contribution requirements or if the MEP itself no longer has sufficient assets available to fund its short-term obligations to the participants in the plan. If and when a withdrawal liability is assessed, it may be substantially higher than the proportionate share disclosed above. Any adjustment for a withdrawal liability will be recorded when it is probable that a liability exists and the amount can be reliably estimated. Ahold Delhaize does not have a contractual agreement with any MEP that determines how a deficit will be funded, except for the FELRA and MAP settlement agreement as described below.

FELRA and MAP settlement agreement

On December 31, 2020, Giant Food, UFCW Locals 27 and 400 (collectively the "Union Locals"), the PBGC, the Food Employers Labor Relations Association and United Food and Commercial Workers Pension Fund ("FELRA") and the Mid-Atlantic UFCW and Participating Employers Pension Fund ("MAP") finalized a settlement agreement on Giant Food's funding obligations with respect to FELRA and MAP. As a result of this agreement, the PBGC approved the combining of MAP into FELRA (the "Combined Plan") and agreed to provide financial assistance to the Combined Plan following its insolvency. The agreement intended to resolve all of Giant Food's existing liabilities with respect to the FELRA and MAP Plans and improves the security of pension benefits for associates and reduces financial risk for Giant Food.

In 2020, Giant Food recorded a $609 million pension-related liability and a $211 million defined benefit obligation related to the new variable annuity single-employer plan, with a corresponding reduction in the Ahold Delhaize FELRA and MAP MEP off-balance sheet liabilities.

Beginning January 1, 2021, Giant associates who are represented by UFCW Locals 27 and 400 began to accrue benefits under a single-employer variable annuity plan. In 2021 and 2022, the best estimate of the defined benefit obligation was revised following the American Rescue Plan Act of 2021; see section below.

American Rescue Plan Act of 2021 (ARPA)

On March 11, 2021, the American Rescue Plan Act of 2021 (ARPA) was signed into law. ARPA establishes a special financial assistance program to be administered by the Pension Benefit Guaranty Corporation (PBGC) and funded by transfers from the U.S. Treasury through September 30, 2030. Under this program, eligible multi-employer pension plans may apply to receive a one-time cash payment intended to be the amount required for the plan to pay all benefits through the last day of the plan year ending in 2051. The payment received under this special financial assistance program would not be considered a loan and would not need to be paid back.

The Combined Plan is eligible for special financial assistance and submitted an application to the PBGC on December 30, 2021.The anticipated special financial assistance to the Combined Plan is expected to significantly delay the insolvency of the Combined Plan and consequently significantly reduce the liability of the single-employer plan for excess benefits for which Ahold Delhaize recorded a defined benefit liability in the amount of $211 million in 2020. On January 2, 2022, the best estimate was revised and the defined benefit obligation was reduced to $54 million.

The PBGC announced on April 29, 2022, that it has approved the application submitted to the Special Financial Assistance Program by the FELRA Pension Plan. The assistance that the Combined FELRA and MAP plan will receive is in line with the application submitted to the PBGC on December 30, 2021.

On July 6, 2022, the PBGC issued a final rule implementing changes to the Special Financial Assistance Program. The changes are responsive to public comments received on the PBGC's interim final rule and will better protect the pensions earned by workers and retirees covered by multi-employer plans eligible for assistance. The final rule became effective on August 8, 2022, and it provides an option for filers under the interim rule to supplement the application for special financial assistance.

On August 8, 2022, the Combined FELRA and MAP plan supplemented its application to the PBGC. The amount of the liability for the excess benefits payable under Giant Food's single-employer plan was reassessed as part of the supplemental application process, and the liability was reduced to $6 million during 2022, which represents the best estimate based on information available at the year end and includes judgment to determine the projected insolvency based on an assumed investment return.

ARPA has no impact on the FELRA and MAP withdrawal liability presented as Other long-term pension plan obligations. It also has no impact on the 2020 withdrawals from the National Plan and the 1500 Plan.

24 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS CONTINUED

Eligible plans include, among others, plans that are in "critical and declining" status in any plan year beginning in 2020, 2021 or 2022. Applications for financial assistance must be submitted no later than December 31, 2025. In addition to the Combined Plan, each of the following plans to which various subsidiaries of Ahold Delhaize contribute are expected to be eligible, and to apply, for the special financial assistance:

- New England Teamsters & Trucking Industry Pension Plan
- Warehouse Employees' Union Local 730 Pension Trust Fund
- Bakery and Confectionery Union and Industry Pension Fund

While ARPA is expected to provide financial assistance to the New England Teamsters & Trucking Industry Pension Plan, the Warehouse Employees' Union Local 730 Pension Trust Fund and the Bakery and Confectionery Union and Industry Pension Fund, the expected future contributions to those multi-employer plans will not be impacted in the short term. The ongoing contribution requirements will continue to be based on the collective bargaining agreements in place. Accordingly, the special financial assistance for these three plans should not have any impact on Ahold Delhaize's ongoing contribution obligation.

MEP – defined contribution plans

Ahold Delhaize also participates in 40 MEPs (2021: 39 MEPs) that are defined contribution plans on the basis of the terms of the benefits provided. The majority of these plans provide health and welfare benefits. The Company contributed €295 million and €283 million to multi-employer defined contribution plans during 2022 and 2021, respectively. These contributions are recognized as an expense in the consolidated income statement and related entirely to continuing operations in 2022 and 2021. These plans vary significantly in size, with contributions to the three largest plans representing 63% of total contributions (2021: 62%).

Accounting estimates and judgments

The present value of the pension obligations depends on a number of assumptions that are determined on an actuarial basis. The assumptions used in determining the net cost (income) for pensions include the discount rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. Other key assumptions include longevity and future salary and pension increases.

The enactment of the ARPA resulted in a partial release of the FELRA and MAP excess benefit obligation in 2021 and 2022. In the decision to partially release this excess benefit obligation, management has applied judgment in determining the projected insolvency, as this depends on the assumed investment return. The effect of ARPA is accounted for as we would account for an amendment of the plan, with the change recorded as a negative past service cost.

Management applied judgment in the determination to record discount rate-related remeasurements on the Other long-term pension plan obligations through other comprehensive income.

Accounting policies

The net assets and net liabilities recognized on the consolidated balance sheet for defined benefit plans represent the actual surplus or deficit in Ahold Delhaize's defined benefit plans measured as the present value of the defined benefit obligations less the fair value of plan assets. Any surplus resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

Defined benefit obligations are actuarially calculated on the balance sheet date using the projected unit credit method. The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using market yields on high-quality corporate bonds (i.e., bonds rated AA or higher), which are denominated in the currency in which the benefits will be paid and have an average duration similar to the expected duration of the related pension liabilities.

Defined benefit costs are split into three categories:

- Service cost, past service cost, gains and losses on curtailment and settlements
- Net interest expense or income
- Remeasurement

The first category is presented as labor costs within operating earnings. Past service costs are recognized in the income statement in the period of plan amendment. Results from curtailments or settlements are recognized immediately.

Past service years within the Dutch pension plan are calculated based upon a methodology that uses the maximum past service years based on accrued benefits or a participant's actual date of hire.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset and is presented within net financial expenses.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling (if applicable), and the return on plan assets (excluding interest), are recognized immediately in the balance sheet with a charge or credit to other comprehensive income in the period in which it occurs. Remeasurements recorded in other comprehensive income are not recycled to the income statement.

Contributions to defined contribution plans are recognized as an expense when employees have rendered service entitling them to the contributions. Post-employment benefits provided through industry MEPs, managed by third parties, are generally accounted for under defined contribution criteria.

25 PROVISIONS

The table below specifies the changes in total provisions (current and non-current):

€ million	Self-insurance program	Claims and legal disputes	Severance and termination benefits	Onerous contracts	Other	Total
As of January 2, 2022						
Current portion	332	89	35	11	18	484
Non-current portion	648	21	2	19	56	746
Carrying amount	**980**	**110**	**37**	**30**	**74**	**1,231**
Year ended January 1, 2023						
Additions charged to income	**279**	**17**	**20**	**2**	**23**	**341**
Used during the year	**(228)**	**(7)**	**(38)**	**(7)**	**(25)**	**(306)**
Released to income	**(52)**	**(70)**	**(2)**	**(3)**	**(6)**	**(132)**
Interest accretion	**39**	**—**	**—**	**1**	**1**	**40**
Effect of changes in discount rates	**(119)**	**—**	**—**	**—**	**3**	**(116)**
Other movements	**—**	**1**	**(3)**	**—**	**(2)**	**(4)**
Exchange rate differences	**62**	**1**	**—**	**2**	**1**	**67**
Closing carrying amount	**961**	**54**	**14**	**23**	**68**	**1,120**
As of January 1, 2023						
Current portion	**306**	**33**	**13**	**5**	**20**	**377**
Non-current portion	**655**	**21**	**1**	**17**	**48**	**742**
Carrying amount	**961**	**54**	**14**	**23**	**68**	**1,120**

Maturities of total provisions as of January 1, 2023, are as follows:

€ million	Self-insurance program	Claims and legal disputes	Severance and termination benefits	Onerous contracts	Other	Total
Amount due within one year	306	33	13	5	20	377
Amount due between one and five years	403	20	1	13	18	455
Amount due after five years	252	1	—	4	30	287
Total	**961**	**54**	**14**	**23**	**68**	**1,120**

Self-insurance program

Ahold Delhaize is self-insured for certain potential losses, mainly relating to general liability, vehicle liability, workers' compensation and property losses incurred by its subsidiaries. Some of Ahold Delhaize's self-insured losses are retained at its captive insurance companies. The captives' maximum self-insurance retention per occurrence, including defense costs, is $2 million (€2 million) for general liability, $15 million (€14 million) for commercial vehicle liability, $5 million (€5 million) for workers' compensation in the United States and an amount equivalent to the capped continued payment of wages in the Netherlands, and $25 million (€23 million) for property losses in the United States and Europe, subject to an annual aggregate of $35 million (€33 million). Part of the self-insured risk is ceded under a reinsurance treaty, which is a pooling arrangement between unrelated companies; see *Note 16*.

The measurement of the self-insurance provisions involves estimates and judgments to be made regarding future claim patterns, which include estimates on the number of future claims, timing and amount of payment of damages and costs associated with the settlement of future claims.

Claims and legal disputes

The Company is party to a number of legal proceedings arising out of its business operations. Such legal proceedings are subject to inherent uncertainties. Management, supported by internal and external legal counsel, where appropriate, determines whether it is probable that an outflow of resources will be required to settle an obligation. If this is the case, the best estimate of the outflow of resources is recognized.

Severance and termination benefits

This provision relates to payments to employees whose employment with the Company has ended, either as part of a restructuring or a voluntary separation plan. The measurement of the provision involves estimates and judgments about the population and number of employees that will ultimately be affected by the plans, estimates of salary ranges used to measure future cash flows, and assumptions of periods of service, if relevant.

Onerous contracts

Onerous contract provisions relate to unfavorable contracts where the unavoidable costs of meeting the obligations under the contracts exceed the benefits expected to be received. The judgments and estimates made in the measurement of onerous contracts relate to unavoidable future costs anticipated to be incurred.

Other

Other provisions include loyalty programs, long-term incentives, jubilee payments, asset retirement obligations, provisions for environmental risks and supplemental medical benefits. The judgments and estimates made in the measurement of these provisions relate to the estimated costs to be incurred at an unknown future date.

The loyalty program provision of €16 million as of January 1, 2023 (January 2, 2022: €21 million), mainly relates to a third-party customer loyalty program in the Netherlands and reflects the estimated cost of benefits to which customers participating in the loyalty program are entitled. When measuring the provision for loyalty programs, management estimates the expected timing of the redemptions by customers and the expected breakage (benefits granted but never redeemed).

25 PROVISIONS CONTINUED

Accounting estimates and judgments

The recognition of provisions requires estimates and assumptions regarding the timing and the amount of outflow of resources. The main estimates are as follows:

- Self-insurance program: Estimates and assumptions include an estimate of claims incurred but not yet reported, historical loss experience, projected loss development factors, estimated changes in claim reporting patterns, claim settlement patterns, judicial decisions and legislation. It is possible that the final resolution of claims may result in significant expenditures in excess of existing reserves.
- Loyalty programs: Estimating the cost of benefits to which customers participating in the loyalty program are entitled includes assumptions on redemption rates. These estimates and assumptions apply to all loyalty programs, irrespective of whether they are accounted for as sales deferrals or provisions for future payments made at redemption.
- Claims and legal disputes: Management, supported by internal and external legal counsel, where appropriate, determines whether it is probable that an outflow of resources will be required to settle an obligation. If this is the case, the best estimate of the outflow of resources is recognized.
- Severance and termination benefits: The provisions relate to separation plans and agreements and use the best estimate, based on information available to management, of the cash flows that will likely occur. The amounts that are ultimately incurred may change as the plans are executed.
- Onerous contracts: Mainly relate to unfavorable contracts and include the excess of the unavoidable costs of meeting the contractual obligations over the benefits expected to be received under such contracts.

Accounting policies

Provisions are recognized when (i) the Company has a present (legal or constructive) obligation as a result of past events, (ii) it is probable that an outflow of resources will be required to settle the obligation, and (iii) the amount can be reliably estimated. The amount recognized is the best estimate of the expenditure required to settle the obligation. Provisions are discounted whenever the effect of the time value of money is significant.

The provision for the Company's self-insurance program is recorded based on claims filed and an estimate of claims incurred but not yet reported. The provision includes expenses incurred in the claim settlement process that can be directly associated with specific claims. Other expenses incurred in the claim settlement process are expensed when incurred. The Company's estimate of the required liability of such claims is recorded on a discounted basis, utilizing an actuarial method based upon various assumptions that include, but are not limited to, historical loss experience, projected loss development factors and actual payroll costs.

Restructuring-related provisions for severance and termination benefits are recognized when the Company has approved a detailed formal restructuring plan and the restructuring has either commenced or has been announced to those affected by it. Onerous contract provisions are measured at the amount by which the unavoidable costs to fulfill agreements exceeds the expected benefits from such agreements.

26 OTHER CURRENT FINANCIAL LIABILITIES

€ million	January 1, 2023	January 2, 2022
Lease liabilities – current portion	**1,327**	1,201
Interest payable	**37**	36
Short-term borrowings	**204**	145
Bank overdrafts	**712**	807
Reinsurance liabilities – current portion (see Note 16 and Note 23)	**93**	67
Loans – current portion (see Note 22)	**233**	197
Deposit liabilities	**15**	17
Derivative financial instruments	**—**	1
Other	**68**	82
Total other current financial liabilities	**2,689**	2,552

For more information on lease liabilities, see Note 33.

Bank overdrafts includes an amount of €712 million (January 2, 2022: €807 million) which relates to the overdraft position of a notional cash pooling arrangement. This bank overdraft is fully offset by an identical amount included under Cash and cash equivalents (see Note 20 and Note 30).

Other includes mainly the current portion of the Local 1500 withdrawal liability; see Note 23 and Note 24.

Accounting policies

For more information on the accounting policies for financial liabilities and reinsurance liabilities, see Note 30.

27 OTHER CURRENT LIABILITIES

€ million	January 1, 2023	January 2, 2022
Accrued expenses	**1,960**	1,819
Compensated absences	**585**	565
Payroll taxes, social security and VAT	**617**	576
Deferred income	**109**	237
Gift card liabilities[1]	**274**	249
Other[2]	**50**	37
Total other current liabilities	**3,595**	3,483

1 Gift card sales for the year in the amount of €667 million and exchange rate differences of €6 million, offset by redemptions in the amount of €633 million and breakage in the amount of €15 million resulted in an ending balance of gift card liabilities of €274 million.
2 Includes the current portion of the pension-related liability for FELRA and MAP of €40 million (January 2, 2022: €28 million). See *Note 24*.

The non-current portion of the Deferred income amounts to €33 million (January 2, 2022: €51 million), and is included in the Other non-current liabilities line of the balance sheet.

Accounting estimates and judgments

For more information on the accounting estimates and judgments policies for gift card liabilities, see *Note 7*.

28 CASH FLOW

The following table presents the reconciliation between the cash and cash equivalents as presented in the statement of cash flows and on the balance sheet:

€ million	January 1, 2023	January 2, 2022
Cash and cash equivalents as presented in the statement of cash flows	**3,054**	2,968
Restricted cash	**28**	25
Cash and cash equivalents as presented on the balance sheet	**3,082**	2,993

The following tables present additional cash flow information:

€ million	2022	2021
Non-cash investing activities		
Accounts payable at year-end related to purchased non-current assets	**390**	414
Assets acquired under leases[1]	**544**	651
Reassessments and modifications to leases[2]	**1,089**	1,071
Acquisition of businesses (see *Note 4*)		
Total purchase consideration	**(44)**	(881)
Deferred consideration payable – non-current	**27**	—
Purchase consideration in kind	**—**	173
Settlement of deferred consideration payable	**(1)**	—
Purchase consideration settled with / paid by other parties	**(1)**	166
Deferred consideration payable	**—**	2
Cash acquired (excluding restricted cash)	**—**	11
Acquisition of businesses, net of cash acquired	**(20)**	(529)
Divestments of businesses		
Net cash flows from divestment of subsidiaries and businesses[3]	**13**	45
Other net cash flows related to past divestments	**—**	(2)
Divestment of businesses	**12**	44
Cash divested	**—**	(49)
Divestment of businesses, net of cash divested	**12**	(5)
Reconciliation between results on divestments of discontinued operations and cash (paid) received		
Result on divestments of discontinued operations before income taxes	**—**	—
Result on divestment of subsidiaries and businesses[3]	**11**	6
Net assets (liabilities) divested	**2**	39
Changes in provisions and other financial liabilities – net	**—**	(2)
Divestment of businesses	**12**	44
Cash divested	**—**	(49)
Divestment of businesses, net of cash divested	**12**	(5)

1 The additions to right-of-use assets (see *Note 12* and *Note 13*) include €10 million of additions through sale and leaseback transactions and €7 million of initial direct costs net of lease incentives received (2021: €79 million of additions through sale and leaseback transactions and €2 million of lease incentives received net of initial direct costs), which are excluded from the amount of non-cash investing activities.
2 The modifications and remeasurements to right-of-use assets (see *Note 12* and *Note 13*) and to net investment in leases classified within non-current and current financial assets (see *Note 16* and *Note 19*) include €4 million of lease incentives received net of initial direct costs (2021: €5 million of lease incentives received net of initial direct costs), which are excluded from the amount of non-cash investing activities.
3 The amount reported for 2022 included divestment of stores. The amount reported for 2021 predominantly included divestment of a captive insurance business that did not qualify as a discontinued operation.

28 CASH FLOW CONTINUED

Changes in liabilities arising from financing activities for the years ended January 1, 2023, and January 2, 2022:

€ million	Loans	Lease liabilities	Short-term borrowings and bank overdrafts	Derivative assets	Derivative liabilities	Total
As of January 2, 2022	**4,874**	**11,262**	**952**	**—**	**2**	**17,090**
Proceeds from long-term debt	**—**	**—**	**—**	**—**	**—**	**—**
Acquisitions through business combinations	**—**	**1**	**—**	**—**	**—**	**1**
Repayments of loans and lease liabilities[1]	**(162)**	**(1,751)**	**—**	**—**	**—**	**(1,913)**
Classified (to) held for sale or sold	**(1)**	**—**	**—**	**—**	**—**	**(1)**
Changes in short-term borrowings and overdrafts	**—**	**—**	**(93)**	**—**	**—**	**(93)**
Other cash flows from derivatives	**—**	**—**	**—**	**—**	**—**	**—**
Fair value changes	**(25)**	**—**	**—**	**(2)**	**24**	**(3)**
Additions to lease liabilities	**—**	**557**	**—**	**—**	**—**	**557**
Reassessments and modifications to leases	**—**	**1,090**	**—**	**—**	**—**	**1,090**
Termination of leases	**—**	**(26)**	**—**	**—**	**—**	**(26)**
Amortization of fair value adjustments and interest accretion to lease liability	**(9)**	**356**	**—**	**—**	**—**	**347**
Other non-cash movements	**(22)**	**—**	**—**	**—**	**—**	**(22)**
Exchange rate differences	**105**	**476**	**56**	**—**	**—**	**637**
As of January 1, 2023	**4,760**	**11,965**	**915**	**(2)**	**26**	**17,664**

1 Repayment of lease liabilities as presented in the statement of cash flows includes €4 million of initial direct costs net of lease incentives received.

€ million	Loans	Lease liabilities	Short-term borrowings and bank overdrafts	Derivative assets	Derivative liabilities	Total
As of January 3, 2021	4,210	9,586	757	—	—	14,553
Proceeds from long-term debt[1]	845	—	—	—	—	845
Acquisitions through business combinations	137	593	—	—	—	730
Repayments of loans and lease liabilities[2]	(427)	(1,575)	—	—	—	(2,002)
Classified (to) held for sale or sold	(3)	—	—	—	—	(3)
Changes in short-term borrowings and overdrafts	—	—	90	—	—	90
Other cash flows from derivatives	—	—	—	—	—	—
Fair value changes	(1)	—	—	—	2	1
Additions to lease liabilities	—	797	—	—	—	797
Reassessments and modifications to leases	—	1,060	—	—	—	1,060
Termination of leases	—	(51)	—	—	—	(51)
Amortization of fair value adjustments and interest accretion to lease liability	(6)	337	—	—	—	331
Other non-cash movements	—	(1)	—	—	—	(1)
Exchange rate differences	119	516	105	—	—	740
As of January 2, 2022	4,874	11,262	952	—	2	17,090

1 The amount is net of deferred financing costs of €5 million, of which €2 million is included in Other within financing cash flows from continuing operations in the statement of cash flows.
2 Repayment of lease liabilities as presented in the statement of cash flows includes €7 million of lease incentives received net of initial direct costs and excludes €2 million of lease payments classified as divestment of business, net of cash divested.

28 CASH FLOW CONTINUED

Accounting policies

The Company has chosen to prepare the statement of cash flows using the indirect method, which presents cash flows from operating activities as the income from continuing operations adjusted for non-cash transactions, deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Cash flows in foreign currencies have been translated using weighted average periodic exchange rates. Interest paid on loans is presented as a financing activity, while interest received is presented as an investing activity. Acquisitions and divestments of businesses are presented net of cash and cash equivalents acquired or disposed of, respectively. The Company has chosen to present dividends paid to its shareholders as a financing activity.

In the cash flow statement, the Company has classified the principal portion of lease payments, as well as the interest portion, within financing activities. Lease payments are not split between interest and principal portions but are shown as one line, Repayment of lease liabilities, in the cash flow statement. Lease payments for short-term leases, lease payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability are classified as cash flows from operating activities.

The Company has classified cash flows from operating leases as operating activities. Cash flows representing the collection of principal and interest payments for finance lease receivables are classified as investing activities and disclosed using a single line in the cash flow statement, Lease payments received on lease receivables.

29 EARNINGS PER SHARE

The calculation of basic and diluted net income per share attributable to common shareholders is based on the following data:

	2022	2021
Earnings (€ million)		
Net income attributable to common shareholders for the purposes of basic and diluted earnings per share	**2,546**	2,246
Number of shares (in millions)		
Weighted average number of common shares for the purposes of basic earnings per share	**995**	1,028
Effect of dilutive potential common shares:		
Conditional shares from share-based compensation programs	**6**	6
Weighted average number of common shares for the purposes of diluted earnings per share	**1,001**	1,034

The calculation of the basic and diluted income from continuing operations per share attributable to common shareholders is based on the same number of shares as detailed above and the following earnings data:

€ million	2022	2021
Income from continuing operations, attributable to common shareholders for the purposes of basic and diluted earnings per share	**2,546**	2,246

Both basic and diluted income per share from discontinued operations attributable to common shareholders amounted to €0.00 (2021: €0.00), based on the income (loss) from discontinued operations attributable to common shareholders of nil (2021: nil) and the denominators detailed above.

Accounting policies

Basic net income per share is calculated by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the year. Basic income from continuing operations per share is calculated by dividing income from continuing operations attributable to common shareholders by the weighted average number of common shares outstanding during the year.

Diluted income per share is calculated by dividing the net income/income from continuing operations attributable to shareholders by the diluted weighted average number of common shares outstanding. To determine the diluted weighted average number of common shares outstanding, the weighted average number of shares outstanding is adjusted for the conditional shares from the share-based compensation programs.

30 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial risk management

Ahold Delhaize is exposed to a variety of financial risks, including currency, interest rate, funding, liquidity and counterparty risks. The Company's financial risk management is centralized through its Treasury function, which operates within a regularly reviewed framework of policies and procedures. Ahold Delhaize's Management Board has overall responsibility for the establishment and oversight of the Treasury risk management framework. Ahold Delhaize's management reviews material changes to Treasury policies and receives information related to Treasury activities. The Treasury function does not operate as a profit center and manages the financial risks that arise in relation to underlying business needs.

In accordance with its Treasury policies, Ahold Delhaize uses derivative instruments solely for the purpose of hedging exposures. These exposures are mainly the result of interest rate and currency risks arising from the Company's operations and its sources of financing. Ahold Delhaize does not enter into derivative financial instruments for speculative purposes. The transaction of derivative instruments is restricted to Treasury personnel only and Ahold Delhaize's Internal Control department reviews the Treasury internal control environment regularly.

Relationships with credit rating agencies and monitoring of key credit ratios are also managed by the Treasury department.

30 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS
CONTINUED

Currency risk

Ahold Delhaize operates internationally and is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the U.S. dollar. Since Ahold Delhaize's subsidiaries purchase and sell primarily in local currencies, the Company's exposure to exchange rate movements in its commercial operations is limited. The Company is subject to foreign currency exchange risks due to exchange rate movements in connection with the translation of its foreign subsidiaries' income, assets and liabilities into euros for inclusion in its consolidated financial statements. Translation risk related to Ahold Delhaize's foreign subsidiaries, joint ventures and associates is not actively hedged; however, the Company aims to minimize this exposure by funding its foreign operations in their functional currency wherever feasible.

To protect the value of future foreign currency cash flows, including loan and interest payments, lease payments, dividends and firm purchase commitments, and the value of assets and liabilities denominated in foreign currency, Ahold Delhaize seeks to mitigate its foreign currency exchange exposure by borrowing in local currency and entering into various financial instruments, including forward contracts and currency swaps. It is Ahold Delhaize's policy to cover foreign exchange transaction exposure in relation to existing assets, liabilities and firm purchase commitments.

Foreign currency sensitivity analysis

As of January 1, 2023, Ahold Delhaize carried out a sensitivity analysis with regard to changes in foreign exchange rates to revalue dollar-denominated cash, cash equivalents and debt in its balance sheet at year-end. Assuming the euro had strengthened (weakened) by 20% against the U.S. dollar compared to the actual 2022 rate, with all other variables held constant, the hypothetical result on income before income taxes would have been an increase (decrease) of €4 million (2021: an increase (decrease) of €8 million), as a result of foreign exchange revaluation of U.S. dollar-denominated monetary assets and liabilities held by non-U.S. dollar functional currency subsidiaries.

The gain on foreign exchange recognized in the 2022 income statement related to the revaluation of unhedged leases reported in the balance sheet amounted to €7 million (2021: gain of €1 million). The strengthening (weakening) of the euro by 20% against the other currencies, with all other variables held constant, would result in a loss (gain) of €168 million (2021: €159 million).

Interest rate risk

Ahold Delhaize's outstanding debt and investment position is exposed to changes in interest rates. To manage interest rate risk, Ahold Delhaize has an interest rate management policy aiming to reduce volatility in its interest expense and maintaining a target percentage of its debt in fixed-rate instruments. As of January 1, 2023, 96% of Ahold Delhaize's long-term bonds was at fixed rates of interest (January 2, 2022: 96%). In 2021, the Company entered into a fixed to floating interest rate swap, which is taken into account in the percentage as of January 1, 2023, and January 2, 2022, respectively (see *Derivatives*).

Interest rate sensitivity analysis

The total interest expense recognized in the 2022 income statement related to the variable rates of short- and long-term debt amounted to €4 million (2021: nil). An increase (decrease) in market interest rates by 100 basis points, with all other variables (including foreign exchange rates) held constant, would have resulted in a loss (gain) of €11 million (2021: €4 million).

The total interest income recognized in the 2022 income statement amounted to €69 million (2021: €29 million), mainly related to variable rate money market fund investments and deposits.
The Company estimates that with a possible increase (decrease) of euro and U.S. dollar market interest rates of 100 basis points, with all other variables (including foreign exchange rates) held constant, this would have resulted in a gain of €23 million or a loss of €23 million, respectively (2021: gain of €22 million or a loss of €22 million).

The above sensitivity analyses are for illustrative purposes only as, in practice, market rates rarely change in isolation from other factors that also affect Ahold Delhaize's financial position and results.

Supply chain financing

Ahold Delhaize has supply chain finance arrangements with third-party banks. As of January 1, 2023, the amounts due under the supply chain finance arrangements classified as trade payables were €1,132 million (January 2, 2022: €989 million). For more information on the accounting policies regarding supply chain finance arrangements, see section *Accounting policies – Supply chain financing*. The terms, including the payment terms, of the trade payables that are part of the supply chain finance arrangements are not substantially different from the terms of the Company's trade payables that are not part of the supply chain arrangement.

Credit risk

Ahold Delhaize has no significant concentrations of credit risk. The concentration of credit risk with respect to receivables is limited, as the Company's customer base and vendor base are large and unrelated. The Company applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime-expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rate is calculated based on delinquency status and actual historical credit loss experience. As a result, management believes there is no further credit risk provision required over the normal individual and collective impairment, based on an aging analysis performed as of January 1, 2023. For further discussion on Ahold Delhaize's receivables, see Note 16 and Note 18.

Financial transactions are entered into predominantly with investment-grade financial institutions. The Company requires a minimum short-term rating of A1/P1 and a minimum long-term rating of A3/A- for its deposit and investment products. The Company may deviate from this requirement from time to time for operational reasons. Regarding credit risk, derivative contracts with counterparties are entered into primarily under the standard terms and conditions of the International Swaps and Derivatives Association (ISDA). With certain counterparties, Ahold Delhaize has credit support annexes in place that materially reduce the counterparty risk exposure because of a contractual exchange of cash collateral. Ahold Delhaize has policies that limit the amount of counterparty credit exposure to any single financial institution or investment vehicle and actively monitors these exposures.

Counterparty risk is measured by adding the nominal value of cash, short-term deposits and marketable securities, and the mark-to-market of derivative instruments, netted with the collateral posted, if any. As a result, the highest exposure to a single financial counterparty, excluding AAA-rated money market funds, on January 1, 2023, amounted to €254 million (January 2, 2022: €175 million).

30 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS
CONTINUED

Offsetting of financial instruments

Ahold Delhaize has several financial assets and financial liabilities that are subject to offsetting or enforceable master netting arrangements and similar agreements.

Cash pool

The Company has implemented a cash pool system, allowing a more efficient management of the daily working capital needs of the participating operating entities. The settlement mechanism of the cash pool is provided by an external financial counterparty. The cash pool system exposes the Company to a single net amount with that financial counterparty rather than the gross amount of several current accounts and bank overdraft balances with multiple financial counterparties. From an operational perspective, the balances in the cash pool are netted. However, under the guidance of IAS 32 regarding the offsetting of debit and credit balances for financial reporting purposes, these balances have to be presented on a gross basis on the balance sheet (see Note 20 and Note 26).

ISDA master agreements for derivatives

The Company has entered into several ISDA master agreements in connection with its derivative transactions. In general, under such agreements, the amounts owed by each counterparty to another on the same day in respect of the same transaction payable in the same currency are aggregated into a single net amount payable by one party to the other.

Under certain circumstances, if all transactions under the ISDA master agreement are terminated, e.g., when a credit event such as payment default occurs, the termination value is assessed and only a single net amount is payable in the settlement of all transactions governed by the ISDA master agreement.

The ISDA agreements do not meet the criteria for offsetting in the balance sheet. This is because the Company does not currently have a legally enforceable right to offset recognized amounts, because the right to offset is enforceable only on the occurrence of a future event such as a default. ISDAs are considered to be master netting arrangements for IFRS 7 disclosure purposes.

The following table shows the maximum exposure of the Company's financial assets and financial liabilities that are subject to offset or enforceable master netting arrangements and similar agreements for the year ended January 1, 2023.

€ million	Gross amounts in the balance sheet	Cash collateral received/ pledged[1]	Net exposure
Assets			
Cash and cash equivalents	785	712	73
Total	**785**	**712**	**73**
Liabilities			
Bank overdrafts	712	712	—
Total	**712**	**712**	**—**

1 Amounts not offset in the balance sheet but subject to master netting arrangements (or similar).

Liquidity risk

Ahold Delhaize views available cash balances and funds from operating activities as its primary sources of liquidity, complemented with access to external sources of funds when deemed to be required. Ahold Delhaize manages short-term liquidity based on projected cash flows. As of January 1, 2023, the Company's liquidity position primarily comprised €2,511 million of cash (including short-term deposits and similar instruments and the current portion of investments in debt instruments, adjusted for cash held under a notional cash pooling arrangement), and the €1.5 billion revolving credit facility, of which nil is drawn.

Based on the current operating performance and liquidity position, the Company believes that its liquidity position will be sufficient for working capital, capital expenditures, commitments related to acquisitions, interest payments, dividends, the announced €1 billion share buyback program and scheduled debt repayments for the next 12 months. In addition, the Company has access to the amount available on its revolving credit facility and to the debt capital markets based on its current credit ratings.

The following tables summarize the expected maturity profile of the Company's financial liabilities (including derivatives) as of January 1, 2023, and January 2, 2022, respectively, based on contractual undiscounted payments.

All financial liabilities held at the reporting date, for which payments are already contractually agreed, have been included. Amounts in foreign currency have been translated using the reporting date closing rate. Cash flows arising from financial instruments carrying variable interest payments have been calculated using the forward curve interest rates as of January 1, 2023, and January 2, 2022, respectively. See Note 34 for the liquidity risk related to guarantees.

Year ended January 1, 2023

€ million	Net carrying amount	Contractual cash flows: Within 1 year	Between 1 and 5 years	After 5 years	Total
Non-derivative financial liabilities[1]					
Notes	(4,373)	(129)	(2,854)	(2,289)	(5,273)
Other loans	(193)	(193)	—	(3)	(196)
Financing obligations	(194)	(33)	(93)	(9)	(135)
Accounts payable	(8,191)	(8,191)	—	—	(8,191)
Short-term borrowings	(915)	(915)	—	—	(915)
Reinsurance liabilities	(273)	(103)	(147)	(59)	(308)
Other long-term financial liabilities	(269)	(64)	(205)	(1)	(270)
Other	(26)	(15)	—	—	(15)
Derivative financial liabilities					
Derivatives	(26)	—	—	(26)	(26)

1 The maturity analysis for lease liabilities is included in Note 33.

30 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS CONTINUED

Year ended January 2, 2022

€ million	Net carrying amount	Contractual cash flows: Within 1 year	Between 1 and 5 years	After 5 years	Total
Non-derivative financial liabilities[1]					
Notes	(4,354)	(178)	(2,299)	(2,787)	(5,264)
Other loans	(274)	(60)	(212)	(3)	(275)
Financing obligations	(205)	(35)	(107)	(21)	(163)
Mortgages payable	(41)	(45)	—	—	(45)
Accounts payable	(7,563)	(7,563)	—	—	(7,563)
Short-term borrowings	(952)	(952)	—	—	(952)
Reinsurance liabilities	(272)	(72)	(154)	(55)	(281)
Other long-term financial liabilities	(276)	(80)	(161)	(45)	(286)
Other	(29)	(17)	—	—	(17)
Derivative financial liabilities					
Derivatives	(2)	(1)	—	(1)	(2)

1 The maturity analysis for lease liabilities is included in *Note 33*.

Credit ratings

Maintaining investment grade credit ratings is a cornerstone of Ahold Delhaize's financial strategy because such ratings optimize the cost of funding and facilitate access to a variety of lenders and markets. Ahold Delhaize's current credit ratings from the solicited rating agencies are:

- Standard & Poor's: corporate credit rating BBB, with a positive outlook as of September 2022 (previous rating BBB- assigned in 2007).
- Moody's: issuer credit rating Baa1, with a stable outlook as of February 2018 (previous rating Baa2 assigned in August 2015).

Capital management

The Company's primary objective to manage capital is the optimization of its debt and equity balances to sustain the future development of the business, maintain its investment grade credit rating and maximize shareholder value.

Ahold Delhaize may balance its capital structure in several ways, including through the payment of dividends, capital repayment, new share issues, share buybacks and the issuance or redemption of debt.

Financial instruments

Accounting classification and fair values of financial instruments

The following table presents the fair value of financial instruments, based on Ahold Delhaize's categories of financial instruments, including current portions, compared to the carrying amount at which these instruments are included on the balance sheet:

€ million	**January 1, 2023** Carrying amount	**January 1, 2023** Fair value	January 2, 2022 Carrying amount	January 2, 2022 Fair value
Financial assets at amortized cost				
Loans receivable	**36**	**34**	85	85
Trade and other (non-)current receivables	**2,429**	**2,429**	2,445	2,445
Lease receivable	**518**	**498**	492	516
Cash and cash equivalents	**3,082**	**3,082**	2,993	2,993
Short-term deposits and similar investments	**16**	**16**	15	15
	6,081	**6,060**	6,029	6,053
Financial assets at fair value through profit or loss (FVPL)				
Reinsurance assets	**283**	**283**	281	281
Investments in debt instruments	**136**	**136**	145	145
	418	**418**	426	426
Derivative financial instruments				
Derivatives	**2**	**2**	—	—
Total financial assets	**6,501**	**6,479**	6,455	6,479

30 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS CONTINUED

€ million	January 1, 2023 Carrying amount	Fair value	January 2, 2022 Carrying amount	Fair value
Financial liabilities at amortized cost				
Notes	**(4,373)**	**(4,075)**	(4,354)	(4,721)
Other loans	**(193)**	**(193)**	(274)	(274)
Financing obligations	**(194)**	**(109)**	(205)	(149)
Mortgages payable	**—**	**—**	(41)	(42)
Accounts payable	**(8,191)**	**(8,191)**	(7,563)	(7,563)
Short-term borrowings	**(915)**	**(915)**	(952)	(952)
Interest payable	**(37)**	**(37)**	(36)	(36)
Other long-term financial liabilities[1]	**(269)**	**(268)**	(276)	(278)
Other	**(26)**	**(26)**	(29)	(29)
	(14,198)	**(13,814)**	(13,731)	(14,044)
Financial liabilities at fair value through profit or loss (FVPL)				
Reinsurance liabilities	**(273)**	**(273)**	(272)	(272)
Derivative financial instruments				
Derivatives	**(26)**	**(26)**	(2)	(2)
Total financial liabilities excluding lease liabilities	**(14,496)**	**(14,113)**	(14,004)	(14,317)
Lease liabilities	**(11,965)**	N/A	(11,262)	N/A
Total financial liabilities	**(26,461)**	N/A	(25,266)	N/A

1 Other long-term financial liabilities include a long-term financial liability for the non-controlling interest in FreshDirect in the amount of $129 million (€121 million) and a deferred consideration for the remaining shares in Cycloon of €26 million (see Note 23).

Of Ahold Delhaize's categories of financial instruments, only derivatives, investments in debt instruments and reinsurance assets (liabilities) are measured and recognized on the balance sheet at fair value. These fair value measurements are categorized within Level 2 of the fair value hierarchy. The Company uses inputs other than quoted prices that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The fair value of derivative instruments is measured by using either a market or income approach (mainly present value techniques). Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates that match the maturity of the contracts. Interest rate swaps are measured at the present value of expected future cash flows. Expected future cash flows are discounted by using the applicable yield curves derived from quoted interest rates.

To the extent that no cash collateral is contractually required, the valuation of Ahold Delhaize's derivative instruments is adjusted for the credit risk of the counterparty, called Credit Valuation Adjustment (CVA), and for Ahold Delhaize's own credit risk, called Debit Valuation Adjustment (DVA). The valuation technique for the CVA/DVA calculation is based on relevant observable market inputs.

No CVA/DVA adjustments are made to the valuation of certain derivative instruments, for which both Ahold Delhaize and its counterparties are required to post or redeem cash collaterals if the value of a derivative exceeds a threshold defined in the contractual provisions. Such cash collaterals materially reduce the impact of both the counterparty and Ahold Delhaize's own non-performance risk on the value of the instrument. Ahold Delhaize posted deposits as collateral in the net amount of €26 million as of January 1, 2023 (January 2, 2022: nil). The counterparties have an obligation to repay the deposits to Ahold Delhaize upon settlement of the contracts.

The carrying amount of trade and other (non-)current receivables, cash and cash equivalents, accounts payable, short-term deposits and similar instruments, and other current financial assets and liabilities approximate their fair values because of the short-term nature of these instruments and, for receivables, because any expected recoverability loss is reflected in an impairment loss.

The fair values of quoted borrowings for which an active market exists are based on year-end quoted prices. The fair value of other non-derivative financial assets and liabilities that are not traded in an active market is estimated using discounted cash flow analyses based on market rates prevailing at year-end.

As of January 1, 2023, short-term deposits and similar instruments (€16 million) contain short-term liquid investments that are considered part of Ahold Delhaize's cash management financial assets.

Derivatives

Fair values, notional amounts, maturities and the qualification of derivative financial instruments for accounting purposes are presented in the table below:

€ million	Maturity	January 1, 2023 Fair value Assets	Fair value Liabilities	Notional amount
Forward commodity contracts[1]	Within 1 year	**2**	**—**	**21**
Interest rate swaps[2]	After 5 years	**—**	**(26)**	**187**
Total fair value hedges		**2**	**(26)**	**207**
Forward foreign currency contracts	Within 1 year	**—**	**—**	**42**
Total derivatives – no hedge accounting treatment		**—**	**—**	**42**
Total derivative financial instruments		**2**	**(26)**	**249**

1 Hedge ineffectiveness in relation to the forward commodity contracts was negligible for 2022.
2 Hedge ineffectiveness in relation to the interest rate swaps was negligible for 2022.

€ million	Maturity	January 2, 2022 Fair value Assets	Fair value Liabilities	Notional amount
Interest rate swaps[1]	After 5 years	—	(1)	176
Total fair value hedges		—	(1)	176
Forward foreign currency contracts	Within 1 year	—	(1)	43
Total derivatives – no hedge accounting treatment		—	(1)	43
Total derivative financial instruments		—	(2)	219

1 Hedge ineffectiveness in relation to the interest rate swaps was negligible for 2021.

30 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS CONTINUED

Accounting policies

Financial assets

Financial assets are recognized when the Company becomes a party to the contractual provisions of a financial instrument. Financial assets are derecognized when the rights to receive cash flows from the financial assets expire, or if the Company transfers the financial asset to another party and does not retain control or substantially all risks and rewards of the asset. Purchases and sales of financial assets in the normal course of business are accounted for at settlement date (i.e., the date that the asset is delivered to or by the Company).

At initial recognition, the Company measures its financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition or issue of the financial asset.

After initial recognition, the Company classifies its financial assets as subsequently measured at either i) amortized cost, ii) fair value through other comprehensive income (FVOCI) or iii) FVPL on the basis of both:

- The Company's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

Subsequent to initial recognition, financial assets are measured as described below.

Financial assets at amortized cost

Financial assets are measured at amortized cost if both i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction cost directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, less any impairment losses.

The Company's financial assets measured at amortized cost comprise loans receivable, net investment in leases, trade and other (non-)current receivables, cash and cash equivalents, short-term deposits and similar instruments.

Financial assets at fair value through other comprehensive income

A financial asset is measured at FVOCI if both i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments measured at FVOCI are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are reclassified to profit or loss when the debt instrument is derecognized.

There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investments in equity instruments that are not held for trading and for which the Company made an irrevocable election at the time of initial recognition to account for the investment in equity instruments at FVOCI.

Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets are not met, a financial asset is classified as "at fair value through profit or loss" and measured at fair value with changes in fair value recognized in profit or loss.

A financial asset measured at FVPL is recognized initially at fair value and its transaction cost is recognized in profit or loss when incurred. A gain or loss on a financial asset measured at FVPL is recognized in the income statement for the reporting period in which it arises.

The Company may, at initial recognition, irrevocably designate a financial asset as measured at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

The Company's financial instruments measured at FVPL comprise reinsurance assets, derivatives and certain investments in debt instruments.

Impairment of financial assets

At each balance sheet date, the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognizes a loss allowance for expected credit losses for financial assets measured at either amortized costs or at fair value through other comprehensive income. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for the financial instrument at an amount equal to 12 months of expected credit losses. If, at the reporting date, the credit risk on a financial instrument has increased significantly since initial recognition, the Company measures the loss allowance for the financial instrument at an amount equal to the lifetime-expected credit losses. The Company always measures the loss allowance at an amount equal to lifetime-expected credit losses for trade receivables, contract assets and lease receivables.

Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. Financial liabilities are derecognized when the Company's obligations specified in the contract expire or are discharged or cancelled.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for derivatives and reinsurance liabilities. Any difference between the proceeds and redemption value is recognized in the income statement over the period of the loans and short-term borrowings using the effective interest method.

Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

30 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS CONTINUED

Derivative financial instruments

All derivative financial instruments are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. Gains and losses resulting from the fair value remeasurement are recognized in the income statement as fair value gains (losses) on financial instruments, unless the derivative qualifies and is effective as a hedging instrument in a designated hedging relationship. In order for a derivative financial instrument to qualify as a hedging instrument for accounting purposes, the Company must document (i) at the inception of the transaction, the relationship between the hedging instrument and the hedged item, as well as its risk management objectives and strategy for undertaking various hedging transactions and (ii) its assessment, both at hedge inception and on an ongoing basis, of whether the derivative that is used in the hedging transaction is highly effective in offsetting changes in fair values or cash flows of hedged items. Derivatives that are designated as hedges are accounted for as either cash flow hedges or fair value hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized initially in the cash flow hedging reserve, a separate component of equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. Amounts accumulated in equity are reclassified into the income statement in the same period in which the related exposure impacts the income statement. When a cash flow hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is reclassified to the income statement when the forecasted transaction is ultimately recognized. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss existing in equity is immediately recognized in the income statement.

Fair value changes of derivative instruments that qualify for fair value hedge accounting treatment are recognized in the income statement in the periods in which they arise, together with any changes in fair value of the hedged asset or liability. If the hedging instrument no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortized in the income statement over the hedged item's remaining period to maturity.

Reinsurance assets and liabilities

Under Ahold Delhaize's self-insurance program, part of the insurance risk is ceded under a reinsurance treaty, which is a pooling arrangement between unrelated companies. In accordance with the pooling arrangement, the Company assumes a share of the reinsurance treaty risks that is measured in relation to the percentage of Ahold Delhaize's participation in the treaty. Reinsurance assets include estimated receivable balances related to reinsurance contracts purchased by the Company. Reinsurance liabilities represent the expected insurance risks related to reinsurance contracts sold by the Company. Reinsurance assets and liabilities are measured on a discounted basis using accepted actuarial methods.

Supply chain financing

The supply chain financing arrangements do not expose Ahold Delhaize to additional credit risk nor provide Ahold Delhaize with a significant benefit of additional financing and, accordingly, it is Ahold Delhaize's policy to classify the amounts due under supply chain finance arrangements with banks as trade payables. In accordance with the Company's accounting policy, trade payables are presented as operating activities in the cash flow statement. Suppliers choose to enter into these arrangements, which provide them with the option of access to earlier payment at favorable interest rates from the bank based on Ahold Delhaize's credit rating. If suppliers do not choose early payment under these arrangements, their invoices are settled by the bank under the applicable payment terms.

31 RELATED PARTY TRANSACTIONS

Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company considers all members of the Executive Committee (ExCo) and Supervisory Board (SB) to be key management personnel as defined in IAS 24 "Related Party Disclosures." At the end of 2022, the ExCo consisted of the Management Board (MB) and three other members.

The total compensation of key management personnel in 2022 amounted to €27,311 thousand (2021: €24,571 thousand). This includes a true-up for the estimated additional wage tax relating to key management personnel leaving the Company due in accordance with Dutch tax laws of €(555) thousand (2021: €952 thousand).

Remuneration of the Executive Committee including Management Board

The table below specifies the remuneration of the ExCo, comprising the Management Board members and the former members of the Management Board, and the additional ExCo members who were not part of the Management Board.

	2022				2021			
€ thousand	**MB members[1]**	**Former MB members[2]**	**Other ExCo**	**Total ExCo**	MB members[1]	Former MB members[2]	Other ExCo	Total ExCo
Base salary	**3,686**	**—**	**1,402**	**5,088**	3,518	—	1,354	4,872
EIP[3]	**4,601**	**—**	**1,772**	**6,373**	4,398	—	1,406	5,804
Other[4]	**1,168**	**6**	**807**	**1,981**	968	—	1,202	2,170
Share-based compensation[5]	**10,036**	**—**	**2,157**	**12,193**	7,329	—	1,489	8,818
Pensions[6]	**554**	**—**	**80**	**634**	466	—	213	679
Remuneration of the members of the ExCo	**20,045**	**6**	**6,218**	**26,269**	16,679	—	5,664	22,343

1 The MB members include Frans Muller, Natalie Knight, Kevin Holt and Wouter Kolk. On January 10, 2023, it was announced that Natalie Knight will leave Ahold Delhaize and that a six-month notice period applies; see the *Remuneration report*.
2 Former MB members includes members that resigned during the respective year.
3 The ExCo Incentive Plan (EIP) represents accrued annual cash incentives to be paid in the following year based on an overall weighted EIP performance. For an explanation of the Company's Remuneration Policy, see the *Remuneration report*. The overall 2022 performance multiplier was 125% for MB and other ExCo (2021: 125% for MB and 150% for other ExCo).
4 Other mainly includes gross allowances for net pension, tax compensation (tax equalization charges or refunds for expatriates), allowances for housing expenses, relocation costs, international school fees, employer's contributions to social security plans, benefits in kind, such as company cars, tax advice, medical expenses and the associated tax gross-up.
5 The fair value of each year's grant is determined on the grant date and expensed on a straight-line basis over the vesting period. The expense for 2022 reflects this year's portion of the share grants over the previous four years (plans 2019 to 2022). For more information on the share-based compensation expenses, see *Note 32*.
6 Pension costs are the total net periodic pension costs of the applicable pension plans.

For more details on the remuneration of the individual members of the Management Board, see the *Remuneration report*.

31 RELATED PARTY TRANSACTIONS CONTINUED

Remuneration of the members of the Supervisory Board

The Remuneration Policy for the Supervisory Board was adopted by the General Meeting of Shareholders on April 13, 2022, and became effective retroactively as of January 1, 2022. The table below specifies the total remuneration of the members of the Supervisory Board.

	2022			2021		
€ thousand	**SB members**	**Former SB members**	**Total SB**	SB members	Former SB members	Total SB
Remuneration of the members of the Supervisory Board	**1,556**	**41**	**1,597**	1,211	65	1,276

For more details on the remuneration of the individual members of the Supervisory Board, see the *Remuneration report*.

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

Trading transactions

Ahold Delhaize has entered into arrangements with a number of its subsidiaries and affiliated companies in the course of its business. These arrangements relate to service transactions and financing agreements. Transactions were conducted at market prices. During 2022 and 2021, the Company entered into the following transactions with unconsolidated related parties:

For the year ended January 1, 2023

€ million	Sales to related parties	Purchases from related parties	Amounts receivable from related parties	Amounts payable to related parties	Commitments to related parties
Cathedral Commons	**—**	**2**	**1**	**—**	**18**
Adhese	**—**	**—**	**4**	**—**	**8**
Other	**—**	**3**	**4**	**—**	**4**
Total	**—**	**5**	**9**	**—**	**30**

For the year ended January 2, 2022

€ million	Sales to related parties	Purchases from related parties	Amounts receivable from related parties	Amounts payable to related parties	Commitments to related parties
Allston Yards	—	—	36	—	—
Cathedral Commons	—	1	—	—	19
Other	—	4	4	—	9
Total	—	5	40	—	28

These unconsolidated related parties consist of:

- Allston Yards Parcel B Developer, LLC , a real estate joint venture of which Ahold Delhaize is a member.
- Cathedral Commons Partners, LLC, a real estate joint venture of Ahold Delhaize.
- JMR, a joint venture of Ahold Delhaize in the retail business (see *Note 15*). There were no significant transactions with JMR in 2022 and 2021.
- Super Indo, a joint venture of Ahold Delhaize in the retail business (see *Note 15*). There were no significant transactions with Super Indo in 2022 and 2021.
- Adhese, an advertising technology company in which Ahold Delhaize acquired a minority stake during 2022.
- Other, which includes mainly real estate joint ventures in which Ahold Delhaize has an interest and holding properties operated by Ahold Delhaize and Loyalty Management Nederland B.V., an associate of Ahold Delhaize that renders services relating to the management of customer loyalty programs to certain Ahold Delhaize subsidiaries in the Netherlands.
- Ahold Delhaize participates in Coopernic and AMS, which are cooperative European purchase alliances towards third-party vendors. Receivable and payable positions occur with these buying alliances. These transactions are considered to reflect the results of the negotiated purchasing terms with the third-party vendors. As such, these transactions are not shown in the table above of related party transactions.

Furthermore, the Company's post-employment benefit plans in the Netherlands and the United States are considered related parties. For more information on these plans, see *Note 24*.

32 SHARE-BASED COMPENSATION

In 2022, Ahold Delhaize's share-based compensation program consisted of a share grant program called Global Reward Opportunity (GRO). Total 2022 GRO share-based compensation expenses were €65 million (2021: €48 million). Ahold Delhaize's share-based compensation programs are equity-settled.

The fair value of the performance shares granted under the GRO program in 2022 at grant date was €50 million, of which €7 million related to the Management Board members. The fair value is expensed over the vesting period of the grants, adjusted for expected annual forfeitures of 4% (2021: 5%) excluding Management Board members. In 2022, the expected annual forfeitures were updated to 4% based on the historical actual forfeitures. For the share-based compensation expenses allocable to the individual Management Board members, see the *Remuneration report*.

GRO program

Main characteristics of performance shares granted in 2019 through 2022

The performance shares granted under this program vest on the day after the annual General Meeting of Shareholders in the third year of the grant, subject to certain performance conditions being met. The GRO program employs three financial measures: return on capital (RoC), underlying earnings per share growth (EPS) and total shareholder return (TSR), as well as non-financial performance measures related to sustainability targets.

32 SHARE-BASED COMPENSATION CONTINUED

The total GRO award comprises four portions of performance shares. The first 35% is linked to a three-year RoC target. Depending on performance, the number of performance shares that eventually vest may range between zero and a maximum of 150% of the number of performance shares granted.

For the performance shares granted in 2019 through 2021, another 35% is linked to a three-year EPS growth target. For the performance shares granted in 2022, this number is 25%. The number of performance shares that vest may range between zero and a maximum of 150% of the number of performance shares granted, depending on the performance.

Another 15% 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 the peer group disclosed below. The number of performance shares that vest depends on the Company's relative ranking in the peer group and may range between zero and a maximum of 150% of the number of performance shares granted (see table below for the vesting percentages based on Ahold Delhaize's ranking within the peer group).

For the remaining GRO share award, the performance at vesting is measured using sustainability targets related to the Company's Healthy and Sustainable ambitions. This applies to 15% of the performance shares granted in 2019 through 2021, and 25% of the performance shares granted in 2022. Depending on performance, the number of performance shares that eventually vest can range between zero and a maximum of 150% of the number of performance shares granted.

The table below indicates the percentage of performance shares that could vest based on Ahold Delhaize's TSR ranking within the peer group, for the performance shares granted in 2019 through 2022:

2019–2022 GRO program rank	All participants
1	150%
2	125%
3	110%
4	100%
5	75%
6	50%
7–12	0%

TSR performance peer group for performance shares granted in 2019 through 2022	
Tesco	Kroger
Carrefour	Costco
Metro Cash & Carry	Target
Casino Guichard-Perrachon	Walgreens Boots Alliance
J Sainsbury	Walmart
Wm Morrison[1]	

1 Wm Morrison was replaced with Albertsons in the 2022 GRO award.

Performance shares vesting in 2023

In 2023, the performance shares granted in 2020 will vest. The performance shares vesting will comprise performance shares based on the Company's RoC, EPS, TSR and sustainability performance. As of the end of 2022, Ahold Delhaize ranked 5th in the TSR peer group with respect to the 2020 grant. Based on this TSR ranking, the vesting percentage for the portion of the 2020 performance shares dependent on Ahold Delhaize's TSR performance was 75%.

At the end of each reporting period, Ahold Delhaize revises its estimates of the number of performance shares that are expected to vest based on the non-market vesting conditions (RoC, EPS and sustainability performance). Ahold Delhaize recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The final vesting percentage for the portion of the 2020 performance shares dependent on Ahold Delhaize's RoC, EPS and sustainability performance is 136%, 150% and 140% respectively.

On April 15, 2023, a maximum of 0.4 million performance shares granted in 2020 to current members of the Management Board under the Ahold Delhaize GRO plan are expected to vest. Except to finance taxes and social security charges due on the vesting date, members of the Management Board cannot sell shares for a period of at least five years following the grant date, or until their date of resignation from the Management Board, if this period is shorter. Any sale of shares is subject to insider trading restrictions as applicable from time to time.

On April 15, 2023, a maximum of 2.4 million performance shares granted in 2020 to Ahold Delhaize employees under the Ahold Delhaize GRO plan are expected to vest. As of the vesting date, participants are allowed to sell all or part of the vested shares, subject to insider trading restrictions as applicable from time to time.

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

The following table summarizes the status of the GRO program during 2022 for the Management Board members and for all other employees in the aggregate.

	Outstanding at the beginning of 2022	Granted	Performance adjustment[1]	Vested[2]	Forfeited	**Outstanding at the end of 2022**
Management Board members						
Shares MB members[3]	889,800	297,390	70,226	341,394	—	**916,022**
Other employees						
2019 grant	1,825,960	99	465,750	2,269,514	22,295	**—**
2020 grant	1,917,522	28,452	—	—	132,516	**1,813,458**
2021 grant	1,872,946	39,392	—	—	168,292	**1,744,046**
2022 grant	—	1,803,468	—	—	96,808	**1,706,660**
Total number of shares	6,506,228	2,168,801	535,976	2,610,908	419,911	**6,180,186**

1 Represents the adjustment to the number of performance shares granted resulting from the TSR, RoC, EPS and sustainability performance.
2 The vesting date of the 2019 grant was April 14, 2022. The share price was €28.35 on April 14, 2022.
3 For an overview of the shares outstanding for the Management Board members, see the *Remuneration report*.

32 SHARE-BASED COMPENSATION CONTINUED

Valuation model and input variables

The weighted average fair value of the performance shares granted in 2022, for all eligible participants including Management Board members, amounted to €13.79 per share for TSR performance shares and €25.45 per share for RoC performance shares, EPS performance shares and sustainability performance shares (2021: €7.44 per share for TSR performance shares and €20.34 per share for RoC performance shares, EPS performance shares and sustainability performance shares). The fair values of the RoC, EPS and sustainability performance shares are based on the Black-Scholes model. The fair values of the TSR performance shares are determined using a Monte Carlo simulation model, which considers the likelihood of Ahold Delhaize's TSR ending at various ranks as well as the expected share price at each rank. The most important assumptions used in the valuations of the fair values were as follows:

	2022	2021
Closing share price at grant date (€)	**28.42**	22.88
Risk-free interest rate	**0.4%**	(0.7)%
Volatility	**22.0%**	21.4%
Assumed dividend yield	**3.6%**	4.1%

Expected volatility has been determined based on historical volatilities for a period of three years.

Accounting policies

The grant date fair value of equity-settled share-based compensation plans is expensed, with a corresponding increase in equity, on a straight-line basis over the vesting periods of the grants. The cumulative expense recognized at each balance sheet date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of performance shares that will eventually vest. No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition (e.g., total shareholder return). Those are treated as vested irrespective of whether or not the market condition is ultimately satisfied, provided that all non-market conditions (e.g., continued employment) are satisfied.

33 LEASES

Ahold Delhaize as lessee

Ahold Delhaize leases a significant number of its stores, as well as DCs, warehouses, offices and other assets, under lease arrangements. Leases of retail stores typically run for periods of 10 to 20 years, and warehouses and DCs for 10 years.

The Company also leases equipment, mainly IT equipment, with average contract terms of four years. The majority of these are short-term leases and/or leases of low-value assets, and the Company has elected not to recognize right-of-use assets and lease liabilities for these leases. The Company expects the expenses incurred for short-term leases and leases of low-value assets to remain broadly consistent in future years.

Right-of-use assets

See *Note 12* and *Note 13* for more information on the right-of-use assets.

Lease liabilities

The following table summarizes the expected maturity profile of the Company's lease liabilities as presented in *Note 23* (non-current portion) and *Note 26* (current portion) as of January 1, 2023, and January 2, 2022, respectively, based on the undiscounted payments.

€ million	January 1, 2023	January 2, 2022
Less than one year	**1,673**	1,545
One to five years	**5,822**	5,409
Five to 10 years	**4,085**	3,787
10 to 15 years	**1,774**	1,752
More than 15 years	**1,162**	1,223
Total undiscounted lease payments	**14,515**	13,717
Lease liabilities included in the balance sheet	**11,965**	11,262
Current portion (*Note 26*)	**1,327**	1,201
Non-current portion (*Note 23*)	**10,637**	10,061

General

Leases are managed by local management and, accordingly, lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The terms and conditions of real estate leases include, among others, extension and termination options as well as (additional) variable payments. A large proportion of the real estate leases also provide for lease payment increases that are based on changes in local price indices, which are generally determined annually. Lease liabilities are remeasured to reflect those revised lease payments only when there is a change in the cash flows.

The Company does not have leases with significant guaranteed residual values or purchase options.

None of Ahold Delhaize's leases impose restrictions on the Company's ability to pay dividends, incur additional debt or enter into additional leasing arrangements.

Extension and termination options

Extension and termination options are included in a large number of real estate leases across the Company. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

As of January 1, 2023, potential uncommitted future cash outflows of an estimated €39 billion (undiscounted) (2021: €36 billion) have not been included in the lease liability (and right-of-use asset) because it is not reasonably certain that the leases will be extended (or not terminated).

During the current financial year, an amount of €1,030 million (2021: €1,020 million) has been recorded as a net increase in the right-of-use assets due to reassessments and modifications of leases, which include, among others, the effect of exercising extension and termination options and changes in lease payments due to inflation-related increases.

33 LEASES CONTINUED

The table below summarizes the rate of exercise of termination options.

	Number of contracts with termination options exercisable as of January 1, 2023	Number of contracts with termination options not exercised or not considered reasonably certain to be exercised as of January 1, 2023	Number of contracts with termination options exercised or considered reasonably certain to be exercised as of January 1, 2023
	Number of leases	Number of leases	Number of leases
Total Ahold Delhaize	**2,566**	**2,272**	**294**

In countries like Greece, Romania and Serbia, it is general practice to be able to terminate contracts, subject to a notice period. A large portion of the termination options listed above relates to vehicle leases in Greece, Romania and Serbia.

In Belgium, real estate leases normally have an initial term of 27 years, but the lessee has the right, by law, to terminate the lease every three years. In practice, contracts are therefore recorded in the real estate system as having a 27-year term with termination options every three years. These termination options are then assessed as part of the determination of the lease term, which is normally established as nine years.

In other countries, limited to no termination options are in place.

Variable payments

Variable payment terms are used for a variety of reasons, including minimizing the fixed cost base for newly established stores or for reasons of margin control and operational flexibility. Variable lease payment terms vary widely across the Company:

- The majority of variable payment terms are based on a range of percentages of store sales. Percentages vary per contract and generally range between 1% and 6% of net sales of the applicable store.
- Some variable payment terms include minimum rent clauses.

Variable lease payments that depend on sales are recognized in profit or loss in the period in which the condition that triggers those payments occurs. The overall financial effect of using variable payment terms is that higher rental costs are incurred by stores with higher sales.

The Company expects the amount of variable rental payments to remain broadly consistent in future years.

Commitment for leases not yet commenced

In addition to the leases included on the balance sheet, Ahold Delhaize has signed lease agreements for properties under development of which it has not yet taken possession. The future undiscounted lease payments for these agreements amount to approximately €1,334 million (2021: €1,311 million). The 2022 and 2021 numbers mainly relate to an investing commitment of approximately $1 billion to transform and expand the supply chain operations on the U.S. East Coast. See *Note 34* for more information.

Sale and leaseback transactions

There have been no significant sale and leaseback transactions in 2022 and 2021. In 2022, the gain on sale and leaseback transactions of €1 million was mainly the result of transactions in the Czech Republic. In 2021, the gain on sale and leaseback transactions of €7 million was the result of transactions in Belgium, the Czech Republic and the Netherlands.

Amounts recognized in the income statement

€ million	**2022**	2021
Variable lease payments not included in the measurement of lease liabilities	**(19)**	(18)
Expenses related to short-term leases	**(36)**	(22)
Expenses relating to leases of low-value assets that are not shown above as short-term leases	**(15)**	(18)
Total rent expense	**(70)**	(58)
Depreciation charge for right-of-use assets	**(1,300)**	(1,134)
Interest accretion to lease liability	**(356)**	(337)
Gains (losses) on sale and leaseback transactions	**1**	7
Income from subleasing right-of-use assets	**57**	58

During 2022, net impairments of €2 million (2021: €3 million) on right-of-use assets (excluding investment properties) and €(1) million (2021: nil) on investment property right-of-use assets were recorded. These impairments mainly relate to buildings leased. No impairments were recognized as a result of COVID-19. Ahold Delhaize did not apply for rent concessions and did not receive material rent concessions.

Amounts recognized in the cash flow statement

€ million	**2022**	2021
Total cash outflow for leases	**(1,824)**	(1,630)

The total cash outflow for leases consists of repayment of lease liabilities (both the principal and interest portion of lease payments), the cash outflows from short-term and low-value leases and variable lease payments not included in the measurement of lease liabilities.

Ahold Delhaize as lessor

Ahold Delhaize rents out its investment properties (mainly retail units in shopping centers containing an Ahold Delhaize store) and also (partially) subleases various other properties that are leased by Ahold Delhaize. Ahold Delhaize classifies these leases as operating or finance leases.

33 LEASES CONTINUED

Operating leases

The following table sets out the maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

€ million	January 1, 2023	January 2, 2022
Less than one year	92	94
One to two years	71	82
Two to three years	54	64
Three to four years	38	50
Four to five years	25	32
More than five years	64	77
Total undiscounted lease payments	**344**	**400**

Finance leases

Net investment in leases

€ million	2022	2021
As of the beginning of the year		
Current portion	91	88
Non-current portion	475	397
Carrying amount at the beginning of the year	**566**	**485**
Interest accretion	12	13
Acquisitions through business combinations	—	21
Repayments	(115)	(103)
Impairment losses and reversals – net	1	—
Terminations	(4)	(1)
Reassessments and modifications	55	46
Reclassifications (to) from right-of-use assets	92	91
Exchange rate differences	12	14
Closing carrying amount	**620**	**566**
As of the end of the year		
Current portion	96	91
Non-current portion	524	475
Carrying amount at the end of the year	**620**	**566**

The following table sets out the maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

€ million	January 1, 2023	January 2, 2022
Less than one year	105	101
One to two years	98	94
Two to three years	87	82
Three to four years	71	71
Four to five years	57	56
More than five years	147	134
Total undiscounted lease payments receivable	**565**	**539**
Unearned finance income	(44)	(43)
Total discounted lease payments receivable	**521**	**496**
Cumulative impairment losses	(3)	(4)
Lease receivable	**518**	**492**
Unguaranteed residual value	101	74
Net investment in leases	**620**	**566**

Lease receivables are principally for real estate. Terms range primarily from five to 12 years.

There are no significant changes in the provision for impairment.

The Company, as lessor, manages risks associated with rights retained in the underlying assets mainly by screening lessees for creditworthiness prior to entering into the lease agreement and following up on outstanding lease payments as part of debtor management. In addition, lease contracts generally include terms about rights in case of delinquency and default. Lease contracts rarely include residual value guarantees.

Amounts recognized in the income statement

€ million	2022	2021
Operating leases		
Rent income relating to fixed payments on operating leases	151	140
Rent income relating to variable payments on operating leases	4	6
Total rent income	**155**	**146**
Interest income on net investment in leases	12	13

No significant rent concessions were provided by Ahold Delhaize and no rent concessions were recognized as a result of COVID-19.

33 LEASES CONTINUED

Accounting estimates and judgments

Where the Company is the lessee, management is required to make judgments about whether an arrangement contains a lease, the lease term and the appropriate discount rate to calculate the present value of the lease payments.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases entered into by the Company as lessee, management uses the incremental borrowing rate, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company and makes adjustments specific to the lease, for example related to term, country, currency and security. On a quarterly basis, the Company calculates incremental borrowing rates for each country, broken down into buckets of duration and underlying asset leased.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if it is reasonably certain that the lease will be extended (or not terminated) and, as such, included within lease liabilities.

For leases of stores, DCs and warehouses, the following factors are normally the most relevant:

- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors, including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the lessee's control; for example, when significant investment in the store is made that has a useful life beyond the current lease term.

Where the Company is the lessor, the classification of leases as finance leases or operating leases requires judgments about the fair value of the leased asset, the economic life of the asset, whether or not to include renewal or termination options in the lease term and the appropriate discount rate to use to calculate the present value of the lease payments to be received.

Revenue recognition with respect to sale and leaseback transactions is dependent on management's judgment of whether the Company has satisfied all of its performance obligations and control of the asset is transferred to the buyer, and the determination of the fair value of the asset.

Accounting policies

Definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. At inception, or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of its relative stand-alone price.

The Company applies the recognition exemptions for short-term leases (less than 12 months) and leases of low-value items, defined by the Company to be below $5,000 per item (on acquisition). The payments for these exempted leases are recognized in the income statement on a straight-line basis over the lease terms.

As a lessee

The Company recognizes a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments, at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred (for example, key money and lease contract commissions), less any incentives received. The right-of-use asset for acquired leases is adjusted for any favorable or unfavorable lease rights recognized as part of the purchase price allocation. The right-of-use asset is subsequently depreciated using the straight-line method over the shorter of the lease term or the useful life of the underlying asset. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company has elected to separate lease and non-lease components included in lease payments for all leases. Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments.
- Variable lease payments that depend on an index or a rate, which are initially measured using the index or rate at the commencement date.
- Amounts expected to be payable under a residual value guarantee.
- The exercise price of a purchase option that the Company is reasonably certain to exercise.
- Lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest rate method. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

33 LEASES CONTINUED

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the income statement if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is included in Other current financial liabilities and Other non-current financial liabilities.

The Company applies judgment to determine the lease term for the lease contracts in which it is a lessee that include renewal and termination options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the value of lease liabilities and right-of-use assets recognized. See accounting estimates and judgments for more information.

As a lessor

The Company classifies leases as finance or operating leases at lease inception based upon whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. As part of this assessment, the Company considers certain indicators, such as whether the lease is for the majority of the economic life of the asset.

Leases classified as finance leases result in the recognition of a net investment in a lease representing the Company's right to receive rent payments. The value of the net investment in a lease is the value of the future rent payments to be received and the unguaranteed residual value of the underlying asset discounted using the rate implicit in the lease.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sublease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of Rent income.

Sale and leaseback

Sale and leaseback transactions are defined as transactions that lead to a sale according to IFRS 15 "Revenue from Contracts with Customers." Under IFRS 15, the seller-lessee must determine whether the transaction qualifies as a sale for which revenue is recognized (i.e., the transaction is a genuine sale, where all performance obligations are satisfied and control has transferred to the buyer-lessor), or the transaction is a collateralized borrowing. More specifically, a sale is considered as such if there is no repurchase option on the asset at the end of the lease term.

If the sale by the Company as seller-lessee qualifies as a sale, the Company derecognizes the asset and recognizes a gain (or loss) that is limited to the proportion of the total gain (or loss) relating to the rights transferred to the buyer-lessor. In addition, the Company recognizes a right-of-use asset arising from the leaseback and measures it at the proportion of the previous carrying amount of the asset relating to the right of use retained. In addition, the Company recognizes the lease liability.

If the fair value of the consideration for the sale does not equal the fair value of the asset, or if the payments for the lease are not at market rates, adjustments are made to measure the sales proceeds at fair value as follows:

a. Any below-market terms should be accounted for as a prepayment of lease payments.

b. Any above-market terms should be accounted for as additional financing provided by the buyer-lessor.

If the sale by the Company does not qualify as a sale, the Company keeps the asset transferred on its balance sheet and recognizes a financing obligation equal to the transferred proceeds or cash received.

34 COMMITMENTS AND CONTINGENCIES

Investment commitments

As of January 1, 2023, Ahold Delhaize had outstanding investment commitments for property, plant and equipment and investment property, and for intangible assets of approximately €579 million and €17 million, respectively (January 2, 2022: €369 million and €17 million, respectively). These investment commitments include contractual commitments for contributions to franchisees. Ahold Delhaize's share in the capital investment commitments of its unconsolidated joint ventures JMR and Super Indo was nil as of January 1, 2023 (January 2, 2022: €1 million).

U.S. supply chain

In addition to the capital investments referred to above, on December 10, 2019, Ahold Delhaize announced that it is investing to transform and expand its supply chain operations on the U.S. East Coast. This included investments in two new fully automated Ahold Delhaize USA frozen food facilities to be constructed in the U.S. Northeast and mid-Atlantic regions. On May 14, 2020, Ahold Delhaize USA entered into a 20-year service agreement for these two facilities, one in Connecticut and one in Pennsylvania. The development of these facilities started in 2020 and the services will be provided as of 2023, at which time they will start impacting our consolidated income statement, balance sheet and statement of cash flows. The future 20-year undiscounted commitment related to this agreement is approximately $1 billion and is included in commitments for leases not yet commenced (see *Note 33*). This is the total commitment for the embedded lease which includes lease and non-lease components. The lease components will be recognized on the balance sheet on the commencement date, which is expected to be in 2023. The non-lease components will be expensed as incurred. The new self-distribution supply chain will enable the U.S. businesses to reduce costs, improve speed to shelf, enhance relationships with vendors, and improve product availability and freshness for customers.

Purchase commitments

Ahold Delhaize enters into purchase commitments with vendors in the ordinary course of business. The Company has purchase contracts with some vendors for varying terms that require Ahold Delhaize to buy services and predetermined volumes of goods and goods not-for-resale at fixed prices. As of January 1, 2023, the Company's purchase commitments were approximately €2.8 billion (January 2, 2022: €2.4 billion). In 2021, Food Lion entered into a long-term supply agreement with Maryland-Virginia Milk Producers Cooperative for milk and milk related products, with an initial term of 10 years. The related purchase commitment increased in 2022 to $0.8 billion (€0.7 billion) and is included in the €2.8 billion purchase commitments. In 2021, the purchase commitment amounted to $0.6 billion (€0.5 billion).

34 COMMITMENTS AND CONTINGENCIES CONTINUED

Not included in the purchase commitments are those purchase contracts for which Ahold Delhaize has received advance vendor allowances, such as upfront signing payments in consideration of its purchase commitments. These contracts generally may be terminated without satisfying the purchase commitments upon the repayment of the unearned portions of the advance vendor allowances. The unearned portion of these advance vendor allowances is recorded as a liability on the balance sheet.

Other commitments

Cooperating agreements

On December 14, 2022, the Company announced that Jan Linders Supermarkets and Albert Heijn have decided to partner, with family business Jan Linders continuing its operations as an Albert Heijn franchisee. The vast majority of current stores (63) will remain part of Jan Linders' new franchise organization and be converted into Albert Heijn franchise supermarkets. Employees working at these stores will continue to work there. Some Jan Linders supermarkets will not join the new franchise organization. In addition, Jan Linders will acquire ten supermarkets from Albert Heijn in the south of the Netherlands. Employees working at these stores will also continue to work there, with Jan Linders becoming their employer.

The Jan Linders DC in Nieuw Bergen, the Netherlands, will be acquired by Albert Heijn, while preserving the function of the DC. All DC employees will keep their jobs, thus ensuring employment in this region. Jan Linders' headquarters will continue to exist in a new and compact setup as the Service Office of the franchise organization. The cooperation agreements are subject to the advice of both companies' works councils and approval of the Authority for Consumers and Markets (ACM) for those supermarkets that will be transferred from Albert Heijn to Jan Linders. The aim is to have converted all stores involved by the end of 2023. The investment commitments as disclosed above do not incorporate amounts relating to these cooperation agreements, as these are subject to closing conditions.

Commitments related to business acquisitions

As of January 1, 2023, the Company has no significant outstanding commitments related to business acquisitions.

Contingent liabilities

Guarantees

Guarantees to third parties issued by Ahold Delhaize can be summarized as follows:

€ million	January 1, 2023	January 2, 2022
Lease guarantees	**718**	689
Lease guarantees backed by letters of credit	**—**	15
Buyback guarantees	**13**	14
Total	**731**	718

The amounts included in the table above are the maximum undiscounted amounts the Group could be forced to settle under the arrangement for the full guaranteed amount, if that amount is claimed by the counterparty to the guarantee. For lease guarantees, this is based on the committed lease terms as communicated to Ahold Delhaize.

Lease guarantees

Ahold Delhaize or its subsidiaries may be contingently liable for leases that have been assigned and/or transferred to third parties in connection with facility closings and dispositions. Ahold Delhaize could be required to perform the financial obligations under these leases if any of the third parties are unable to fulfill their lease obligations. The lease guarantees are based on the nominal value of future minimum lease payments of the relevant leases, which extend through 2041 and are based on the committed lease terms as communicated to Ahold Delhaize. The amounts of the lease guarantees set forth in the table above exclude the cost of common area maintenance and real estate taxes; such amounts may vary in time, per region and per property. Certain amounts related to these leases are recognized as a provision or a financial liability; for more information see *Note 23* and *Note 25*.

As of January 1, 2023, the €718 million in the undiscounted lease guarantees as presented in the table above mainly relates to divestments. The following table sets out the undiscounted lease guarantees by divestment:

€ million	January 1, 2023	January 2, 2022
Tops divestments	**274**	285
BI-LO/Bruno's divestment	**159**	115
Sweetbay, Harveys and Reid's divestment	**73**	76
Bottom Dollar Food divestment	**84**	87
Other[1]	**128**	126
Total lease guarantees	**718**	689

1 Other includes the divestment of remedy stores in the U.S. and the divestment of Bradlees.

On a discounted basis, these lease guarantees amount to €620 million and €584 million as of January 1, 2023, and January 2, 2022, respectively. If Ahold Delhaize is called upon to satisfy its obligations under the outstanding lease guarantees, it has several potential defenses to reduce the Company's gross exposure.

Lease guarantees backed up by letters of credit

As part of the divestment of U.S. Foodservice in 2007, Ahold Delhaize received an irrevocable standby letter of credit for $216 million (€163 million), which was reduced to $17 million (€15 million) as of January 2, 2022, and which was released and terminated in 2022.

Buyback guarantees

Buyback guarantees relate to Ahold Delhaize's commitment to repurchase stores or inventory from certain franchisees at predetermined prices. The buyback guarantees reflect the maximum committed repurchase value under the guarantees. From the outstanding buyback guarantees of €13 million, an amount of €10 million expires in 2023 and €2 million expires in 2048.

Indemnifications as part of divestments of Ahold Delhaize's operations

In the relevant sales agreements, Ahold Delhaize has provided customary indemnifications, including for potential breach of representations and warranties, that often include, but are not limited to, completeness of books and records, title to assets, schedule of material contracts and arrangements, litigation, permits, labor matters, and employee benefits and taxes. These representations and warranties will generally terminate, depending on their specific features, a number of years after the date of the relevant transaction completion date.

34 COMMITMENTS AND CONTINGENCIES CONTINUED

The most significant divestment of operations is, to the extent not already covered in the guarantee section above, described below. In addition, specific, limited indemnifications exist for a number of Ahold Delhaize's smaller divestments. The aggregate impact of claims, if any, under such indemnification provisions is not expected to be material.

Disco divestment
As part of the divestment of Disco S.A. ("Disco") in 2004, Ahold Delhaize is required to indemnify Disco and its buyers for the outcome of the Uruguayan litigation described in the *Legal proceedings* section of this Note. Ahold Delhaize's indemnification obligation relating to this litigation is not capped at a certain amount nor restricted to a certain time period.

Taxes

Ahold Delhaize operates in a number of countries and is subject to several direct and indirect taxes including corporate income tax, value added tax, sales and use tax, and wage tax. Its income is subject to direct and indirect tax in differing jurisdictions where those taxes are levied on a tax base differing per tax law, jurisdiction and at differing tax rates. Significant judgment is required in determining the direct and indirect tax position. We seek to organize our affairs in a sustainable manner, taking into account the applicable regulations of the jurisdictions in which we operate. As a result of Ahold Delhaize's multi-jurisdictional operations, it is exposed to a number of different tax risks including, but not limited to, changes in tax laws or interpretations of such tax laws. The authorities in the jurisdictions where Ahold Delhaize operates may review the Company's direct and indirect tax returns and may disagree with the positions taken in those returns. While the ultimate outcome of such reviews is not certain, Ahold Delhaize has considered the merits of its filing positions in its overall evaluation of potential tax liabilities for both direct and indirect taxes and believes it has adequate liabilities recorded in its consolidated financial statements for exposures on these matters. Based on its evaluation of the potential tax liabilities and the merits of Ahold Delhaize's filing positions, it is unlikely that potential tax exposures over and above the amounts currently recorded as liabilities in its consolidated financial statements will be material to its financial condition or future results of operations.

In December 2020, Ahold Delhaize's subsidiary, Delhaize Le Lion/De Leeuw SCA ("DLL"), received an adjustment notice from the Belgian tax authorities relating to its tax return over 2018. In 2018, DLL transferred the shares of the former Delhaize USA business from DLL to Koninklijke Ahold Delhaize NV (share transaction) with the business purpose of combining the former Delhaize USA business with the former Ahold USA business, to simplify the legal structure and to be able to file one consolidated federal tax return in the United States. This share transaction is tax exempt in Belgium for DLL and falls under the participation exemption in the Netherlands for the receiving entity Koninklijke Ahold Delhaize NV. The applied purchase price of the underlying Delhaize USA shares is supported by an external valuation report. With the adjustment notice, the Belgian tax authorities informed DLL that, in their opinion, the applied purchase price does not reflect the market value of the underlying shares and they thus, rejected the external valuation report. Although the entire share transaction was tax exempt in Belgium, an upward correction of the purchase price received by DLL is a taxable event under the Belgian tax code.

The maximum exposure relating to this adjustment notice amounts to €382 million (including a 10% penalty increase). Ahold Delhaize does not accept this correction, and, in our opinion, the adjustment notice and all the arguments of the Belgian tax authorities are without any merit. In January 2021, DLL filed an objection letter to the adjustment notice. The Belgian tax authorities rejected the provided arguments as stated in the objection letter and issued for 2018, an additional assessment notice of €382 million. We decided to pay the additional assessment notice in order to avoid an interest charge of 4% per annum on the amount due and to avoid adverse tax consequences such as e.g. the compensation with all possible tax receivables. In the meanwhile, DLL engaged another independent third-party valuator as well as an external law firm to perform an assessment of the original valuation report as well as the legal and tax grounds to issue the additional assessment notice. Based on their conclusions, we decided that the basis to issue an additional assessment of €382 million is without any merit and, as such, DLL recorded a receivable for the full paid amount. DLL, assisted by the external law firm and the independent third-party valuator, filed a Tax protest claim against the additional assessment in 2022. DLL will use all legal and tax remediation options to defend its position against the additional assessment of €382 million.

Legal proceedings

Ahold Delhaize and certain of its former or current subsidiaries are involved in a number of legal proceedings, which include litigation as a result of divestments, tax and employment, as well as other litigation and inquiries. The legal proceedings discussed below, whether pending, threatened or unasserted, if decided adversely or settled, may result in liability material to Ahold Delhaize's financial condition, results of operations or cash flows. Ahold Delhaize may enter into discussions regarding the settlement of these and other proceedings, and may enter into settlement agreements, if it believes settlement is in the best interest of Ahold Delhaize's shareholders. In accordance with IAS 37 "Provisions, Contingent Liabilities, and Contingent Assets," Ahold Delhaize has recognized provisions with respect to these proceedings, where appropriate, which are reflected on its balance sheet.

Albert Heijn franchising

In 2014, the Vereniging Albert Heijn Franchisenemers (an association of Albert Heijn franchisees or "VAHFR") asserted claims against Albert Heijn Franchising B.V. (an Ahold Delhaize subsidiary or "AHF") for the years 2008 through 2012, the alleged value of which exceeds €200 million in aggregate. On December 24, 2014, proceedings were initiated with respect to these discussions. On November 16, 2016, the District Court in Haarlem issued a judgment rejecting all claims of the VAHFR and the claimants. On February 13, 2017, VAHFR and 240 individual claimants filed an appeal against the judgment and, in September 2017, they asserted unquantified claims for the years 2008-2016.

On July 23, 2019, the Court of Appeal issued a judgment rejecting, except for one, all the claims of VAHFR and the claimants. On October 23, 2019, the VAHFR and the claimants filed an appeal in cassation to the Supreme Court. On June 18, 2021, the Supreme Court ruled to quash the ruling of the Court of Appeal in Amsterdam and referred the matter to the Court of Appeal in The Hague. The proceedings will continue after the VAHFR brings the matter before the court in The Hague. This ruling does not change our assessment of the merits of the case and AHF and its affiliates will continue to vigorously defend their interest in the legal proceedings.

Uruguayan litigation

Ahold Delhaize, together with Disco and Disco Ahold International Holdings N.V. ("DAIH"), is party to one lawsuit in Uruguay related to Ahold Delhaize's 2002 acquisition of Velox Retail Holdings' shares in the capital of DAIH. The two other related lawsuits in Uruguay were decided in favor of Ahold Delhaize without any further right to appeal of the plaintiffs in 2013. The damages alleged by the plaintiffs, alleged creditors of certain Uruguayan and other banks, amount to approximately $62 million

34 COMMITMENTS AND CONTINGENCIES CONTINUED

(€58 million) plus interest and costs. As part of the divestment of Disco to Cencosud in 2004, Ahold Delhaize indemnified Cencosud and Disco against the outcome of these legal proceedings. The one remaining lawsuit is ongoing. Ahold Delhaize continues to believe that the plaintiffs' claims are without merit and will continue to vigorously oppose such claims.

National prescription opiate litigation

Several U.S. brands and subsidiaries of Ahold Delhaize have been sued in a number of lawsuits included in In re: National Prescription Opiate Litigation (MDL No. 2804), a multi-district litigation (MDL) matter pending in the United States District Court in the Northern District of Ohio. The MDL contains thousands of cases filed against hundreds of defendants by counties, cities, hospitals and others concerning the impact of opioid abuse. The suits name Ahold Delhaize as a defendant, as well as various subsidiaries, including American Sales Company, LLC, which ceased operations prior to being named as a defendant in any MDL-related case. Although the matters in which Ahold Delhaize or its subsidiaries have been named have been stayed by the court and, therefore, are not being actively litigated at this time, the court has recently requested status reports in many stayed cases (including those in which Ahold Delhaize and its subsidiaries have been named). Ahold Delhaize and its subsidiaries continue to believe the plaintiffs' claims against Ahold Delhaize entities are without merit. Ahold Delhaize is not currently able to predict the outcome of these claims.

Pharmacy regulatory investigation

The Ahold Delhaize USA brands are responding to a civil investigative demand (CID) from the U.S. Department of Justice (DOJ), working together with several state attorneys general, concerning a False Claims Act investigation relating to pharmacy prescription discount programs. The brands are cooperating with this investigation and communicating with DOJ regarding the CID. As part of its cooperation, Ahold Delhaize has provided factual information, produced documents and responded to certain interrogatories. Ahold Delhaize has also raised legal arguments challenging a significant portion of DOJ's investigation. Ahold Delhaize is not currently able to predict the timing or outcome of the investigation.

Other legal proceedings

In addition to the legal proceedings described previously in this Note, Ahold Delhaize and its former or current subsidiaries are parties to a number of other legal proceedings arising out of their business operations. Ahold Delhaize believes that the ultimate resolution of these other proceedings will not, in the aggregate, have a material adverse effect on Ahold Delhaize's financial position, results of operations or cash flows. Such other legal proceedings, however, are subject to inherent uncertainties and the outcome of individual matters is unpredictable. It is possible that Ahold Delhaize could be required to make expenditures, in excess of established provisions, in amounts that cannot reasonably be estimated.

Accounting estimates and judgments

For accounting estimates and judgments relating to income taxes, see Note 10, and for provisions and contingencies, see Note 25.

35 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

The following are significant subsidiaries, joint ventures and associates directly or indirectly owned by Ahold Delhaize as of January 1, 2023. Subsidiaries, joint ventures and associates not important to providing an insight into the Ahold Delhaize Group as required under Dutch law are omitted from this list.

Significant subsidiaries (consolidated)			Ownership %
Retail trade Europe			
The Netherlands			
Albert Heijn B.V.*	Zaandam		100%
Albert Heijn Franchising B.V.*	Zaandam		100%
Gall & Gall B.V.*	Zaandam		100%
Etos B.V.*	Zaandam		100%
bol.com B.V.*	Utrecht		100%
Belgium			
Delhaize Le Lion / De Leeuw NV	Asse		100%
Albert Heijn België NV / SA	Antwerp		100%
Greece			
"Alfa-Beta" Vassilopoulos Single Member S.A.	Athens		100%
Serbia			
Delhaize Serbia d.o.o. Beograd	Belgrade		100%
Romania			
Mega Image SRL	Bucharest		100%
Czech Republic			
Albert Česká republika, s.r.o.	Prague		100%
Grand-Duchy of Luxembourg			
Delhaize Luxembourg S.A.	Pommerloch		100%
Retail trade United States			
United States			
The Stop & Shop Supermarket Company LLC	Quincy	Massachusetts	100%
Food Lion LLC	Salisbury	North Carolina	100%
The GIANT Company LLC	Carlisle	Pennsylvania	100%
Giant of Maryland LLC	Landover	Maryland	100%
Hannaford Bros. Co., LLC	Scarborough	Maine	100%
Fresh Direct Holdings, Inc.	Bronx	New York	80%
Other			
The Netherlands			
Ahold Delhaize Coffee Company B.V.*	Zaandam		100%
Ahold Europe Real Estate & Construction B.V.*	Zaandam		100%
Ahold Finance U.S.A., LLC*	Zaandam		100%

35 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES CONTINUED

Significant subsidiaries (consolidated)			Ownership %
Ahold Delhaize Nederland B.V.*	Zaandam		100%
bol.com holding N.V.*	Utrecht		100%
Delhaize "The Lion" Nederland B.V.*	Zaandam		100%
United States			
ADUSA Commercial Holdings, Inc.	Salisbury	North Carolina	100%
ADUSA Supply Chain Services, LLC	Salisbury	North Carolina	100%
Ahold Information Services, Inc.	Greenville	South Carolina	100%
Ahold Lease U.S.A., Inc.	Quincy	Massachusetts	100%
Ahold Delhaize USA, Inc.	Quincy	Massachusetts	100%
Delhaize America, LLC	Salisbury	North Carolina	100%
Delhaize US Holding, Inc.	Salisbury	North Carolina	100%
Guiding Stars Licensing Company, LLC	Scarborough	Maine	100%
MAC Risk Management, Inc.	Quincy	Massachusetts	100%
The MollyAnna Company	Williston	Vermont	100%
Retail Business Services LLC	Salisbury	North Carolina	100%
Peapod Digital Labs, LLC	Chicago	Illinois	100%
Grand-Duchy of Luxembourg			
Lion Lux Finance S.à.r.l.	Pommerloch		100%
Lion Retail Holding S.à.r.l.	Pommerloch		100%
Switzerland			
Ahold Delhaize Finance Company N.V.	Geneva		100%
Ahold Delhaize International Sàrl	Geneva		100%
Ahold Delhaize Licensing Sàrl	Geneva		100%
Curaçao			
Ahold Insurance N.V.	Willemstad		100%
CUW B.V.	Willemstad		100%

Significant joint ventures and associates (unconsolidated)			Ownership %
JMR – Gestão de Empresas de Retalho, SGPS, S.A.	Lisbon	Portugal	49%
P.T. Lion Super Indo	Jakarta	Indonesia	51%

With respect to the separate financial statements of the Dutch legal entities included in the consolidation, substantially all subsidiaries availed themselves of the exemption laid down in section 403, subsection 1 of Book 2 of the Dutch Civil Code. Pursuant to section 403, Ahold Delhaize has assumed joint and several liability for the debts arising out of the legal acts of these subsidiaries. The determination of which Dutch subsidiaries of Ahold Delhaize, whether significant in the context of this Note or not, make use of the 403 exemption follows from the Dutch trade register. Each of these subsidiaries has filed Ahold Delhaize's 403 declaration with the Dutch trade register. The above significant subsidiaries that make use of the 403 exemption are marked by *.

36 SUBSEQUENT EVENTS

On January 10, 2023, Ahold Delhaize announced that Natalie Knight, Chief Financial Officer since 2020, has informed the company that she will pursue another career opportunity in the United States, and will leave Ahold Delhaize. A six-month notice period applies. The search for a successor has started.

PARENT COMPANY FINANCIALS

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LOCAL MATTERS

Hannaford United States

PARENT COMPANY FINANCIAL STATEMENTS
INCOME STATEMENT

€ million	Note	52 weeks ended January 1, 2023	52 weeks ended January 2, 2022
Intercompany head office and other recharges		**67**	72
General and administrative expenses		**(63)**	(64)
Total operating expenses	2	**(63)**	(64)
Operating income		**4**	8
Interest expense		**(60)**	(52)
Other financial income (expense)		**(50)**	(60)
Net financial expenses		**(110)**	(112)
Loss before income taxes		**(106)**	(103)
Income taxes	5	**39**	36
Income from subsidiaries and investments in joint ventures after income taxes	7	**2,614**	2,313
Net income		**2,546**	2,246

The accompanying notes are an integral part of these parent company financial statements.

PARENT COMPANY FINANCIAL STATEMENTS

BALANCE SHEET

Before appropriation of current year result

€ million	Note	January 1, 2023	January 2, 2022
Assets			
Property, plant and equipment		**—**	—
Intangible assets	6	**78**	71
Deferred tax assets	5	**11**	10
Financial assets	7	**23,119**	21,475
Total non-current assets		**23,208**	21,557
Receivables	8	**23**	19
Prepaid expenses		**35**	24
Cash and cash equivalents		**179**	113
Total current assets		**238**	156
Total assets		**23,446**	21,712
Liabilities and shareholders' equity			
Issued and paid-in share capital		**10**	10
Additional paid-in capital		**9,603**	10,988
Currency translation reserve		**595**	(75)
Cash flow hedging reserve		**(1)**	(2)
Reserve participations		**454**	449
Accumulated deficit		**2,198**	104
Net income		**2,546**	2,246
Shareholders' equity	9	**15,405**	13,721
Provisions	10	**1**	1
Loans	11	**6,758**	5,369
Total non-current liabilities		**6,758**	5,369
Current liabilities	12	**1,281**	2,622
Total liabilities and shareholders' equity		**23,446**	21,712

The accompanying notes are an integral part of these parent company financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

Ahold Delhaize's parent company financial statements have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with subsection 8 of section 362, Book 2 of the Dutch Civil Code, the recognition and measurement principles applied in these parent company financial statements are the same as those applied in the consolidated financial statements (see accounting policies relating to financial statement captions included in the relevant notes to the consolidated financial statements and *Note 3* to the consolidated financial statements).

Investments in subsidiaries, joint ventures and associates

Investments in subsidiaries, joint ventures and associates are measured at net asset value (equity method of accounting). Net asset value is based on the measurement of assets (including goodwill), provisions and liabilities, and determination of profit as described in *Note 15* to the consolidated financial statements for investments in joint arrangements and associates. Goodwill is subsumed in the carrying amount of the net asset value if an investment in a subsidiary is acquired through the Company's intermediate subsidiary.

2 EXPENSES BY NATURE

The operating expenses are specified by nature as follows:

€ million	2022	2021
Labor costs	**(39)**	(23)
Other operational expenses	**(11)**	(30)
Depreciation and amortization	**(13)**	(11)
Total expenses by nature	**(63)**	(64)

Labor costs consists of employee expenses of €19 million (2021: €17 million), other related employee costs of €1 million (2021: €3 million) and other contracted personnel expenses of €18 million (2021: €3 million).

3 EMPLOYEES

The average number of employees of Koninklijke Ahold Delhaize N.V. in full-time equivalents during 2022 was six (2021: six), of whom none were employed outside of the Netherlands. One Management Board member serves as board member outside of the Netherlands via an assignment agreement, but is not employed by Koninklijke Ahold Delhaize N.V.

The current number of employees of Koninklijke Ahold Delhaize N.V. consists primarily of members of the Executive Committee, including the Management Board. Salaries, social security charges and pension expenses amounted to €19 million, €0.1 million and €0.2 million, respectively, for 2022 (2021: expenses of €17 million, €1.3 million and €0.2 million, respectively).

For information on the parent company's defined benefit pension plan, the remuneration of the Management Board and the Supervisory Board and the parent company's share-based compensation plans, see *Note 24*, *Note 31* and *Note 32*, respectively, to the consolidated financial statements.

The net pension liability and the net pension expense are calculated on the basis of the parent company's active employees only.

4 AUDITOR FEES

Expenses for services provided by the parent company's independent auditor, PricewaterhouseCoopers Accountants N.V. (PwC) and its member firms and affiliates to Ahold Delhaize and its subsidiaries in 2022 and in 2021, are specified as follows:

2022

€ thousand	PwC	Member firms/ affiliates	Total 2022
Audit fees	3,190	4,887	8,077
Audit-related fees	495	93	588
Tax advisory fees	—	53	53
Total	3,685	5,033	8,718

2021

€ thousand	PwC	Member firms/ affiliates	Total 2021
Audit fees	3,062	4,335	7,398
Audit-related fees	1,501	229	1,730
Tax advisory fees	—	201	201
Total	4,563	4,766	9,329

The audit fees listed above relate to the procedures applied to the Company and its consolidated group entities by accounting firms and external independent auditors as referred to in section 1, subsection 1 of the Audit Firms Supervision Act ("Wet toezicht accountantsorganisaties – Wta") as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups. These audit fees relate to the audit of the financial statements, regardless of whether the work was performed during the financial year.

Audit fees relate primarily to the audit of the consolidated financial statements, as included in *Performance: Financial statements* as set out in this Annual Report, certain procedures on our quarterly results and services related to the statutory and regulatory filings of our subsidiaries. Other audit-related fees relate mainly to assurance services on non-financial information and other assurance services. Tax advisory fees relate to tax compliance services performed in the U.S.

5 INCOME TAXES

The following table specifies the current and deferred tax components of income taxes in the income statement:

€ million	2022	2021
Current income taxes – the Netherlands	38	34
Deferred income taxes – the Netherlands	—	2
Total income taxes	39	36

Effective income tax rate

The following table reconciles the statutory income tax rate with the effective income tax rate in the income statement:

	2022	
	€ million	Tax rate
Loss before income taxes	(106)	
Income tax benefit at statutory tax rate	27	25.8%
Adjustments to arrive at effective income tax rate:		
Reserves, (non-)deductibles and discrete items	11	10.7%
Total income taxes (expense) benefit	39	36.5%

	2021	
	€ million	Tax rate
Loss before income taxes	(103)	
Income tax benefit at statutory tax rate	26	25.0%
Adjustments to arrive at effective income tax rate:		
Reserves, (non-)deductibles and discrete items	10	10.0%
Total income taxes (expense) benefit	36	35.0%

Deferred income tax

The significant components and annual movements of deferred income tax assets and liabilities as of January 1, 2023, and January 2, 2022, are as follows:

€ million	January 3, 2021	Recognized in income statement	Other	January 2, 2022	Recognized in income statement	Other	January 1, 2023
Derivatives and loans	8	2	—	10	—	—	11
Blended rate deferred tax fiscal unity	1	—	(1)	—	—	—	—
Total gross deductible temporary differences	9	2	(1)	10	—	—	11
Tax losses and tax credits	—	—	—	—	—	—	—
Total net deferred tax asset position	9	2	(1)	10	—	—	11
Total deferred tax liabilities	—	—	—	—	—	—	—
Net deferred tax assets	9	2	(1)	10	—	—	11

5 INCOME TAXES (CONTINUED)

Income taxes in equity and comprehensive income

Current and deferred income taxes recognized in and transferred from equity and comprehensive income are as follows:

€ million	2022	2021
Share buyback	(1)	(2)
Total	**(1)**	**(2)**

6 INTANGIBLE ASSETS

€ million	Software
As of January 2, 2022	
At cost	110
Accumulated amortization and impairment losses	(39)
Carrying amount	**71**
Year ended January 1, 2023	
Additions	26
Intercompany transfers	(7)
Amortization	(13)
Closing carrying amount	**78**
As of January 1, 2023	
At cost	129
Accumulated amortization and impairment losses	(51)
Carrying amount	**78**

7 FINANCIAL ASSETS

€ million	January 1, 2023	January 2, 2022
Investments in subsidiaries, joint ventures and associates	22,399	20,667
Loans receivable from subsidiaries	682	798
Other derivatives (see *Note 13*)	38	10
Total financial assets	**23,119**	**21,475**

The changes in the Investments in subsidiaries, joint ventures and associates were as follows:

€ million	2022	2021
Beginning of year	20,667	18,933
Share in income	2,614	2,313
Dividends	(2,383)	(1,360)
Intercompany transfers	456	(1)
Share of other comprehensive income (loss) and other changes in equity	375	16
Exchange rate differences	670	766
End of year	**22,399**	**20,667**

For a list of subsidiaries, joint ventures and associates, see *Note 35* to the consolidated financial statements.

Loans receivable

€ million	2022	2021
Beginning of year	798	1,006
Intercompany transfers	(116)	(208)
End of year	**682**	**798**
Current portion	—	—
Non-current portion of loans	**682**	**798**

The loans receivable are related to loans with subsidiaries.

8 RECEIVABLES

€ million	January 1, 2023	January 2, 2022
Receivables from subsidiaries	20	18
Other receivables	3	1
Total receivables	**23**	**19**

9 SHAREHOLDERS' EQUITY

The shareholders' equity in the parent company financial statements equals the equity attributable to common shareholders presented in the consolidated financial statements, except that legal reserve participations and accumulated earnings (deficit) are presented separately.

The currency translation reserve, cash flow hedging reserve and reserve participations are legal reserves that are required by Dutch law. The reserve participations include the increases in net asset value of joint ventures and associates since their first inclusion, less any amounts that can be distributed without legal or other restrictions.

If the currency translation reserve or the cash flow hedging reserve has a negative balance, distributions to the Company's shareholders are restricted to the extent of the negative balance. Of the total equity as of January 1, 2023, €15,405 million, an amount of €1,061 million is non-distributable (January 2, 2022: €460 million out of a total equity of €13,721 million). For more information on the dividends on common shares, see *Note 21* to the consolidated financial statements.

The movements in equity can be specified as follows:

			Legal reserves				
€ million	Share capital	Additional paid-in capital	Currency translation reserve	Cash flow hedging reserve	Reserve participations	Other reserves including retained earnings[1]	Equity attributable to common shareholders
Balance as of January 3, 2021	**11**	**12,246**	**(839)**	**(3)**	**420**	**597**	**12,432**
Net income attributable to common shareholders	—	—	—	—	—	2,246	2,246
Other comprehensive income attributable to common shareholders	—	—	764	1	—	79	843
Total comprehensive income attributable to common shareholders	—	—	764	1	—	2,325	3,089
Dividends	—	—	—	—	—	(856)	(856)
Share buyback	—	—	—	—	—	(995)	(995)
Cancellation of treasury shares	(1)	(1,258)	—	—	—	1,259	—
Share-based payments	—	—	—	—	—	51	51
Other changes in reserves	—	—	—	—	28	(28)	—
Balance as of January 2, 2022	**10**	**10,988**	**(75)**	**(2)**	**449**	**2,350**	**13,721**
Net income attributable to common shareholders	**—**	**—**	**—**	**—**	**—**	**2,546**	**2,546**
Other comprehensive income attributable to common shareholders	**—**	**—**	**670**	**1**	**—**	**378**	**1,049**
Total comprehensive income attributable to common shareholders	**—**	**—**	**670**	**1**	**—**	**2,925**	**3,595**
Dividends	**—**	**—**	**—**	**—**	**—**	**(979)**	**(979)**
Share buyback	**—**	**—**	**—**	**—**	**—**	**(998)**	**(998)**
Cancellation of treasury shares	**(1)**	**(1,385)**	**—**	**—**	**—**	**1,386**	**—**
Share-based payments	**—**	**—**	**—**	**—**	**—**	**66**	**66**
Other changes in reserves	**—**	**—**	**—**	**—**	**6**	**(6)**	**—**
Balance as of January 1, 2023	**10**	**9,603**	**595**	**(1)**	**454**	**4,744**	**15,405**

1 Other reserves include, among others, the remeasurements of defined benefit plans. Costs for internally developed software are also included in other reserves (€2 million as of January 1, 2023, and €1 million as of January 2, 2022).

10 PROVISIONS

€ million	January 1, 2023	January 2, 2022
Provision for negative equity subsidiaries	—	—
Other provisions	1	1
Total provisions	**1**	**1**

As of January 1, 2023, nil is expected to be utilized within one year (January 2, 2022: nil).

11 LOANS

	January 1, 2023	
€ million	Non-current portion	Current portion
EUR 750 notes 0.875%, due 2024	750	—
EUR 600 notes 0.250%, due 2025	600	—
EUR 500 notes 1.125%, due 2026	500	—
EUR 500 notes 1.75%, due 2027	500	—
EUR 600 notes 0.375%, due 2030	600	—
USD 827 notes 5.70%, due 2040	516	3
Long-term loans from subsidiaries	3,302	—
Other loans	—	190
Deferred financing costs	(11)	(5)
Total loans	**6,758**	**189**

The long-term loans from subsidiaries mature in 2024 (€438 million), 2026 (€391 million), 2027 (€296 million), 2028 (€900 million), 2029 (€758 million) and 2031 (€520 million). For more information on the external loans, see *Note 22* to the consolidated financial statements.

Other loans include a €190 million drawing under a committed credit facility (matures in 2023).

	January 2, 2022	
€ million	Non-current portion	Current portion
EUR 750 notes 0.875%, due 2024	750	—
EUR 600 notes 0.250%, due 2025	600	—
EUR 500 notes 1.125%, due 2026	500	—
EUR 500 notes 1.75%, due 2027	500	—
EUR 600 notes 0.375%, due 2030	600	—
USD 827 notes 5.70%, due 2040	496	3
Long-term loans from subsidiaries	1,748	596
Other loans	190	60
Deferred financing costs	(15)	(4)
Total loans	5,369	654

12 CURRENT LIABILITIES

€ million	January 1, 2023	January 2, 2022
Short-term borrowings from subsidiaries	919	1,819
Loans – current portion	189	654
Bank debt and lines of credit	—	41
Income tax payable	40	2
Payables to subsidiaries	30	27
Interest payable	23	22
Other current liabilities	80	57
Total current liabilities	**1,281**	2,622

The current liabilities are liabilities that mature within one year.

13 DERIVATIVES

The parent company regularly enters into derivative contracts with banks to hedge foreign currency and interest exposures of the parent company or its subsidiaries. Derivative contracts that are entered into to hedge exposures of subsidiaries are generally mirrored with intercompany derivative contracts with the subsidiaries that are exposed to the hedged risks on substantially identical terms as the external derivative contracts. In these parent company financial statements, the external derivative contracts and the intercompany derivative contracts are presented separately on the balance sheet. In situations where the external derivative contract qualifies for hedge accounting treatment in the consolidated financial statements, the external derivative contract and the intercompany derivative contract are presented as Hedging derivatives external and Hedging derivatives intercompany, respectively. In situations where the external derivative contract does not qualify for hedge accounting treatment in the consolidated financial statements, the external derivative contract and the intercompany derivative contract are presented as Other derivatives external and Other derivatives intercompany, respectively.

13 DERIVATIVES CONTINUED

Fair value movements of external derivative contracts that were entered into to hedge the exposures of subsidiaries are recorded directly in income, where they effectively offset the fair value movements of the mirroring intercompany derivatives that are also recorded directly in income. Details of these derivative contracts, other financial instruments and the parent company's risk management strategies are included in *Note 30* to the consolidated financial statements and in the tables presented below.

Non-current derivatives – assets

€ million	2022	2021
Beginning of year	10	—
Fair value changes	28	10
End of year	**38**	10

Current derivatives – assets

There were no current derivative assets in 2022 and 2021.

Non-current derivatives – liabilities

€ million	2022	2021
Beginning of year	—	16
Fair value changes	—	(16)
End of year	**—**	—

Current derivatives – liabilities

There were no current derivative liabilities in 2022 and 2021.

14 RELATED PARTY TRANSACTIONS

Koninklijke Ahold Delhaize N.V. has entered into arrangements with a number of its subsidiaries and affiliated companies in the course of its business. These arrangements relate to service transactions and financing agreements and were conducted at market prices.

15 COMMITMENTS AND CONTINGENCIES

Koninklijke Ahold Delhaize N.V., as the parent company, is party to a cross-guarantee agreement dated May 21, 2007, as amended from time to time, with Delhaize Le Lion/De Leeuw Comm. VA, Delhaize US Holding, Inc. and certain of the subsidiaries of Delhaize US Holding, Inc., under which each party guarantees fully and unconditionally, jointly and severally, the financial indebtedness of the other parties to the agreement.

Notes and loans issued by certain subsidiaries are guaranteed by the parent company, as disclosed in *Note 22* to the consolidated financial statements.

The parent company also guarantees certain lease obligations and other obligations of subsidiaries. Guarantees issued by the parent company regarding the financial obligations of third parties and non-consolidated entities, other than under the cross guarantee mentioned above, amount to €502 million as of January 1, 2023, (January 2, 2022: €485 million).

In addition, the Company has provided a guarantee as of July 30, 2010, for Ahold Finance U.S.A., LLC's outstanding current obligations to third parties.

The parent company has also provided a guarantee as of December 31, 2020, for Giant Food relating to the FELRA and MAP settlement agreement. The parent company guarantees Giant Food's obligation to pay any amounts that are necessary to satisfy the funding commitment solely to the extent Giant fails to satisfy such liabilities when due. The guarantee will be limited to the present value of the PBGC insolvency benefits payable to eligible Giant participants and eligible non-Giant participants under the new single-employer plan as of December 31, 2020. For more information on FELRA and MAP plan, see *Note 24* to the consolidated financial statements.

As part of the divestment of U.S. Foodservice in 2007, Ahold Delhaize received an irrevocable standby letter of credit for $216 million (€163 million), which was reduced to $17 million (€15 million) as of January 2, 2022, and which was released and terminated in 2022.

The parent company has provided customary indemnifications, including for potential breach of representations and warranties made in agreements of asset disposals. Guarantees and legal proceedings are further disclosed in *Note 34* to the consolidated financial statements. Under its financing agreement with Stichting Ahold Delhaize Pensioen, Koninklijke Ahold Delhaize N.V. is liable for the pension contributions.

The parent company forms a fiscal unity with Ahold Delhaize's major Dutch subsidiaries for Dutch corporate income tax and Dutch VAT purposes and, for that reason, it is jointly and severally liable for the Dutch corporate income tax liabilities and Dutch VAT liabilities of the whole fiscal unity. Assumptions of liability pursuant to section 403, Book 2 of the Dutch Civil Code are disclosed in *Note 35* to the consolidated financial statements.

16 DISTRIBUTION OF PROFIT

If approved by the General Meeting of Shareholders, a final dividend of €0.59 per common share will be paid on April 28, 2023. This is in addition to the interim dividend of €0.46 per share, which was paid on September 1, 2022. The total dividend payment for the full year 2022 would, therefore, total €1.05 per share (2021: €0.95).

17 SUBSEQUENT EVENTS

For information regarding subsequent events, see *Note 36* to the consolidated financial statements.

Zaandam, the Netherlands

February 28, 2023

Management Board

Frans Muller

Natalie Knight

Kevin Holt

Wouter Kolk

Supervisory Board

Peter Agnefjäll (Chair)

Bill McEwan (Vice Chair)

René Hooft Graafland

Katie Doyle

Helen Weir

Frank van Zanten

Bala Subramanian

Jan Zijderveld

Pauline van der Meer Mohr

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) STATEMENTS

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LOCAL MATTERS

Delhaize Belgium

INTRODUCTION

In this section, we provide an overview of the reporting framework we apply to ESG performance and the activities that fall within its scope. This section also includes performance on the most important indicators we track, which methodology we use for measuring performance and what data collection process and considerations we take into account when reporting on these indicators. To read more about our governance in this area, see *How we manage our ESG performance*.

We have selected and tailored our ESG indicators to meet stakeholders' expectations and provide the information necessary to understand the development, performance, position and impact of our activities relating to our ESG topics. For more information about our materiality assessment, see *ESG materiality assessment* and *Performance review – Group Performance*.

BASIS OF PREPARATION

We report on our progress in accordance with the Global Reporting Initiative (GRI) Standards. In the previous year, the Core option was applied, but this option no longer exists in the updated GRI Standards. For 2022, therefore, we report in accordance with the 2021 GRI Standards.

GRI maintains comprehensive sustainability reporting standards, developed through an independent multi-stakeholder process. The GRI requirements are more detailed and extensive than reporting obligations under the current applicable legal framework.

The ESG statements include information for the financial year 2022, with comparative figures from 2021. Ahold Delhaize's financial year is a 52- or 53-week period ending on the Sunday nearest to December 31. The financial year 2022 consisted of 52 weeks and ended on January 1, 2023. See also *Note 2*. From a practical perspective, certain indicators are based upon a calendar year rather than the 52-week financial year. Due to rounding, numbers presented may not add up precisely to the totals provided.

An overview of how we comply with the GRI standards can be found on the Ahold Delhaize website at *www.aholddelhaize.com*. For details on the definitions used, see *Definitions and abbreviations*.

Setting and adjusting baselines and correction of errors

In order to provide meaningful and consistent comparison of ESG indicators over time, we set a performance date to compare progress of our current performance against a set baseline, for example, for comparison of carbon emission reduction. This performance date is referred to as the baseline year. We use the following baseline years:

Carbon emissions scope 1 and 2:	2018 (2018 was used, as target was set in early 2020)
Carbon emissions scope 3:	2020 (updated from 2018 in 2022 as part of our updated scope 3 targets)
Plastic packaging:	2021 (2021 was most recent year, as target was set in 2022)
Food waste:	2016 (aligned with SDG target 12.3)

For consistent tracking of performance over time, the baseline may need to be recalculated due to changed circumstances for example divestments and acquisitions and other changes such as changes in the calculation methodology or the correction of errors. The purpose of the recalculation is to make the comparison between the actual performance data against baseline like for like. The discovery of significant errors are also corrected in the comparative figures, where possible. If this is not possible, it is indicated. Impacts are considered significant (or material) if omitting, misstating or obscuring them could reasonably be expected to influence decisions that the primary users of ESG data make on the basis of that data.

SCOPE / BOUNDARIES: CHANGE IN ESG REPORTING SCOPE

In 2022, Ahold Delhaize changed its ESG reporting structure and organizational boundaries from an operational approach to a financial control approach to fully align with our ESG reporting scope, as used in the consolidated financial statements, unless certain ESG information is not available. In those cases, we clearly state scope limitations and why there is a constraint on ESG reporting information. See *Note 3* of the consolidated financial statements for more information about the general accounting principles followed for consolidation, *Note 1* for more information on the company and its operations, and *Note 35* for a list of subsidiaries, joint ventures and associates.

From an ESG reporting perspective, the data includes company-owned stores, transactions with franchise and affiliate stores, offices and company-owned and leased DCs, including all transportation from DCs to stores, unless specifically noted otherwise.

All Ahold Delhaize brands consolidated in the financial statements are included in the ESG figures, unless otherwise noted. When we did not achieve full alignment in reporting on an indicator for 2022, we explain it in footnotes.

Where possible, the 2021 comparative figures have been restated in line with the updated ESG reporting perspective and the impact of this change is disclosed per indicator below. However, due to a lack of information available, it is not always possible to restate comparative figures. Where comparative figures are not comparable due to data constraints, it is stated in the footnotes.

For scope 3 carbon emissions, the reporting covers the financial year 2021. This one-year delay results from the fact that information to calculate the data is, in some cases, received from third parties and, therefore, not yet available at year end. For more information on how we report on scope 3, see the methodology used and data collection and considerations in *Environmental ESG statements*.

NON-FINANCIAL ALTERNATIVE PERFORMANCE MEASURES

In presenting and discussing Ahold Delhaize's ESG performance, management also uses Ahold Delhaize's own metrics where it allows for a better understanding of Ahold Delhaize's ESG performance or where there are not always clear reporting requirements yet. These metrics should not be viewed in isolation and should be read in conjunction with the definitions included in the *Definitions and abbreviations*, as other companies might define these measures differently than Ahold Delhaize.

Wherever possible, indicators are based on elements of a total group, for example, own-brand products, food sales, associates, stock-keeping units and sales areas. Definitions of these topics are included in the *Definitions and abbreviations* section, together with the definitions of other non-financial alternative performance measures used in the ESG statements and elsewhere in this report.

Some performance indicators do not fully cover each ESG topic. For example, for "available and affordable products," we report on our Save for Our Customers program, but we do not have an indicator that specifically measures the affordability or availability of products in our stores.

ESG STATEMENTS

ENVIRONMENTAL

1. SCOPE 1 and 2 CARBON EMISSIONS

We are committed to reducing carbon emissions in our own operations. Our great local brands continue to invest in energy efficiency, improve their refrigeration systems, further modernize their logistics fleets and opt for eco-friendly fuels.

Performance indicator description[1]	2022	2021 restated	2030 target
% reduction in absolute CO_2-equivalent emissions from own operations (scope 1 and 2) – market-based approach – against 2018 baseline[2,3]	**32%**	31%	50%
Total CO_2-equivalent emissions (thousand tonnes) – market-based approach[2]	**2,837**	2,892	
Change in total CO_2-equivalent emissions (thousand tonnes) – market-based approach[2] (against the prior year)	**(56)**	(422)	
Total CO_2-equivalent emissions (thousand tonnes) – location-based approach[2]	**3,491**	3,564	
Scope 1 location based (thousand tonnes)[2]	**1,823**	1,794	
Scope 2 market based (thousand tonnes)	**1,014**	1,099	
Scope 2 location based (thousand tonnes)[2]	**1,668**	1,770	

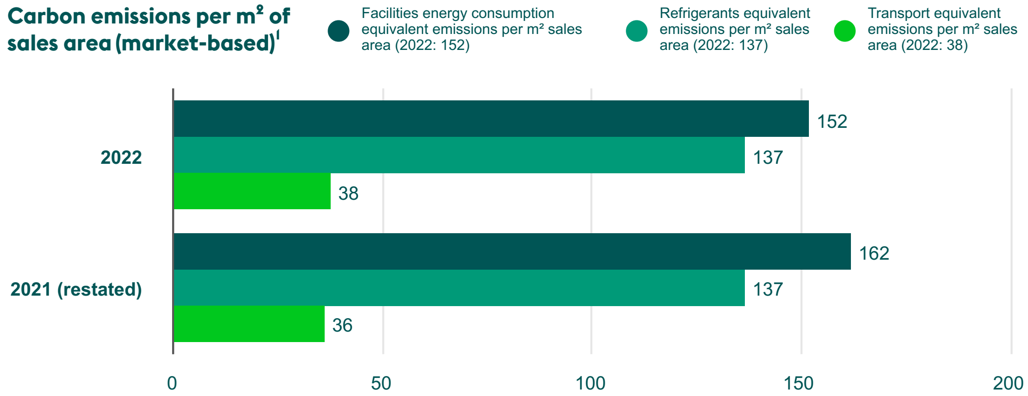
1 The 2021 figures exclude FreshDirect.
2 The 2021 figures and the 2018 baseline have been restated; see the paragraph "Restatement of prior year figures and adjustments to baseline" below for more information.
3 Reduction is from a 2018 baseline of 4,164 thousand tonnes CO_2-equivalent emissions; see reconciliation below. (In 2021, the baseline was 4,073 thousand tonnes)

Energy consumption

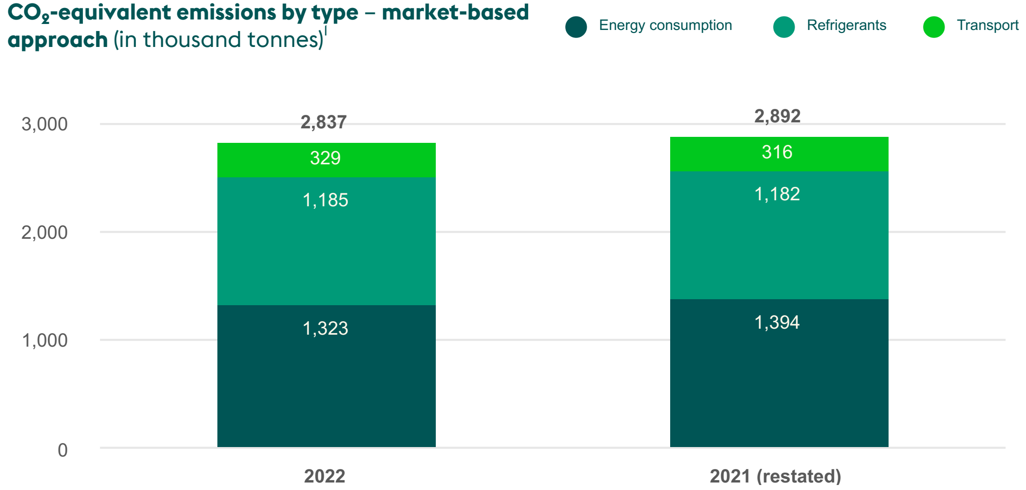
Performance indicator description[1]	2022	2021 restated
Facilities energy consumption (million kWh)[2]	**6,973**	6,835
Total renewable electricity produced on site (million kWh)	**30**	23
% renewable electricity on total electricity consumed[2]	**24%**	22%

1 The 2021 figures exclude FreshDirect.
2 The 2021 figures have been restated; see *Restatement of prior year figures and adjustments to baseline* below for more information.

Carbon emissions per m² of sales area (market-based)[1]



CO_2-equivalent emissions by type – market-based approach (in thousand tonnes)[1]



1 The 2021 figures exclude FreshDirect.

ENVIRONMENTAL

Methodology

For our approach and progress on carbon emissions (and climate change), see *ESG – Environmental*.

We report our scope 1 and 2 carbon emissions data based on the Greenhouse Gas (GHG) Protocol Corporate Standard.

Our main sources of GHG emissions are from fuel combustion and refrigerant leakages. To calculate carbon emission equivalents based on these sources, we use emissions factors. CO_2 emission data consists of a calculated CO_2 equivalent, defined as actual CO_2 emitted plus equivalent emission from other GHGs such as methane (CH_4), nitrous oxide (N_2O) and various refrigeration blends, including hydrofluorocarbons (HFCs).

Ahold Delhaize has defined its organizational boundaries by applying the financial control approach.

The carbon footprint methodology follows the guidelines of the World Business Council for Sustainable Development (WBCSD)/World Resources Institute (WRI) GHG Protocol on corporate GHG accounting and reporting.

We use the latest available emission factors in our reporting. We source location-based electricity emission factors from the International Energy Agency (IEA, 2022 edition; 2020 data) for European countries and from the Environmental Protection Agency (EPA) (based on eGrid 2020 values, issued in March 2022) for the United States. The source we use for the market-based (residual mix) emission factors for our U.S. brands is *Green-e* edition 2022, 2020 data, and for our European brands is the *European residual mix*, edition 2022, 2020 data.

We source fuel emission factors according to GHG Protocol 2014 wherever available, and otherwise from other appropriate sources. For refrigerant leakages, GWP values of all refrigerant blends used in Ahold Delhaize facilities were calculated based on GWP values of refrigerants from the Intergovernmental Panel for Climate Change Assessment Report 6, AR6 Chapter 7 (2021).

Data collection and considerations

Data on energy consumption, leakage for refrigerant substances and liters of fuel used for owned transport has been collected on a quarterly basis on site level at each brand. The sources of this data include invoices, remote meter records, third-party service provider reports and internal reports. Source data is reviewed internally and reported to the group through an internal reporting tool that stores conversion factors to calculate the carbon emissions. Absolute carbon emissions are calculated by multiplying source data by relevant conversion factors.

Data is not always available in real time or immediately after quarter close. In these limited cases, we use data extrapolated from previously known consumption.

If data is not available at all, e.g., for a portion of stores, we use estimates calculated using locations that are comparable in size and format.

As part of our data improvement project, we reevaluated operational boundaries and noted that jet fuel from company-owned jets and leased vehicles for associates had been excluded in the past from the reporting scope. As it was possible to collect the data on jet fuel during 2022, we extended the scope to include it retrospectively, including adjusting the baseline – see below. However, it was not possible to collect data for the associate leased vehicles in time for the Annual Report 2022. As a result, this remains excluded from the scope 1 reporting and will be included in our reporting scope in the future.

For more information, see *Performance review – Group performance: Carbon emissions.*

Restatement of prior year figures and adjustments to baseline

Only the items disclosed in the Annual Report 2021 and that were restated in 2022 are shown in the tables below.

Note 1: As part of the data improvement project, the following omissions of data were noted. These errors were corrected in 2022 with retrospective effect, thus also correcting the 2018 baseline as indicated above:

- One of the brands only reported the energy consumption and refrigerants for retail stores and omitted that of DCs.
- Two other brands failed to collect and report the energy consumption of vehicles used within DCs.
- One brand omitted fuel consumption of its online delivery business.

Performance indicator description	2021 per Annual Report 2021	Note 1: Correction of omitted data	Other	2021 restated
Total CO_2-equivalent emissions (thousand tonnes) – market-based approach	2,827	62	3	2,892
Total CO_2-equivalent emissions (thousand tonnes) – location-based approach	3,476	81	6	3,564
Scope 1 location based (thousand tonnes)	1,728	63	3	1,794
Scope 2 location based (thousand tonnes)	1,748	19	3	1,770

Despite the restatements above, the percentage reduction in absolute CO_2-equivalent emissions from own operations (scope 1 and 2) (market-based approach) in 2021 versus the 2018 baseline remained at 31%.

Performance indicator description	2021 per Annual Report 2021	Note 1: Correction of omitted data	Other	2021 restated
Facilities energy consumption (million kWh)	6,714	106	16	6,835
% renewable electricity of total electricity consumed	21%		1%	22%

ENVIRONMENTAL

Performance indicator description	As reported in Annual Report 2021	Note 1: Correction of omitted data	Other	2021 restated
Carbon emissions per m^2 of sales area – facilities	161	2	–	162
Carbon emissions per m^2 of sales area – transport	30	–	6	36

Performance indicator description	2021 per Annual Report 2021	Note 1: Correction of omitted data	Other	2021 restated
CO_2-equivalent emissions per type (in thousand tonnes)				
Energy consumption	1,383	10	2	1,394
Transport	262	52	1	316

	2018 baseline restatement
Reported in Annual Report 2021	4,073
Note 1: Correction for omitted data	83
Other	8
Restated 2018 baseline	4,164

GRI indicators

305-1 Direct (scope 1) GHG emissions

305-2 Energy indirect (scope 2) GHG emissions

305-4 GHG emissions intensity

305-5 Reduction of GHG emissions

ESG topic

CO_2 emissions and climate change

2. SCOPE 3 CARBON EMISSIONS

To reduce carbon emissions along our value chain, our brands partner with suppliers in four areas: reducing waste, increasing the number of low-carbon products in their assortments, reducing emissions from outsourced transportation, and engaging with suppliers to reduce their emissions. See also *In focus: Carbon emissions in our value chain* for more information.

Performance indicator description	2021	2020	2030 target
Absolute CO_2-equivalent emissions from the value chain (scope 3) (thousand tonnes)	**62,974**	65,930	
% change in absolute CO_2-equivalent emissions from the value chain (scope 3) – against the 2020 baseline	**(4%)**	N/A	(37)%
% change in absolute CO_2-equivalent emissions from the value chain (scope 3) – against the original 2018 baseline	**9%**	14%	(15)%

In 2022, we updated our scope 3 targets as explained in *In focus: Carbon emissions in our value chain*, which led to the determination of a new baseline, based on 2020, of 65,930 thousand tonnes. In the Annual Report 2021, the reduction was still calculated against the original 2018 baseline of 57,605 thousand tonnes of CO_2-equivalent emissions; the reduction in 2021 is included in this report for illustrative purposes and will not be reported going forward.

	2021 share (%)	2020 share (%)
Scope 3 – Purchased goods and services	**88%**	88%
Scope 3 – Use of sold products	**5%**	5%
Scope 3 – Other categories	**7%**	7%
Total scope 3 footprint	**100%**	100%

During 2020, higher sales were realized in non-food categories in Europe. In 2021, this returned to normal mix percentages. Non-food products have relatively high emissions.

We made an optimization step in the U.S. by going from sales data to purchasing data for calculation of emissions. We also did a deep dive on the Not For Resale categories, increasing accuracy and disaggregation of emission factors, which resulted in a lower footprint.

Methodology

For our approach and progress on carbon emissions (and climate change), see *ESG – Environmental*.

Our carbon footprint methodology follows the guidelines of the WBCSD/WRI and GHG Protocol on corporate GHG accounting and reporting.

To calculate carbon emission equivalents, we use emissions factors. CO_2-emissions data consists of a calculated CO_2 equivalent, defined as actual CO_2 emitted plus equivalent emission from other GHGs such as methane (CH_4), nitrous oxide (N_2O) and various refrigeration blends, including HFCs.

Calculating scope 3 emissions is complex. Our grocery retail brands have hundreds of thousands of products on their shelves supplied by more than 10,000 direct suppliers. All of these direct suppliers source materials and ingredients from their own suppliers, resulting in complex supply chains covering all geographies of the world.

As a result of this complexity, actual data on our scope 3 carbon emissions is currently not consistently available, and we continue to work to improve this. As our brands continue to expand data exchange with their suppliers, our numbers are becoming increasingly more accurate. Nevertheless, we currently rely fully on assumptions and estimations when calculating our scope 3 carbon emissions.

Our scope 3 footprint consists of 10 relevant scope 3 emission categories (out of 15 defined by the GHG Protocol[1]). We have used two main calculation methods as defined by the GHG Protocol: the average data and spend-based methods[2]. We applied the method that was most suitable, based on the category.

1 The following categories are considered not material and thus not reported: capital goods, upstream leased assets, downstream leased assets, processing of sold products and use of sold products.

2 Calculation of scope 3 emissions requires us to make certain estimates and assumptions then apply our judgment, all within the bounds of the applicable GHG Protocol. As a result, the way we calculate our scope 3 emissions may vary from the way other businesses calculate their scope 3 emissions.

Data collection and considerations

Scope 3 carbon emissions data is collected on an annual basis. We report on scope 3 emissions with a one-year delay, as information to calculate the data is in some cases received from third parties and, therefore, not yet available at year end.

Calculating category 1: Purchased goods and services

Purchased goods, the most material category, accounts for 88% of our total scope 3 footprint. Several assumptions and estimates are used in our calculation of the category. We use different input data sets to calculate the emissions from products and services, depending on the information available in our brands' data systems. The following information sources were used:

- Weight of products purchased (5.8%) (2021: 6%)
- Value of products purchased (60.8%) (2021: 2%)
- Weight from products sold corrected for waste (21.3%) (2021: 26%)
- Value from products sold is corrected for margin and waste to come to the value of products purchased (12.1%) (2021: 66%). The correction for margin and waste is done at brand level but assumed to be the same for all product categories, not diversified to product category.

These average data method calculations are based on the publicly available emission intensity of different foods.

For products with weight (27.1%), we mainly used the Big Climate Database (all brands except for Delhaize Belgium) and Agribalyse (solely for Delhaize Belgium). With these databases, all retail-specific product categories were assigned special emission factors that enabled us to apply corresponding emission intensities for each category.

For the spend-based method (72.9%), we used the emission intensities of different food and non-food industries (source: UK Department for Environment, Food & Rural Affairs (Defra) for food (emission factor corrected for inflation) and Base Carbone for different non-food categories) and multiplied this by products sold (corrected for margin and waste if needed).

As a consequence, due to our ongoing efforts to implement further due diligence procedures in connection with scope 3 carbon emissions, reducing the use of assumptions and estimates, our numbers may materially change over time.

For services, the footprint is calculated using the spend-based method. Activity data is the annual brand-level purchased value of products and services multiplied by the emission intensity for relevant services (source: Defra (emission factor 0.2275)).

For determining the 2021 scope 3 figures, our U.S. brands followed the 2020 calculation methodology, however, for 2021, they used product purchasing data, which made it possible to eliminate the margin calculation step.

Calculating category 11: Use of sold products

The second biggest emission category is category 11: Use of sold products, which accounts for 5.3% of our total estimated scope 3 emissions. This category is impacted by the gasoline stations some of our brands operate. Emissions are calculated using an average data method, by multiplying the total volume of petrol sold to customers by the relevant emission factor from the EPA.

Calculating other scope 3 categories:

We have combined several smaller emission categories together as "other categories" that account for 6.6% of our estimated scope 3 emissions. These include:

- fuel- and energy-related activities
- upstream transportation and distribution
- waste generated in operations
- business travel
- employee commuting
- end-of-life treatment of sold products
- franchises (/affiliates)
- investments

The emission calculations are done using an average data method and are based on publicly available emission factors for each category (source: Defra, SimaPro, CO2emissiefactoren.nl, EPA, and different input activity data).

GRI indicator

305-3 Other indirect (scope 3) GHG emissions

ESG topic

CO_2 emissions and climate change.

3. FOOD WASTE

Food loss and waste negatively impacts food security worldwide and negatively impacts climate change. We take a three-pronged approach to driving down food waste. Firstly, we reduce food waste, where possible, across our brands' operations, including stores, warehouses and transport. Secondly, we divert surplus food to food banks and charities and to innovative operations such as restaurants that cook with unsold food. And thirdly, we divert food no longer suitable for human consumption to other recycling methods to prevent it from going to landfill.

For our approach and progress on carbon emissions (and climate change), see *ESG – Environmental*.

Performance indicator description[1]	2022	2021 restated	2030 target
Total tonnes of food waste	**237,581**	243,628	
Tonnes of food waste per food sales (t/€ million)	**3.38**	4.07	
% reduction in food waste per food sales (t/€ million)[2]	**33%**	20%	50%
Tonnes of food waste sent to disposal per food sales (t/€ million)	**0.82**	1.10	
% of total food waste recycled	**76%**	73%	
Tonnes of food donated	**66,403**	61,276	
% of unsold food donated to feed people	**21%**	19%	

1 The 2021 figures exclude FreshDirect and Etos, while the 2022 figures exclude Etos.
2 Reduction is shown against the restated 2016 baseline of 5.09 t/€ million.
3 See *Restatement of prior year figures and adjustments to baseline* below for more information.

Methodology

We calculate food waste according to the Food Loss and Waste Protocol (FLW protocol), a multi-stakeholder effort to develop the global accounting and reporting standard for quantifying food and associated inedible parts removed from the supply chain. We follow the strictest definition. This means that our definition of food waste includes waste sent to animal feed, bio-based materials, anaerobic digestion, composting/aerobic digestion, controlled combustion and landfill. Food waste does not include donations from hunger relief organizations, theft and cash shortages.

We follow Champions 12.3 Guidance on Interpreting Sustainable Development Goal Target 12.3. According to this, the definition of food loss and waste applies to both food that is intended for human consumption and its associated inedible parts that leave the human food supply chain. This is because Target 12.3 comes under SDG 12 ("sustainable consumption and production") and not SDG 2 ("ending hunger"), so it covers both food security and resource-use efficiency, not just food security alone. As a result, inedible parts, such as orange peels left over from making freshly squeezed orange juice sold in our Albert Heijn stores, count as food waste in our figures.

Data collection and considerations

We report food waste figures on a quarterly basis through a combination of internal measurements and reports from external partners. Waste in stores and DCs is separated into food waste, cardboard, plastic, glass and trash.

We provide training for associates to ensure waste separation is done as accurately as possible and we perform audits to check the quality of waste separation. Given the variety of circumstances under which the data is collected, it may contain limited inaccuracies, as our audits show that some food waste ends up in trash bins.

To recycle and dispose of food waste, Ahold Delhaize brands work with a number of external partners with varying degrees of maturity in how they collect data. In some cases, weights are estimated based on average bin weight and frequency of service.

The metric we use is tonnes of food waste per € million food sales. Food sales are measured in euros and are impacted by exchange rates. The food waste figure used in this metric is converted to euros on the basis of the accounting policies used for the consolidated financial statements. See *Note 2* and *Note 3* for more information.

According to the FLW protocol, the definition of food loss and waste (FLW) does not include packaging such as boxes, wrapping or plastic containers. Depending on the data collection method, some amount of food waste also includes the weight of the packaging. Estimates are made to effectively remove the weight of the packaging from the amount of food waste but this is not yet done consistently across all of our brands. In brands where the packaging weight is still reported in the total amount of food waste, this is also reported in our 2016 baseline. As our data collection processes mature over time, we will remove the weight of the packaging from our food waste figures for all of our brands and also adjust our baseline by using the guidance of the FLW Protocol for Excluding the Weight of Packaging from the Weight of FLW.

In 2022, we changed our ESG reporting scope to align better with our financial scope. This meant that we changed our definition to no longer include the food waste of franchisee / affiliate stores in our food waste (and food sales) figures. Under the new ESG reporting scope, we only include food waste in our integrated stores and in the food sales to franchisees / affiliates (not the sales of franchisees / affiliates to customers). In certain situations, estimates are still used for the reporting under the new scope.

For some brands, we use estimates when calculating the total tonnes of unsold food donated to people as actual weight data is not available.

In addition to a real reduction in tonnes of food wasted, the food waste reduction indicator was significantly impacted by exchange rate movements and inflation in 2022. For more information, see *Performance review – Group performance: Food waste*.

Restatement of prior year figures and adjustments to baseline

Note 1: Through our data improvement project, the guidance of the FLW Protocol was again brought to the brands' attention and it was noted that, in one specific case, the inedible parts were not appropriately included in the baseline of 2016 but reported correctly in subsequent years, thus no correction was needed for the 2021 figure.

Note 2: The most significant correction was due to the alignment of the treatment of franchise / affiliate store sales and their food waste in the calculations. This represents a change in scope compared to 2021. In 2022, the scope was changed to align the ESG reporting scope with the consolidated financial statements, which resulted in only reporting sales of integrated stores as food waste and food sales where adjusted to include sales to franchise/affiliate stores. Together with this change, an error in the previously calculated food sales figure was also identified and corrected.

Note 3: As mentioned in the *Introduction*, the ESG reporting scope has been expanded to include all entities in the financial statement scope and the results for 2021 (and baseline) were updated.

Performance indicator description	As reported in Annual Report 2021	Note 1: Inclusion of inedible parts	Note 2: Impact of ESG reporting scope – franchise / affiliate	Note 3: Change in ESG reporting scope	Restated
Baseline 2016: Tonnes of food waste per food sales (t/€ million)	5.48				5.09
2016: Total tonnes of food waste (as per 2016 baseline reported in 2021)	269,966	5,600	(13,301)		262,265
2016: Food sales (as per 2016 baseline reported in 2021) (€ million)	49,240		1,933	381	51,554
2021: Tonnes of food waste per food sales (t/€ million)	4.48				4.07
2021: Total tonnes of food waste	258,528		(14,900)		243,628
2021: Food sales (€ million)	57,659		1,718	499	59,876

Due to the restatement of food sales above, the 2021 percentage reduction in food waste per food sales (t/€ million) against the 2016 baseline changed from 18% to 20% and the tonnes of food waste per food sales decreased from 5.48 to 5.09. The restatement of food sales above also impacted the 2021 tonnes of food waste sent to disposal per food sales (t/€ million), changing it from 1.14 to 1.10.

GRI indicator

306-1 Waste generation and significant waste-related impacts

306-2 Management of significant waste-related impacts

306-3 Waste generated

306-4 Waste diverted from disposal

306-5 Waste directed to disposal

ESG topic

Food waste, CO_2 emissions and climate change

4. TOTAL WASTE

Our total waste stream includes all cardboard/paper, plastic, food, glass, metal and other material waste produced in our DCs, stores and offices. Measuring and managing this waste is also important to our Healthy and Sustainable strategy as it contributes to eliminating waste and reducing our carbon emissions.

Performance indicator description	2022	2021
Total waste generated (thousand tonnes)	**1,090**	1,129
Total waste recycled (thousand tonnes)	**878**	891
% of waste recycled	**81%**	79%

Methodology

Total waste generated includes food waste, cardboard, plastic, glass, metal and wood.

Data collection and considerations

Figures are reported on a quarterly basis through a combination of internal measurements and reports from external partners. This data captures food waste and non-food waste from all integrated stores, DCs, and offices where Ahold Delhaize manages the waste stream. Ahold Delhaize brands work with a number of external partners to recycle cardboard, paper, plastic, metal, glass, wood, electronics, cooking oil and food waste. In some cases, estimates are made by weight and number of bins picked up by third parties. The majority of waste is disposed of offsite.

GRI indicator

306-1 Waste generation and significant waste-related impacts

306-2 Management of significant waste-related impacts

306-3 Waste generated

306-4 Waste diverted from disposal

306-5 Waste directed to disposal

ESG topic

Food waste, CO_2 emissions and climate change

5. PLASTIC PACKAGING

Across the globe, millions of tonnes of plastic end up in landfills, are burned or leak into the environment – and that amount is rising every year. We aim to move to a more circular system that reduces the negative impacts of plastic product packaging.

Performance indicator description[1]	2022	2021 restated	2025 target
Own-brand primary plastic product packaging (thousand tonnes)[2]	**185**	181	
Own-brand primary virgin plastic product packaging (thousand tonnes)	**169**	167	
Own-brand plastic product packaging that is made from post-consumer recycled content (thousand tonnes)	**15**	14	
% change in own-brand primary virgin plastic product packaging against the 2021 baseline[3]	**1.3%**		(5)%
% primary plastic own-brand product packaging that is reusable, recyclable or compostable[2]	**27%**	27%	100%

1 The 2021 figures exclude FreshDirect, Etos and Gall & Gall. 2022 figures exclude Gall & Gall.
2 See *Restatement of prior year figures* below for more information.
3 The change is shown against the 2021 baseline of 167 thousand tonnes. In the 2021 Annual Report, the own-brand primary virgin plastic product packaging was not disclosed.

Methodology

Almost all of our brands report plastics on a component level, while a few brands that have less granularity in their data report elements for which the main structural element (comprising at least 50% of packaging weight) is plastic, including packaging components that are part of this larger plastic packaging (labels, sleeves and triggers/sprays).

The reporting on plastic packaging is only looking at own-brand plastic packaging and thus does not include national brands. For national brand products, we do not control the plastic consumption or usage within the value chain and we do not currently receive detailed data on the type of plastics used within these products, and thus do not report on it.

The assessment methodology for recyclability follows the guidelines of the Ellen MacArthur Foundation New Plastics Economy Global Commitment regarding recyclability of plastic packaging, which means that actual, not technical, recycling is used for reporting.

A packaging or packaging component is only reported as recyclable if: (a) its successful post-consumer collection, sorting and recycling is proven to work in practice and at scale and (b) no materials or components disrupt the system for recycling.

That means that for point (a) above, we use the latest results of the Global Commitment's Recycling Rate Survey to check those plastic packaging categories for which there is evidence that a "system for recycling" exists in practice and at scale today (a 30% post-consumer recycling rate in multiple regions, collectively representing at least 400 million inhabitants). For point (b) above, we verify if the color of plastic packaging fits the system for recycling or hinders its ability to be recycled.

In several of our brands' markets, and for several plastic packaging types, this is not yet the case and as such, the plastics are not reported as recyclable, even though they may technically be recyclable.

Data collection and considerations

Data collection for plastic packaging data is a complex task, because of the large number of products our brands have in their assortments but also due to several additional circumstances. Firstly, in most cases, plastic packaging is not produced by product suppliers themselves but sourced through third parties. For some of our own-brand products, we are responsible for sourcing plastic packaging, but for branded products, suppliers are responsible for sourcing packaging materials. Therefore, for branded products, our brands depend solely on the information they receive from their suppliers. Secondly, the assortment at our brands is continuously changing, and product design is renewed during the year, meaning that frequent changes to the packaging materials need to be captured in our systems. And thirdly, the complexity of the packaging itself has an impact. Many products, including branded products, use different packaging components (e.g., type, color, weight) that are frequently changed, and each component can impact the recyclability of the plastic packaging.

The European brands collected and reported on plastic packaging data on a quarterly basis, and the U.S. brands did so on an annual basis, reporting from the beginning of Q4 of the previous financial year through the end of Q3 of the current financial year, with historical periods following the same pattern.

Data collection is accomplished through supplier questionnaires that are distributed either directly or via a third party. These surveys enable us to collect the information per plastic packaging component, such as weight, type of plastic and color.

Data received from suppliers is reviewed internally for accuracy and completeness. In order to determine the total weight of own-brand plastic product packaging, the weight of each SKU's components are multiplied by the SKU sales.

Recyclability of own-brand primary plastic packaging is assessed internally or, in some cases, via a third party. In some of our brands, data availability prevented us from doing a full EMF assessment. In these cases, we performed the recyclability steps as well as possible.

At the end of 2022, our brands were able to collect information for over 98% (2021: 97%) of all own-brand products. Of this data, 91% (2021: 89%) was information directly received from suppliers. For the remaining 9% (2021: 11%), our brands estimated the weight of the plastic packaging using the average weights of similar products. Estimated plastic packaging weight is identified as not recyclable.

The current percentage of reusable, recyclable or compostable own-brand primary plastic product packaging is completely based on recyclable packaging, as reusable and compostable packaging is used in very small amounts that do not impact the overall percentage at group level.

Restatement of prior year figures

Note 1: During 2022, we noted some errors and omissions, for example, plastic carrier bags were not included in the 2021 numbers for a number of brands and incorrect units of measurements were used in calculating the plastic content for a number of products in one of our brands. In addition, some errors were noted in the calculation of recyclability of certain packaging.

Performance indicator description	As reported in Annual Report 2021	Note 1: Correction of errors	Restated
Own-brand primary plastic product packaging (thousand tonnes)	158	22	181
% own-brand primary plastic product packaging that is reusable, recyclable or compostable	36%	(9)%	27%

GRI indicator

301-1 Materials used by weight or volume

301-2 Recycled input materials used

301-3 Reclaimed products and their packaging materials

ESG topic

Sustainable packaging

6. WATER CONSUMPTION

Performance indicator description	2022	2021 restated
Total water consumption (thousand m^3)[1]	**8,307**	7,888

1 The 2021 figures exclude FreshDirect.

Methodology

Total water consumed by our brands' company-operated stores and DCs during the reporting period, is included.

Data collection and considerations

Water consumption data is collected on an annual basis. Our brands compile supplier invoices to determine water consumption for our own stores and warehouses.

If water consumption is not fully known at the time of data collection (i.e., if invoices have not yet been received), we may use estimations, based on three approaches: (1) using the invoice from the same month in the prior year, (2) if the store or DC was not open in the prior year, making an estimation based on the previous month, or (3) if the store or DC was not open in prior months, using an average – excluding extreme results – of water used by the same store format or DC during that year.

Restatement of prior year figure

Performance indicator description	As reported in Annual Report 2021	Note 1: Correction of errors	Restated
Water consumption	7,936	(48)	7,888

As part of our data improvement project as explained in the *Introduction to ESG* and the change in the ESG reporting perspective (as explained in *Introduction* to the ESG statements), we noted that one of our brands included water consumption of franchisees in its reporting in 2021, while our ESG reporting scope requires us to exclude water consumed by franchisees. The 2021 figure was, therefore, restated to apply the methodology consistently across the company.

GRI indicator

N/A – Water is not considered to be a material topic for Ahold Delhaize; it is reported voluntarily, but not required by GRI reporting requirements. See *Materiality assessment* for more information.

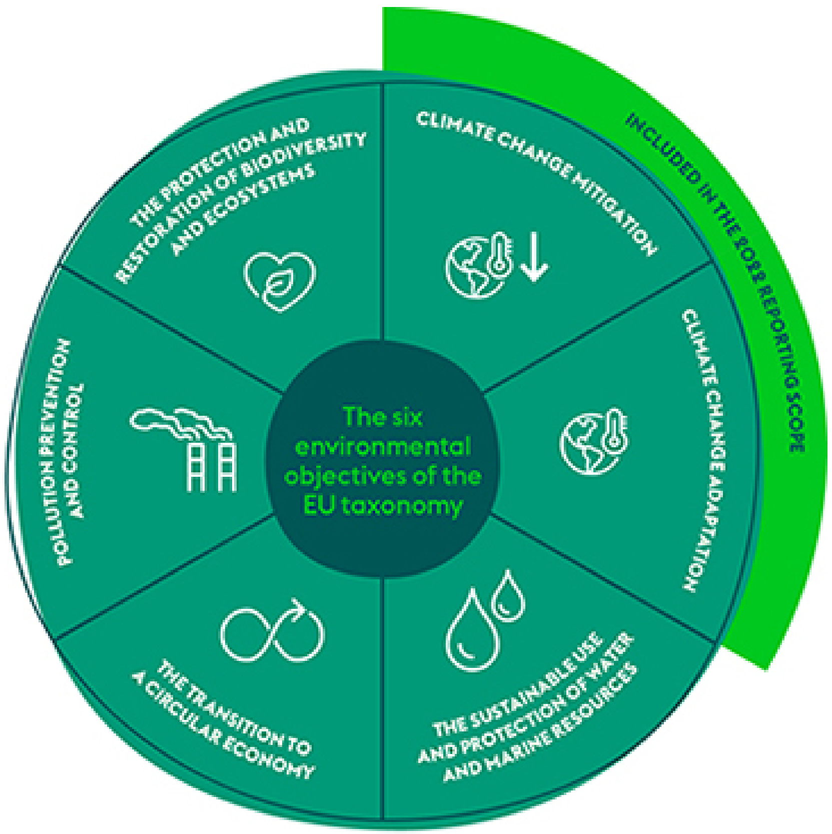
ESG topic

N/A.

7. EU TAXONOMY FOR SUSTAINABLE ACTIVITIES (EU TAXONOMY)

Introduction

The EU Taxonomy establishes a list of economic activities considered to be environmentally sustainable, in line with the EU's environmental objectives, including carbon neutrality and the targets outlined in the Paris Agreement. It defines six environmental objectives.



For 2022, only the Technical Screening Criteria (TSC) for the classification of the first two objectives, climate change mitigation and climate change adaptation, are available and applicable. The European Commission has not yet adopted a delegated regulation establishing the TSC for economic activities related to the other four environmental objectives. Therefore, reporting eligibility and alignment for the remaining four environmental objectives is not expected for reporting in 2023 over 2022.

We support the EU Taxonomy and the objectives it aims to achieve. However, considering the evolving character of the European regulatory framework, the level of complexity of the available legislation and the lack of clarity around how to interpret and apply it, we expect that reporting will continue to evolve in the coming years. The company will, therefore, from time to time, review its methodology and our figures based on the evolution of the regulations and guidance from, among others, the European Commission and the European Securities and Markets Authority (ESMA).

Application of the EU Taxonomy

The European Parliament and the European Council have prioritized certain economic activities that can make the most relevant contribution to mitigating and adapting to climate change. The EU Taxonomy currently only covers criteria for these prioritized economic sectors with the highest contribution to CO_2 emissions (energy, manufacturing, transport and buildings), as well as activities enabling their transformation.

Ahold Delhaize's main economic activity is the operation of food stores and e-commerce (see also *Note 7* to the consolidated financial statements). Food retail currently does not match the description of the TSC laid out in the Climate Delegated Act that classifies economic activities as sustainable; therefore, the main activities of the company are out of scope.

Ahold Delhaize also engages in other, secondary economic activities that primarily support its retail activities, such as the transportation of goods from DCs to stores, and owning and leasing real estate, including retail space, office buildings and DCs. A number of these supporting economic activities are included as economic activities pursuant to EU Taxonomy legislation.

Outsourced activities

In some countries, transportation (outbound logistics) is not handled by the company itself but outsourced to a third party and purchased as a service, resulting in no capital expenditure.

As our business becomes more data driven, and large quantities of data are produced, processed and analyzed on a daily basis, Ahold Delhaize and its brands are increasingly using data processing and storage. A large part of these activities are outsourced to third parties, resulting in data processing being done in data centers not owned (or leased) by the company.

The manufacturing of the own-brand products sold by Ahold Delhaize brands is outsourced to third parties, with the exception of some coffee roasting and packaging activities. Manufacturing of these food products is not included as an economic activity listed in the EU Taxonomy.

Economic activities eligible under the EU Taxonomy

To assess eligibility, we identified the activities as included in the Climate Delegated Act of the EU Taxonomy, as adopted by the European Commission on June 4, 2021. We have identified the following activities Ahold Delhaize is engaged in as being eligible under the EU Taxonomy. All four of these economic activities are applicable for both the climate change mitigation and climate change adaptation environmental objectives, although, in 2022, Ahold Delhaize contributed mostly to climate change mitigation:

Activity number[1]	Activity name	Description and main activities by Ahold Delhaize
7.3	Construction and real estate activities: Installation, maintenance and repair of energy efficiency equipment	Individual measures to improve energy efficiency, including insulation to existing components, such as external walls, roofs and ground floors and products for the application of the insulation to the building; replacement of existing windows with new energy-efficient windows, external doors and energy-efficient light sources; and the installation, replacement, maintenance and repair of heating, ventilation and air-conditioning and water heating systems, including equipment related to district heating services. This activity will include most store remodeling activities that lead to energy-efficiency improvements.
7.7	Construction and real estate activities: Acquisition and ownership of buildings	Buying real estate and exercising ownership of that real estate. Entering into new real estate lease agreements (additions to right-of-use assets) is technically not an acquisition or ownership of a building but as the broader definition of CapEx under the EU Taxonomy includes right-of-use assets, this economic activity will be used for this CapEx despite the acquisition term.
6.4	Transportation: Operation of personal mobility devices, cycle logistics	Selling, purchasing, financing, leasing, renting and operation of personal mobility or transport devices where the propulsion comes from the physical activity of the user, from a zero emissions motor, or a mix of zero-emissions motor and physical activity. This includes the provision of freight transport services by (cargo) bicycles.
6.5	Transportation: Transport by motorbikes, passenger cars and light commercial vehicles	Purchase, financing, renting, leasing and operation of vehicles designated as category M1 (passenger vehicles), N1 (commercial vehicles with mass less than 3.5 tonnes) or L (two- and three-wheeled vehicles and quadricycles). This activity includes company car leases as well as small delivery vehicles mainly used in the e-commerce business.
6.6	Transportation: Freight transport services by road	Purchase, financing, leasing, rental and operation of vehicles designated as category N1 (mass less than 3.5 tonnes), N2 (masses between 3.5 and 12 tonnes) or N3 (more than 12 tonnes). This activity includes all transportation done by the Company using its own trucks but does not include outsourced transportation services unless the vehicles under these agreements are considered leases.

1 Activities and the related activity numbers as defined in the EU Taxonomy Climate Delegated Act.

Estimates and judgments

Real estate: While the company and its brands, from time to time, construct new buildings on existing (or newly acquired) land or renovate existing buildings, these construction activities are always outsourced to a professional developer or construction company. This is why we selected economic activity "7.7. Acquisition and ownership of buildings" instead of "7.1. Construction of new buildings" and "7.2. Renovation of existing buildings." The economic activity "7.7. Acquisition and ownership of buildings" includes CapEx of right-of-use assets.

The replacement or retrofitting of refrigerants is not specifically mentioned under "7.3. Installation, maintenance and repair of energy efficiency equipment" but refrigerators (as household appliances) are included under "3.5 Manufacture of energy efficiency equipment for building"; therefore, we believe that when this equipment is used in construction, it is also eligible and thus included in the 7.3 economic activity.

Energy: Ahold Delhaize brands regularly install solar panels on the roofs of stores and DCs; however, the installation is considered to be an integral part of the building and most (if not all) of the energy generated by these solar panels is utilized in the applicable store or DC. Therefore, while activity "4.1. Electricity generation using solar photovoltaic technology" might seem applicable, all our solar panel installations on top of roofs are considered to be part of economic activity "7.6. Installation, maintenance and repair of renewable energy technologies."

Smaller activities classified as non-eligible: The following activities have been identified as supporting economic activities in which Ahold Delhaize is actively participating. However, based upon an analysis of the 2022 CapEx, it was concluded that the total aggregated CapEx spent during 2022 on the activities listed below were clearly insignificant compared to the overall CapEx, as defined by the EU Taxonomy, of €3,039 million. As a result, they are considered to be small or insignificant activities for 2022 and, therefore, will not be reported on as eligible, but classified as non-eligible (and not aligned).

Activity number[1]	Activity name
7.4	Construction and real estate activities: Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
7.5	Construction and real estate activities: Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling energy performance of buildings
7.6	Construction and real estate activities: Installation, maintenance and repair of renewable energy technologies
5.5	Water supply, sewage, waste management and remediation: Collection and transport of non-hazardous waste in source-segregated fractions
5.7	Water supply, sewage, waste management and remediation: Anaerobic digestion of bio-waste
5.8	Water supply, sewage, waste management and remediation: Composting of bio-waste
8.1	Information and communication: Data processing, hosting and related activities

Activity number[1]	Activity name
8.2	Information and communication: Data-driven solutions for GHG emissions reduction
10.2	Financial and insurance activities: Reinsurance

1 Activities and the related activity numbers as defined in the EU Taxonomy Climate Delegated Act.

Substantial contribution technical screening criteria (TSC)

In order to determine if an undertaking substantially contributes to one of the environmental objectives, it is required to meet the specific technical screening criteria set out in the Climate Delegated Act.

Estimates and judgments

We applied estimates and judgments in evaluating compliance with the detailed TSC due to the level of complexity of the currently available legislation and the lack of clarity around how to interpret and apply it.

In certain circumstances, the criteria are not straightforward, as they refer to multiple regulations and directives, both on an EU and local level, and the existence of applicable evidence or certifications are difficult to establish, especially in non-EU countries where the transposition of an EU directive into local law is not applicable or where the transposition to local law in an EU country is not yet fully done. Examples include situations where energy performance certificates for building or equipment are not yet available in a country, or where refrigerator installations are custom-built according to best standards but the certification does not exist. In all these cases, Ahold Delhaize reported the CapEx as not aligned.

Does not significantly harm (DNSH) criteria

The TSC for DNSH were evaluated on an economic activity level and, where applicable, further considered on an asset level. The most significant DNSH criterion is that of climate change adaptation. The criterion requires a climate risk and vulnerability assessment to be done, which, to some extent, overlaps with the physical risk assessments done under the TCFD; see *Task Force on Climate-related Financial Disclosures (TCFD)*.

For 2022, our DNSH climate risk assessments focused on CapEx spent where potential climate risks identified can result in material financial loss. Where material, we have prepared climate change adaptation plans to mitigate the identified climate risks, although not all of these plans have been implemented to date.

Estimates and judgments

Estimates and judgments were applied in evaluating compliance with the DNSH TSC, considering the evolving character of the European regulatory framework, the level of complexity of the available legislation and the lack of clarity around how to interpret and apply it.

Minimum social safeguards

The minimum safeguards are procedures implemented by a company that is carrying out an economic activity to ensure alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

The minimum social safeguards criteria were partly assessed on a consolidated level and partly on an economic activity level. We leveraged the work done to date on Human Rights, including the latest version of our *Position on Human Rights* published in 2022. We also considered the Platform on Sustainable Finance's report that gives advice on the application of minimum safeguards.

For more information, see also *Ethics and human rights* elsewhere in this report.

Estimates and judgments

Judgments were made to evaluate whether Ahold Delhaize has sufficient social safeguards on the economic activity level in place to claim compliance, as alignment with the guidelines covers a wide range of criteria, the application of which is open to interpretation.

Key performance indicators under the EU Taxonomy

TURNOVER

As food retail is not considered a high-emitting sector by EU Taxonomy legislation, it currently does not match the description of economic activities and the TSC laid out in the Climate Delegated Act, which classifies economic activities as sustainable. No net sales are recorded in the consolidated income statement for the secondary activities identified above. Therefore, due to the way that the legislation is structured, our turnover is not covered by and thus not eligible in the EU Taxonomy. As a result, we report 0% eligibility and alignment.

Total turnover (or net sales, per our consolidated financial statements) is €87.0 billion, of which zero percent is eligible and aligned under the EU Taxonomy. See also the *disclosure template* for Turnover.

Accounting policies

Turnover eligibility is calculated in accordance with the definition in Article 8 of the EU Taxonomy. The net sales line, as included in the consolidated income statement, is the equivalent to turnover under the EU Taxonomy. See also *Note 7* to the consolidated financial statements.

Estimates and judgments

Other income is disclosed as a separate line in the consolidated income statement and, as such, is not considered to meet the definition of turnover under the EU Taxonomy. Other income includes, for example, rental income from real estate.

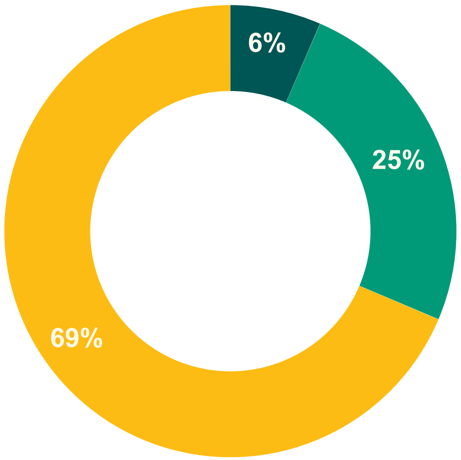
CAPITAL EXPENDITURE (CapEx)

We have allocated our CapEx to eligible activities in accordance with the EU Taxonomy. Where insignificant amounts of CapEx was spent on economic activities in 2022, these activities were considered to be small or insignificant (see above), and, as such, reported as non-eligible and not aligned, even though some might qualify under the EU Taxonomy.

Our analysis of CapEx spent in 2022 indicated that no CapEx, or very limited amounts, was spent on climate change adaptation. Where CapEx spent was potentially both for climate change mitigation and climate change adaptation, the full amount of 2022 CapEx was allocated to climate change mitigation.

See also the *disclosure template* for CapEx.

Eligibility and alignment of CapEx under the EU Taxonomy



Eligible and aligned CapEx	6%
Eligible but not aligned CapEx	25%
Non-eligible CapEx	69%

Ahold Delhaize's eligibility and alignment figures are impacted by the following company specific circumstances:

- Eligibility and alignment are to be assessed against local legislation, which does not always align with EU Taxonomy. This makes it more difficult to prove alignment against local available legislation (if any). This significantly impacts our business in the United States, where we spend approximately 56% of the total regular capital expenditures (see *Capital investments and property overview* for more information).
- Countries are on different levels of maturity in terms of certification of energy performance. For example, in Romania, local legislation to facilitate energy performance certificates was not yet in place, resulting in no alignment of newly acquired or leased real estate in that country. In addition, obtaining certification is not mandatory in certain countries and can be expensive.
- Energy efficiency labeling for specially built or business-to-business equipment is not available. For example, Ahold Delhaize's brands often install custom-built refrigeration systems in stores that combine different components. Since there is no labeling in place for these types of systems, there is no alignment of these assets, even though our brands are convinced of their quality and energy efficiency.
- Prices for equipment requiring specialized or longer installation or a more granular breakdown of costs are not always available in the level of detail needed to consider both eligibility and alignment. For example, labor costs are capitalized on a project basis and not allocated to individual equipment, making it impossible to determine the full cost price of a specific asset to consider its eligibility or alignment. As a result, all capitalized labor costs have to be considered not eligible and not aligned.
- Our experience has shown that, in many cases, the DNSH criteria are stricter than the technical screening criteria and require stricter rules for compliance than the assets currently available on the market. For example, the noise pollution requirement for transport is of such high standards that the average electric small delivery vehicle cannot be classified as aligned.

In 2021, Ahold Delhaize reported an eligibility percentage of 51%, which is higher than the 31% reported in 2022. This decrease is partly explained by a large portion of 2021 acquisition CapEx, which also qualified as eligible, to a greater extent.

Accounting policies

We have determined the CapEx eligibility and alignment in accordance with the definition as per Article 8 of the EU Taxonomy. CapEx includes additions to tangible[1] and intangible assets during the financial year considered before depreciation, amortization and any remeasurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value changes. It also includes additions to tangible and intangible assets resulting from business combinations but excludes additions to goodwill.

The additions follow the accounting principles as disclosed in the financial statements of this Annual Report. A reconciliation of the additions included in the financial statements (*Notes 11*, *12*, *13* and *14* to the consolidated financial statements) to the total CapEx under the EU Taxonomy is included in the *Reconciliation of the alternative performance measure: CapEx* table.

1 Tangible assets comprise the balance sheet line items property, plant and equipment, right-of-use assets and investment property.

Reconciliation of the alternative financial performance measure: CapEx

(€ millions)	2022	2021
Additions to property, plant and equipment (PPE) (*Note 11*)	1,918	1,942
Acquisition of PPE through business acquisitions (*Note 11*)	3	364
Additions to investment property – owned (*Note 13*)	9	29
Additions of right-of-use assets – PPE (*Note 12*)	559	726
Acquisition of right-of-use assets – PPE through business acquisitions (*Note 12*)	0	644
Additions of right-of-use assets – investment property (*Note 13*)	2	2
Additions to intangible assets (*Note 14*)	535	468
Acquisition of intangible assets through business acquisitions (*Note 14*)	51	580
Subtotal	**3,077**	**4,756**
Adjustments: Excluding additions to goodwill (*Note 14*)	(38)	(476)
CapEx used for EU Taxonomy purposes	**3,039**	**4,280**

Accounting estimates and judgments

Reassessments and modifications to right-of-use assets have been excluded for the purposes of the EU Taxonomy calculation of CapEx.

Our current IT systems do not capture the necessary information to determine the underlying economic activities as defined by the EU Taxonomy, so we have allocated CapEx to the identified activities based upon a review of readily available information, such as investment proposals, cost centers and asset registers, which may not be completely suitable for classification under the EU Taxonomy. As a result, estimates and judgments were applied, to a certain extent, to determine the CapEx number as reported under the EU Taxonomy.

OPERATING EXPENDITURE (OpEx)

The legislation also considers the spend on operational expenditure (OpEx) directly attributed to CapEx needed for the transition to more sustainable operations to be eligible in accordance with the EU Taxonomy. This definition is narrower than the accounting definition of operating expenses. Consistent with 2021, as the operational expenditure, in accordance with the EU Taxonomy definition, is not significant enough to meet Ahold Delhaize's long-term goals to transition to more sustainable operations. This is supported by the review we have conducted to calculate the additional operating expenses needed to meet our net-zero ambition in 2021 and whether these operating expenses are eligible under the EU Taxonomy.

The Ahold Delhaize-eligible operating expenses (as defined by the EU Taxonomy regulation) represents an insignificant portion of the Group's total operating expenditure. As this indicator is irrelevant to the Group's activities, it is not presented and thus, we make use of the exemption for the calculation of OpEx, in accordance with the legislation.

We, therefore, report zero percentage eligibility and alignment based on our materiality assessment.

For 2022, the OpEx denominator is € 563 million. See also the *disclosure template* for OpEx.

Accounting policies

The EU Taxonomy defines OpEx as direct non-capitalized costs that relate to research and development, building renovation measures, short-term leases, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to which activities are outsourced that are necessary to ensure the continued and effective functioning of such assets. This definition differs from the broader definition that is used in the consolidated financial statements as Operating expenses or Other operating expenses; see *Note 8*.

The EU Taxonomy allows for an exemption where the operational expenditure is not material for the business model of non-financial undertakings. Ahold Delhaize makes use of this exemption as explained above.

Estimates and judgments

As we are of the opinion that OpEx, in accordance with the EU Taxonomy definition, is not significant in meeting Ahold Delhaize's long-term goals to transition to more sustainable operations, we make use of the exemption for the calculation of OpEx, in accordance with the legislation.

The OpEx denominator was determined using estimates to decide if the amounts meet the definition of OpEx, as our current IT systems do not capture the necessary information to determine the underlying economic activities and nature of expenses as defined by the EU Taxonomy.

ENVIRONMENTAL

Turnover (Amounts in € million)

Economic activities (1)	Code(s) (2)	Allocate turnover (3)	Proportion of turnover (4)	Substantial contribution criteria: Climate change mitigation (5)	Substantial contribution criteria: Climate change adaptation (6)	Substantial contribution criteria: Water and marine resources (7)	Substantial contribution criteria: Circular economy (8)	Substantial contribution criteria: Pollution (9)	Substantial contribution criteria: Biodiversity and ecosystems (10)	DNSH criteria ("Does Not Significantly Harm"): Climate change mitigation (11)	DNSH criteria: Climate change adaptation (12)	DNSH criteria: Water and marine resources (13)	DNSH criteria: Circular economy (14)	DNSH criteria: Pollution (15)	DNSH criteria: Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year N (18)	Taxonomy-aligned proportion of turnover, year N-1 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
		Currency	%	%	%	%	%	%	%	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Transportation: Operation of personal mobility devices, cycle logistics	6.4	0	—%	— %	— %						Yes		Yes			Yes	— %			T
Transportation: Transport by motorbikes, passenger cars and light commercial vehicles	6.5	0	—%	— %	— %						Yes		Yes	Yes		Yes	— %			T
Transportation: Freight transport services by road	6.6	0	—%	— %	— %						Yes		Yes	Yes		Yes	— %			T
Construction and real estate activities: Installation, maintenance and repair of energy-efficiency equipment	7.3	0	—%	— %	— %						Yes			Yes		Yes	— %		E	
Construction and real estate activities: Acquisition and ownership of buildings	7.7	0	—%	— %	— %						Yes					Yes	— %			T
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	—%	— %	— %												— %			
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Transportation: Operation of personal mobility devices, cycle logistics	6.4	0	—%																	
Transportation: Transport by motorbikes, passenger cars and light commercial vehicles	6.5	0	—%																	
Transportation: Freight transport services by road	6.6	0	—%																	
Construction and real estate activities: Installation, maintenance and repair of energy-efficiency equipment	7.3	0	—%																	
Construction and real estate activities: Acquisition and ownership of buildings	7.7	0	—%																	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	—%														— %			
Total (A.1 + A.2)		0	—%														— %			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		86,984	100%																	
Total (A + B)		86,984	100%																	

ESG STATEMENTS
ENVIRONMENTAL

CapEx (Amounts in € million)

Economic activities (1)	Code (s) (2)	Allocate CapEx (3)	Proportion of CapEx (4)	Substantial contribution criteria: Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	DNSH criteria ("Does Not Significantly Harm"): Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of CapEx, year N (18)	Taxonomy-aligned proportion of CapEx, year N-1 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
		Currency	%	%	%	%	%	%	%	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Transportation: Operation of personal mobility devices, cycle logistics	6.4	—	—%	—%	—%						Yes		Yes			Yes	—%			T
Transportation: Transport by motorbikes, passenger cars and light commercial vehicles	6.5	1	—%	—%	—%						Yes		Yes	Yes		Yes	—%			T
Transportation: Freight transport services by road	6.6	—	—%	—%	—%						Yes		Yes	Yes		Yes	—%			T
Construction and real estate activities: Installation, maintenance and repair of energy-efficiency equipment	7.3	16	1%	1%	—%						Yes			Yes		Yes	1%		E	
Construction and real estate activities: Acquisition and ownership of buildings	7.7	180	6%	6%	—%						Yes					Yes	6%			T
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		198	6%	6%	—%												6%			
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Transportation: Operation of personal mobility devices, cycle logistics	6.4	3	—%																	
Transportation: Transport by motorbikes, passenger cars and light commercial vehicles	6.5	24	1%																	
Transportation: Freight transport services by road	6.6	25	1%																	
Construction and real estate activities: Installation, maintenance and repair of energy-efficiency equipment	7.3	211	7%																	
Construction and real estate activities: Acquisition and ownership of buildings	7.7	493	16%																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		756	25%														25%			
Total (A.1 + A.2)		954	31%														31%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		2,086	69%																	
Total (A + B)		3,039	100%																	

ENVIRONMENTAL

OpEx (Amounts in € million)

Economic activities (1)	Code (s) (2)	Allocate OpEx (3)	Proportion of OpEx (4)	Substantial contribution criteria: Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	DNSH Criteria ("Does Not Significantly Harm"): Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx, year N (18)	Taxonomy-aligned proportion of OpEx, year N-1 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
		Currency	%	%	%	%	%	%	%	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Transportation: Operation of personal mobility devices, cycle logistics	6.4	0	—%	—%	—%						Yes		Yes			Yes	—%			T
Transportation: Transport by motorbikes, passenger cars and light commercial vehicles	6.5	0	—%	—%	—%						Yes		Yes	Yes		Yes	—%			T
Transportation: Freight transport services by road	6.6	0	—%	—%	—%						Yes		Yes	Yes		Yes	—%			T
Construction and real estate activities: Installation, maintenance and repair of energy-efficiency equipment	7.3	0	—%	—%	—%						Yes			Yes		Yes	—%		E	
Construction and real estate activities: Acquisition and ownership of buildings	7.7	0	—%	—%	—%						Yes					Yes	—%			T
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	—%	—%	—%												—%			
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Transportation: Operation of personal mobility devices, cycle logistics	6.4	0	—%																	
Transportation: Transport by motorbikes, passenger cars and light commercial vehicles	6.5	0	—%																	
Transportation: Freight transport services by road	6.6	0	—%																	
Construction and real estate activities: Installation, maintenance and repair of energy-efficiency equipment	7.3	0	—%																	
Construction and real estate activities: Acquisition and ownership of buildings	7.7	0	—%																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	—%														—%			
Total (A.1 + A.2)		0	—%														—%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities (B)		563	100%																	
Total (A + B)		563	100%																	

8. PROMOTE HEALTHIER EATING

We aim to make healthier eating commonplace. By making fresh, nutritious and delicious food available and affordable for everyone, we contribute to healthier communities. Our strong local brands and their broad ranges of products offer fresh inspiration every day.

Performance indicator description	2022	2021 restated	2025 target[2]
% of healthy own-brand food sales as a proportion of total own-brand food sales[1]	**54.4%**	53.4%	55.6%
Number of brands with customer-facing nutritional guidance systems in place	**8**	8	

1 2021 figure exclude FreshDirect and Etos, and the 2022 figure exclude Etos.
2 2025 target changed to 55.6% from >55% in 2021.

Methodology

The healthy sales standards we used in 2016-2020 follow *Guiding Stars* ratings for U.S. brands and the Nutri-Score and *Choices* criteria for European brands. To determine if products earn a Guiding Star, the methodology uses patented algorithms designed by independent researchers that analyze the balance of nutrients in a given food using data from nutrition labels, ingredient lists, and the USDA's National Nutrient Database. Based on this analysis, a product earns no stars or one, two or three Guiding Stars. If a product earns at least one star, it is marked as a healthy product in our calculation of the performance indicator. For more information, visit the *Guiding Stars website*.

In 2021, our European brands replaced the Choices criteria with the Nutri-Score methodology, developed in France. Nutri-Score uses an algorithm to identify how healthy a product is, taking into account product ingredients and nutritional values. It translates the outcome into a score ranging from A to E. If a product earns an A or a B score, it is marked as a healthy product in our calculation of the performance indicator. The impact of this change is 3.0 percentage points when compared to 2020.

During 2022, Delhaize Serbia stopped adding more products with Nutri-Score labeling, as it awaits governmental guidance on a nationwide system to be introduced in Serbia.

Data collection and considerations

Healthier eating data is collected on a quarterly basis through product information system platforms at each brand.

Since there are some manual steps to the process, to monitor accuracy, our U.S. brands have additional controls in place and our European brands perform a verification on processed products each quarter.

For more information on the performance, see *Performance review – Group performance: Healthy sales*.

Restatement of prior year figure

Performance indicator description	As reported in Annual Report 2021	Note 1: Impact of reporting scope change	2021 restated
% of healthy own-brand food sales as a proportion of total own-brand food sales	53.6%	(0.2)%	53.4%

Note 1: Similar to the changes to food sales and food waste, as described under *3. Food waste under Environmental*, the subcategory of (healthy) own-brand food sales was also impacted by the alignment of the treatment of franchise / affiliate store sales in the calculations. This represents a change in scope compared to 2021. In 2022, the scope was changed to align the ESG reporting scope with the consolidated financial statements, which resulted in only reporting sales of integrated stores and sales to franchise / affiliate stores as own-brand food sales (and food sales). Together with this change, an error in the previously calculated food sales figure was also identified and corrected.

GRI indicator

Own indicator: % of healthy own-brand food sales as a proportion of total own-brand food sales

ESG topic

Healthy products

9. SOCIAL COMPLIANCE

We actively work to minimize the risk of poor working conditions in the production of our own-brand products. Our Standards of Engagement set minimum standards for suppliers that are designed to provide Ahold Delhaize with visibility into all aspects of its supply chain and meets these objectives.

Performance indicator description	2022	2021
% of production sites of own-brand products in high-risk countries audited against an acceptable standard with a valid audit report or certificate and no non-compliances on deal-breakers[1]	**75%**	73%

1 2022 and 2021 information excludes Gall & Gall and FreshDirect.

Methodology

Production sites in high-risk countries (as defined based on the amfori BSCI Country Risk Classification) must comply with amfori and equivalent audit standards. The amfori Business Social Compliance Initiative is a non-profit organization that supports 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.

For local production in high-risk countries (Serbia and Romania), we have a tailored approach in which the brands operate in a close relationship with suppliers, resulting in a better understanding of potential local issues. Therefore, the minimum social compliance requirements for these domestic suppliers are set at the stepping stone level and are not included in the percentage of production sites with the full compliance level.

Data collection and considerations

All production units active at the end of the reporting period are in scope for reporting. Information on product social compliance is collected from suppliers and reviewed by internal teams to ensure all audits and certifications are valid and up to date. We continuously make investments to improve data systems and accuracy of reporting.

GRI indicator

Own indicator: % of production sites of own-brand products in high-risk countries audited against an acceptable standard with a valid audit report or certificate and no non-compliances on deal-breakers.

ESG topic

Fair labor practices in our supply chains

10. ASSOCIATE ENGAGEMENT

How we value and treat associates and how leaders operate our brands makes a difference. We ensure associates' voices are heard and valued, and we are taking steps to support them in finding purpose in their work, having equitable access to opportunities and being able to grow and contribute to their fullest. See *Cultivate best talent* for more information.

Performance indicator description	2022	2021
Associate engagement score (%)[1]	**79%**	79%
Inclusive workplace score[1]	**80%**	79%

1 This excludes bol.com and FreshDirect.

Methodology

Associate engagement is measured through an annual survey of all associates employed by Ahold Delhaize and the brands. We work with a third party (Perceptyx) to deploy this survey.

For information on definitions used and questions asked, see *Definitions and abbreviations: Non-financial performance measures*.

Data collection and considerations

We offer our associate engagement survey online and do our best to reach all associates and encourage them to complete the survey. In 2022, we had a participation rate of 75% (2021: 76%) of our total headcount.

GRI indicator

N/A

ESG topic

Associate safety, health and well-being and Diversity and inclusion

11. SAFETY AT WORK

Our brands' commitment to workplace safety is non-negotiable; all associates should feel safe and comfortable at work. In the stores, offices and DCs, our brands integrate safe working practices right into the designs, equipment purchases and operational practices.

Performance indicator description[1]	2022	2021 restated
Number of injuries that result in lost days per 100 full-time equivalents[2,3]	**2.00**	2.11
Occupational illness frequency rate[4]	**0.09**	0.11

1 Safety at work data excludes offices.
2 2021 figure excludes Ahold Delhaize Coffee Company, bol.com and FreshDirect, while the 2022 figure excludes only Ahold Delhaize Coffee Company.
3 2021 has been restated, see *Restatement of prior year figure* below for more information.
4 2021 figure excludes bol.com, Ahold Delhaize Coffee Company, Alfa Beta, Delhaize Belgium, Delhaize Serbia, Etos, Mega Image and FreshDirect. 2022 figure excludes Gall & Gall, Ahold Delhaize Coffee Company, Delhaize Belgium, Alfa Beta and Mega Image.

Methodology

The number of serious injuries per 100 FTEs is calculated by dividing the total number of injuries with lost work days by the total number of working hours per 100 FTEs. Work injuries with lost work days refers to any work-related injury occurring in the course and scope of employment that results in at least one day away from work as a result of the medical condition and requiring medical treatment.

The occupational illness frequency rate is calculated as the number of occupational illnesses per million hours worked. Occupational illnesses are work-related illnesses or diseases occurring in the course of employment that require care by medical professional. The brands use information from local claims management or insurance providers to monitor performance.

Data collection and considerations

Associate injury data is collected on a quarterly basis through information systems at each brand. There are manual steps to the injury reporting process in each country, such as relying on facility managers to produce detailed and timely reports. All U.S. brands use a consistent process to report injury events, and all data resides in the same system. Each European brand has protocols to report injury events and maintains its data in local systems.

Whether an illness is assessed as occupational depends on local legislation in the markets where our brands operate, which can differ per region.

Our workplace absenteeism rate declined in 2022, due to improved consistency of return-to-work programs and initiatives focused on reducing serious injury exposures in most of the U.S. brands, while the 2021 figure also reflected two serious injuries. All the brands had comprehensive prevention plans in 2022 that were more fully executed, as many focused more on injury prevention in 2022, after having to focus on COVID-19-related initiatives in 2021.

Our occupational illness rate represents a very small number of incidents annually. The 2021 figure was higher than usual due to a significant exposure of carbon monoxide at a warehouse that required many associates to receive medical treatment, including overnight hospitalization. The incident resulted from maintenance work at the site.

Restatement of prior year figure

	2021 restatement
Number of injuries that resulted in lost days per 100 full-time equivalents reported in Annual Report 2021	2.10
Correction of worked hours at one brand	0.01
Restated 2021 figure	**2.11**

We made a correction to the total number of hours worked as well as the number of injuries that resulted in lost days, since the 2021 figure included hours worked by people who do not meet the definition of an associate.

GRI indicator

403-9 Work-related injuries

403-10 Work-related ill health

ESG topic

Associate safety, health and well-being.

12. PRODUCT SAFETY AND QUALITY

Our brands take responsibility for maintaining the highest levels of safety for products. The focus is on own-brand products. Our brands work to ensure that the products are produced in clean, efficient facilities with good working conditions. To drive global product safety, we utilize various standards committees and working groups.

Performance indicator description	2022	2021
% of production sites of own-brand food products that are Global Food Safety Initiative (GFSI)-certified or comply with an acceptable level of assurance standard	**98%**	98%
% of high-risk non-food own-brand products that are produced in production units audited by an independent third party against an acceptable standard, or where every lot was tested	**78%**	78%

Methodology

All own-brand food production units must achieve a Global Food Safety Initiative (GFSI)-recognized certification. GFSI is a Consumer Goods Forum Coalition of Action that enables continuous improvement of food safety management across the supply chain. The small percentage of production units that cannot receive GFSI certification must comply with Accepted Food Safety Assurance standards, the list of which is maintained by our Compliance & Ethics team at Ahold Delhaize.

Low-, moderate- and high-risk non-food products are defined as such based on a risk assessment. All high-risk products must comply with audit standards. A list of audit standards is maintained by the Ahold Delhaize Compliance & Ethics team.

For non-food safety we report on products rather than production units. We also report testing as an alternative for certification. For non-food safety, the risk profile of the individual product is leading. If the product is a high-risk product, we allow product testing to be applied if certification of the production location is not available. As testing is conducted at a product level, we report on products instead of production locations. This enables us to more accurately track the level of compliance of our high-risk products.

Data collection and considerations

Audits are performed by third-party verification bodies. Information on this is collected from suppliers and reviewed by internal teams to ensure all certifications are valid and up to date. We continuously invest to improve data systems and accuracy of reporting.

During 2022, while pandemic-related restrictions were still in place at some production locations, store inspections and audits resumed to the intensity planned. In locations where restrictions still applied, we continued to rely on remote audits, making use of visualization equipment.

GRI indicator

Own indicators:

- % of production sites of own-brand food products that are Global Food Safety Initiative (GFSI)-certified or comply with an acceptable level of assurance standard.
- % of high-risk non-food own-brand products that are produced in production units audited by an independent third party against an acceptable standard, or where every lot was tested.

ESG topic

Product safety and quality.

13. DIVERSITY AND OTHER ASSOCIATE-RELATED MATTERS

At Ahold Delhaize and our great local brands, we believe that, as retailers playing a significant role in society. We are working hard on our 100/100/100 aspiration to truly engage with associates and represent the brands and businesses in local communities. See also the *Cultivate best talent* growth driver for more information.

Associates by gender (head count)

Performance indicator description[1]	2022	2021
Number of associates (thousands) – Total Ahold Delhaize	**414**	413
Number of associates (thousands) – Male	**194**	193
Number of associates (thousands) – Female	**219**	220
Number of associates (thousands) – Other / Unknown	**1**	0
Number of full-time associates (thousands) – Total Ahold Delhaize	**146**	143
% of full-time associates – Total Ahold Delhaize	**35%**	35%
- of which % is male	**53%**	53%
- of which % is female	**47%**	47%
- of which % is other / unknown	**0.2%**	0.1%
Number of part-time associates (thousands) – Total Ahold Delhaize	**268**	271
% of part-time associates – Total Ahold Delhaize	**65%**	65%
- of which % is male	**44%**	43%
- of which % is female	**56%**	57%
- of which % is other / unknown	**0.3%**	0.1%

ESG STATEMENTS
GOVERNANCE

Associates by region (head count)

Performance indicator description	2022	2021
Number of associates (thousands) – Total Ahold Delhaize	**414**	413
Number of associates – United States	**239**	238
Number of associates – Europe	**175**	176
% of full-time associates – Total Ahold Delhaize	**35%**	35%
- of which % is from the United States	**61%**	60%
- of which % is from Europe	**39%**	40%
% of part-time associates – Total Ahold Delhaize	**65%**	65%
- of which % is from the United States	**56%**	56%
- of which % is from Europe	**44%**	44%

Other associate-related indicators

Performance indicator description	2022	2021
% Greatest Generation (1900-1945) (77 to 122 years of age)	**—%**	—%
% Baby Boomers (1946-1964) (58 to 76 years of age)	**13%**	13%
% Generation X (1965-1979) (43 to 57 years of age)	**21%**	21%
% Generation Y (millennials) (1980-1995) (27 to 42 years of age)	**24%**	24%
% Generation Z (1996-2010) (12 to 27 years of age)	**41%**	41%
% associates covered by collective bargaining	**54%**	55%
Associate turnover 30+ contract hours	**30%**	Not available
Associate turnover	**63%**	62%
100% Reflective of markets (U.S. only)		
Racially/ethnically underrepresented at VP+ level (U.S.)[1]	**18%**	17%
Racially/ethnically underrepresented at director level (U.S.)[1]	**18%**	19%
Racially/ethnically underrepresented at manager level (U.S.)[1]	**22%**	22%
Racially/ethnically underrepresented below manager level (U.S.)1	**38%**	37%

1 Figures are for associates in the U.S. only and exclude associates in Europe due to legal restrictions in Europe.

Performance indicator description	2022	2021
100% Gender balanced		
% of female associates: Total Ahold Delhaize	**53%**	53%
% of female Supervisory Board members	**33%**	33%
% of female Management Board members	**25%**	25%
% of female Executive Committee members	**29%**	17%
% of females at VP+ level	**33%**	27%
% of females at director level	**35%**	34%
% of females at manager level	**40%**	40%
% of females below manager level	**54%**	54%
% of male associates: Total Ahold Delhaize	**47%**	47%

Also see *Our Management Board and Executive Committee* and *Our Supervisory Board*.

Methodology

We have a process in place where we can map all data to automatically calculate the metrics above, which are based on the monthly personnel submissions by the brands or our Global HR system. The entire process is secured and the outcomes are provided at an aggregate level.

Associate data is collected using calendar years; the data presented here are as at December 31.

Associate turnover is defined as the number of people who left the company compared to the total number of associates. It includes all turnover regardless of reason.

Diversity

Gender diversity is reported based upon voluntary disclosure by associates. When associates have not indicated a gender in the source systems or do not associate with either the male or female gender, the associates are reported under the category Other / Unknown.

The allocation between part time and full time is based on contract hours / standard weekly working hours, which can differ by brand. Associates who work less than full time (< one full-time equivalent (FTE)) are considered part time. An associate works part time if the associate works less than what is considered as the standard (full-time) hours in a brand.

The reporting per region is based upon where the contract of the associate is and, therefore, does not correspond identically to the segments as reported in the consolidated financial statements. Global Support Office associates are split between the regions based upon the location of their contract.

Collective bargaining

For those associates not covered by collective bargaining agreements, our local brands determine their own agreements.

Associate turnover

Turnover is calculated based on averages over the year; the data is based on actual data. We see within our brands that, in some cases, associates return several times after a contract has ended. For example, this may be due to the fact that we also employ students, who organize their work around their school schedules.

In 2022, we added an additional metric: associate turnover with more than 30 contract hours. For Ahold Delhaize reporting purposes, the definition from the U.S. government of a full-time associate is used for this metric and thus only includes associates that have a contract with a minimum of 30 working hours per week. This metric is considered to give a better view of turnover, as it excludes associates who work at our brands as a side job, such as students.

Reflective of markets

For the purposes of Ahold Delhaize's reporting, the following racially/ethnically underrepresented groups are used and reported in the following categories: underrepresented groups, white and unknown.

Figures are for associates in the U.S. only and exclude associates in Europe due to legal restrictions in Europe. The term "racially/ethnically underrepresented" refers to racial/ethnic groups that are underrepresented in the U.S. workforce in general, for example Black or African American, Asian, Native American or Alaska Native, Hispanic or Latino, Native Hawaiian or Other Pacific Islander, two or more races.

Reported associate racial/ethnic categories in the U.S. are based on voluntary self-identification; associates with a missing racial/ethnic category are not included in the figures above. Each U.S. brand has adopted its own DE&I strategy to reflect our DE&I ambitions, and these figures represent an aggregation of the data of each brand. See also *In focus: Diversity, equity and inclusion*.

Data collection and considerations

Diversity and reflective of markets information is based upon voluntary self-identification; associates also have the option to change their self-identification at any time. For this reason, changes might not always be the result of changes in the workforce.

For the newly added metric of Associate turnover 30+ contract hours, it is currently not possible to compare it to the prior year due to the lack of a comparative figure.

Associate turnover

High turnover is common in the retail industry compared to other industries. In 2022, our brands and Global Support Office had an average turnover of 63% (2021: 62%). This is reflective of a changing economy and dynamic labor market.

In the U.S., we see retailers becoming more competitive and offering increasingly attractive compensation to employees. The impact of COVID-19 and working from home also resulted in people thinking differently about what is important for them in a job. Because of this shift, individuals are changing jobs more often, which led to a minor increase in our 2022 turnover rate.

GRI indicator

GRI 2: General disclosures: Disclosure 2-7 Employees

ESG topic

Diversity and inclusion.

14. ESG RATINGS

	2022	2021
DJSI score[1]	**76**	83
MSCI ESG rating[2]	**AA**	AA
Sustainalytics score[3]	**26.0**	20.8

1 DJSI scores companies from 0 to100, where 100 is the best score.
2 MSCI scores companies from C to AAA, where AAA is the best score.
3 Sustainalytics scores companies from 100 to 0, where 0 is the best score. The score reported for 2022 was published in January 2023.

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LOCAL MATTERS

Albert Heijn The Netherlands

ASSURANCE REPORT ON THE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To: the General Meeting and the Supervisory Board of Koninklijke Ahold Delhaize N.V.

Report on the financial statements for the period January 3, 2022 to January 1, 2023

Our opinion

In our opinion:

- the consolidated financial statements of Koninklijke Ahold Delhaize N.V. together with its subsidiaries ('the Group' or 'the Company') give a true and fair view of the financial position of the Group as at January 1, 2023 and of its result and cash flows for the period from January 3, 2022 to January 1, 2023 in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the parent company financial statements of Koninklijke Ahold Delhaize N.V. ('the Parent Company') give a true and fair view of the financial position of the Company as at January 1, 2023 and of its result for the period from January 3, 2022 to January 1, 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements for the period January 3, 2022 to January 1, 2023 of Koninklijke Ahold Delhaize N.V., Zaandam, the Netherlands. The financial statements include the consolidated financial statements of the Group and the parent company financial statements.

The consolidated financial statements comprise:

- the consolidated balance sheet as at January 1, 2023;
- the following statements for the period from January 3, 2022 to January 1, 2023: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising the significant accounting policies and other explanatory information.

The parent company financial statements comprise:

- the parent company balance sheet as at January 1, 2023;
- the parent company income statement for the period from January 3, 2022 to January 1, 2023; and
- the notes, comprising the significant accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the parent company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

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

Independence

We are independent of Koninklijke Ahold Delhaize N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, like our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Overview and context

Koninklijke Ahold Delhaize N.V. is an international food retail group, operating supermarkets and e-commerce platforms in Belgium, the Czech Republic, Greece, Luxembourg, the Netherlands, Romania, the Republic of Serbia and the United States and through participating in joint ventures in Indonesia and Portugal. The Group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made important judgments, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In Note 2 to the consolidated financial statements, the Company describes the areas of judgment in applying accounting policies and the key sources of estimation uncertainty.

As in the prior year, we considered the impairment testing of goodwill and brand names, and the recognition of vendor allowance income as key audit matters, in view of the significant estimation uncertainty, magnitude and the related higher inherent risk of material misstatement. With regards to the recognition of the vendor allowance income, we focus on judgmental vendor allowances. Each of these key audit matters have been set out in the section 'Key audit matters' of this report.

ASSURANCE REPORT ON THE FINANCIAL STATEMENTS

Koninklijke Ahold Delhaize N.V. assessed the possible effects of climate change and its plans to meet the net zero commitments on its financial position, refer to 'Principal Risks and Uncertainties', 'Elevate Healthy and Sustainable' and 'Environmental, Social and Governance' sections of the management report. As part of the Group's strategy to build a healthier planet, the Group committed to measure and manage their environmental impacts from carbon emissions. We discussed the Group's assessment and governance thereof with management and evaluated the potential impact on the financial position. While the impact of climate change and the Group's commitments to reach their targets are of significant importance for the Group and its stakeholders, the expected effects of climate change are not considered a key audit matter.

We ensured that the audit teams at both group and component level included the appropriate skills and competences which are needed for the audit of a retail company. The Group's operations utilize a wide range of different IT systems. The adequacy and effective operation of controls over these systems is an important element of the integrity of financial reporting within the Group. We utilized IT specialists in our audit to evaluate the adequacy and effective operation of these controls considered relevant to our audit. Furthermore, we included specialists with expertise in the areas of financial instruments and taxes, and experts in the areas of valuations, share-based compensation and actuarial calculations (including pension accounting) in our team.

The outline of our audit approach was as follows:

Materiality
- Overall materiality: €160 million.

Audit scope
- We conducted audit work at seven components. In 2022, our components subject to a full scope audit remained consistent with 2021.
- Site visits were conducted to all our components and included visits to the United States, the Netherlands, Belgium and Czech Republic.
- Audit coverage: 89% of consolidated net sales, 84% of consolidated total assets and 83% of consolidated income before income taxes.

Key audit matters
- Impairment testing of goodwill and brand names.
- Recognition of vendor allowance income.

Materiality

The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgment we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€160 million (2021: €140 million).
Basis for determining materiality	We used our professional judgment to determine overall materiality. As a basis for our judgment, we used 5% of income before income taxes.
Rationale for benchmark applied	We used income before income taxes as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of the users of the financial statements. On this basis, we believe that income before income taxes is an important metric for the financial performance of the Company.
Component materiality	Based on our judgment, we allocate materiality to each component in our audit scope that is less than our overall group materiality. The range of materiality allocated across components was between €10 million and €140 million.

We also take misstatements and/or possible misstatements into account that, in our judgment, are material for qualitative reasons.

We agreed with the Supervisory Board that we would report to them any misstatement identified during our audit above €8 million (2021: €7 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons. Where misstatements have no income statement impact, we agreed with the Supervisory Board that we would report those above €50 million (2021: €25 million).

ASSURANCE REPORT ON THE FINANCIAL STATEMENTS

The scope of our group audit

Koninklijke Ahold Delhaize N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Koninklijke Ahold Delhaize N.V.

We tailored the scope of our audit to ensure that we, in aggregate, provide sufficient coverage of the financial statements for us to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy, we determined the type of work required to be performed at component level by the group engagement team and by each component auditor.

We subjected five components to audits of their complete financial information, of which three components are individually financially significant to the Group. This involves the retail operations in the United States and the Netherlands as well as the Global Support Office activities in the Netherlands. The other two components, the Belgian and Czech Republic retail operations, were selected to achieve appropriate audit coverage over the consolidated financial statements. Additionally, we selected two components for specific audit procedures to achieve appropriate coverage on financial line items in the consolidated financial statements.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Consolidated net sales	89%
Consolidated total assets	84%
Consolidated income before income taxes	83%

None of the remaining components represented more than 3% of consolidated net sales, consolidated total assets or consolidated income before income taxes. For the remaining components, we attended internal quarterly closing meetings with local and group management and performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

The group engagement team performed the audit work on the Global Support Office activities in the Netherlands, which includes financing activities in Switzerland, the group consolidation, the financial statement disclosures and a number of complex items. This included procedures performed over financial instruments such as loans and derivatives, goodwill and brand names impairment testing, board remuneration testing including share-based compensation, and compliance of accounting positions taken by the Group in accordance with EU-IFRS.

For all other components, we used component auditors who are familiar with the local laws and regulations to perform the audit work.

Where component auditors performed the work, we determined the level of involvement we needed to have in their audit work to be able to conclude whether we had obtained sufficient and appropriate audit evidence as a basis for our opinion on the consolidated financial statements as a whole.

We issued instructions to the component audit teams in our audit scope. These instructions included amongst others our risk analysis, materiality and the scope of the work. We explained to the component audit teams the structure of the Group, the main developments that were relevant for the component auditors, the risks identified, the materiality levels to be applied and our global audit approach. We had individual calls with each of the in-scope component audit teams both during the year and upon conclusion of their work. During these calls, we discussed the significant accounting and audit issues identified by the component auditors, their reports, the findings of their procedures and other matters, that could be of relevance for the consolidated financial statements.

The group audit team visited all in scope components in the United States, the Netherlands, Belgium and Czech Republic, and met with local management. For each of these components we reviewed selected working papers of the respective component auditors.

By performing the procedures outlined above at the components, combined with additional procedures exercised at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group’s financial information, as a whole, to provide a basis for our opinion on the financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

There have been no changes in our key audit matter topics in comparison to prior year, however in the current year as part of our impairment testing on goodwill and brand names, we additionally focussed on the impairment recognized for the FreshDirect CGU and the procedures underpinning the Delhaize CGU.

ASSURANCE REPORT ON THE FINANCIAL STATEMENTS

Key audit matter	Our audit work and observations
Impairment testing of goodwill and brand names *Note 14 Intangible Assets* As at January 1, 2023, the Group's goodwill and brand names are valued at €11.2 billion. Management tests its CGUs containing goodwill and brand names for impairment annually and if there is a triggering event, at an earlier or later reporting date. This is done by comparing the recoverable amounts of the individual CGUs, being the higher of fair value less costs of disposal or the value in use, to the carrying amounts. As part of the management Q3 2022 assessment, an impairment trigger was noted which resulted in a full impairment of the goodwill and brand names of the FreshDirect CGU. As part of the annual goodwill and brand names impairment test, management concluded that no additional impairments should be recognized. However, in addition to our normal procedures, we particularly focused on the Delhaize CGU based on the sensitivity on the impairment test as disclosed in Note 14. We considered this to be a key audit matter, due to the magnitude of the goodwill and brand names balance, the impact of the key assumptions on the valuations through the complex assessment process, involving significant management judgments and, lastly, the sensitivity on impairment tests.	We evaluated management's process and design effectiveness of controls over the impairment assessment including the appropriateness of management's identification of the Group's CGUs, indicators of impairment, discount rates and forecasts. We have challenged management, primarily on their assumptions applied to which the outcome of the impairment test is the most sensitive, in particular, the projected sales growth, operating margin developments, discount rates and (terminal) growth rates. We benchmarked key assumptions (as disclosed in Note 14) against external data and challenged management by comparing the assumptions to historic performance of the Company and local economic developments, taking into account the sensitivity test of the goodwill balances for any changes in the respective assumptions. We involved our valuation experts to assist us in evaluating the appropriateness of the impairment model and the discount rates applied. In particular, for the Delhaize CGU, we engaged our valuation experts to perform a full impairment test review, including a detailed analysis of the business plan forecast and the terminal value assumptions. We verified that the models were prepared in line with the fair value less cost of disposal methodology. We also verified the mathematical accuracy of management's valuation models and agreed relevant data, including assumptions on timing of future capital and operating expenditures to the financial plans as approved by the Management Board. We compared the sum of the future cash flow forecasts of all CGUs to the market capitalization. Based on our procedures we did not identify material exceptions and we found management's assumptions to be supported by available evidence.
Recognition of vendor allowance income *Note 8 Expenses and other income by nature* The Group receives various types of vendor allowances from its suppliers, as further disclosed in Note 8 to the consolidated financial statements. These allowances are a significant component of cost of sales. The vendor allowance receivable as at January 1, 2023, amounts to €686 million (Note 18 Receivables). The vendor allowance agreements with suppliers contain volume allowances and promotional allowances in connection with the purchase of goods for resale from those suppliers. The Group recognizes vendor allowances as a reduction in cost of sales when the performance obligations associated with the allowances have been met, for example when the product has been sold, placed or when the marketing campaign has been held. We considered this to be a key audit matter because of the magnitude of amounts involved and the judgment required from management to determine the nature and level of fulfillment of the Group's obligations under the vendor agreements and to recognize the amounts in the correct period. This requires a detailed understanding of the contractual arrangements in addition to complete and accurate data to estimate purchase and sales volumes and fulfillment of promotional programs.	Our procedures included evaluating the design and testing the operating effectiveness of management's controls around the completeness and accuracy of the contractual agreements recognized in the accounting system. Furthermore, we challenged management's assumptions used in determining the recognized vendor allowances through discussions with management and performing specific substantive audit procedures. For example, on a sample basis we agreed the recorded amounts to the vendor contracts and confirmed the related positions and terms with the vendors. To determine the quality of the estimates made by management, we performed a retrospective review of management judgments by testing subsequent collections on prior period vendor allowance receivables. These procedures showed us that the vendor allowances collected versus management's estimates were reasonable. We also tested material write-offs (if any) and evaluated the nature to identify possible management bias. Finally, we tested whether the allowances were recorded in the correct period through assessing the obligation fulfillment of vendor allowances recorded during a period before and after year-end. We did not identify any indications of fraud or suspicion of fraud, nor identified material exceptions and we found management's recognition of vendor allowances to be supported by available evidence.

ASSURANCE REPORT ON THE FINANCIAL STATEMENTS

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the internal control system, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the internal control system and how the Supervisory Board exercises oversight, as well as the outcomes.

We evaluated the design and relevant aspects of the internal control system and in particular the fraud risk assessment, as well as among others the code of conduct, whistle-blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the Management Board, as well as the other relevant executives (including Internal Audit, Risk & Controls, Legal, Healthy and Sustainable and Regional Management) and the Supervisory Board whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

ASSURANCE REPORT ON THE FINANCIAL STATEMENTS

Identified fraud risks	Our audit work and observations
Risk of fraud through management override of controls As in all of our audits, we address the risk of management override of controls. This includes evaluating whether there is evidence of bias by management that may represent a risk of material misstatement due to fraud. In this context, we also paid attention to the significant estimates and judgments made by management. The key opportunities for management manipulation are within the manual elements of the control environment, such as journal entries. Management may perceive pressure to manipulate accounting estimates that require significant judgment in order to improve results. Additionally, inappropriate accounting policies and treatments may be adopted to achieve the desired outcomes.	Where relevant to our audit, we have evaluated the design of the internal control measures that are intended to mitigate the risk of management override of controls and assessed the effectiveness of those measures in the processes of generating and processing journal entries and forming estimates. This includes accessing access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties. In testing journal entries, we have made a selection of journal entries on the basis of risk criteria at each in scope component and performed audit procedures on them, including inspection of the source documentation to assess the validity of the business rationale and substantiation of corroborating evidence. In this context we also tested the consolidation and elimination entries. We performed audit procedures related to significant estimates and judgments of management as listed in Note 2 to the financial statements. These include the judgments and estimations as part of the goodwill and brand names impairment testing as well as vendor allowances, where the procedures we performed are noted in the section 'key audit matters' of this report. We performed similar procedures for the impairment considerations as part of other fixed assets. Where in scope of our audit, we tested the judgments made and outcome of the estimates relating to the business combinations and related financial liabilities. For the judgments and estimations of the current and deferred tax positions, we challenged management's interpretations of the relevant tax laws and the related outcomes and their assessment of liabilities and recoverability. For the initial recognition of the right of use assets and correlating lease liabilities, we developed independent point estimates of the incremental borrowing rates and tested the lease terms applied. We understood and challenged management's positions on claims and legal disputes through engaging with their internal and external legal counsels and assessing the supporting evidence. Lastly, we engaged our actuarial experts to assess the judgments and estimates for the relevant insurance and pension related positions. For each estimate, we paid attention to the inherent risk of bias of management in estimates. We did not identify any specific indications of fraud or suspicion of fraud in respect of management override of controls.
Risk of fraud in revenue recognition We addressed the risk of fraud in revenue recognition. This relates to the presumed management incentive that exists to overstate revenue. As the majority of the Group's revenue is recorded at the time of sale, much of which is recorded through point of sales systems and payment is made at the time of sale, there is limited risk of management manipulation. Rather, the risk of fraud in revenue recognition is focused on the occurrence of inappropriate manual transactions.	Where relevant to our audit, we have evaluated the design of the relevant IT systems and the internal control measures that are intended to mitigate the risk of fraud and error in revenue recognition and assessed the effectiveness of those measures. Through data analysis, we tested both expected and unexpected journal entries, including manual transactions, and performed relevant testing on revenue transactions throughout the year and the receivable balances at year end. Our audit procedures included inspection of the source documentation to assess the validity of the business rationale and substantiation of corroborating evidence testing the occurrence of the related revenue. We did not identify any specific indications of fraud or suspicion of fraud in respect of revenue recognition.
Risk of fraud surrounding inappropriate recognition of vendor allowances The Group receives various types of vendor allowances from its suppliers. These allowances form a significant component of cost of sales. The volume allowances, the majority, are straight-forward and require little judgment. However, for certain agreements, the recognition of vendor allowance income and receivables require significant judgment from management in terms of satisfying performance obligations. This fraud risk is focused on the potential incentive for management to incorrectly recognize vendor allowance income on agreements where significant judgment and estimation is involved.	For the audit work performed, refer to the key audit matter recognition of vendor allowance income, as set out in the section 'Key audit matters' of this report.

ASSURANCE REPORT ON THE FINANCIAL STATEMENTS

We incorporated an element of unpredictability in our audit. During the audit we remained alert to indications of fraud. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance of laws and regulations. Based on our risk assessment and audit procedures performed, we did not identify any indications for fraud that resulted in material misstatements in the financial statements.

AUDIT APPROACH GOING CONCERN

Management prepared the financial statements on the assumption that the entity is a going concern and that it will continue all its operations for at least twelve months from the date of preparation of the financial statements. Our procedures to evaluate management's going concern assessment included, amongst others:

- considering whether management identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going concern risks);
- considering whether management's going concern assessment includes all relevant information of which we are aware as a result of our audit and inquired with management regarding management's most important assumptions underlying their going concern assessment;
- evaluating management's current budget including cash flows for at least twelve months from the date of preparation of the financial statements, current developments in the industry and all relevant information of which we are aware as a result of our audit;
- analyzing the financial position per balance sheet date in relation to the financial position per prior year balance sheet date to assess whether events or circumstances exist that may lead to a going concern risk, including compliance with relevant covenants; and
- performing inquiries with management as to their knowledge of going concern risks beyond the period of the management's assessment.

Our procedures did not result in outcomes contrary to management's assumptions and judgments used in the application of the going concern assumption.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the management report and the other information that is required by Part 9 of Book 2 and regarding the remuneration report required by the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The Management Board is responsible for the preparation of the other information, including the management report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code. The Management Board and the Supervisory Board are responsible for ensuring that the remuneration report is drawn up and published in accordance with sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Our appointment

We were appointed as auditors of Koninklijke Ahold Delhaize N.V. on April 16, 2013 by the Supervisory Board. This followed the passing of a resolution by the shareholders at the annual general meeting held on April 16, 2013. Our appointment has been renewed annually by shareholders and now represents a total period of uninterrupted engagement of ten years.

European Single Electronic Format (ESEF)

Koninklijke Ahold Delhaize N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the (partially) marked-up consolidated financial statements, as included in the reporting package by Koninklijke Ahold Delhaize N.V., complies, in all material respects, with the RTS on ESEF.

The Management Board is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the Management Board combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included amongst others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package.
- identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:

ASSURANCE REPORT ON THE FINANCIAL STATEMENTS

- Obtaining the reporting package and performing validations to determine whether the reporting package, containing the Inline XBRL instance document and the XBRL extension taxonomy files, have been prepared, in accordance with the technical specifications as included in the RTS on ESEF.
- Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the Company or its controlled entities, for the period to which our statutory audit relates, are disclosed in Note 4 to the parent company financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Management Board and the Supervisory Board for the financial statements

The Management Board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the Management Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Management Board is responsible for assessing the Company's ability to continue as a going-concern. Based on the financial reporting frameworks mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The Management Board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, February 28, 2023
PricewaterhouseCoopers Accountants N.V.

S. Laurie de Hernandez RA

ASSURANCE REPORT ON THE FINANCIAL STATEMENTS

Appendix to our auditor's report on the financial statements for the period January 3, 2022 to January 1, 2023 of Koninklijke Ahold Delhaize N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgment and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit 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.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Concluding on the appropriateness of the Management Board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the Audit, Finance and Risk committee in accordance with article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

ASSURANCE REPORT ON THE ESG INFORMATION 2022

LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR

To: the Management Board and the Supervisory Board of Koninklijke Ahold Delhaize N.V.

Assurance report on the environmental, social and governance information 2022

Our conclusion

Based on our review, nothing has come to our attention that causes us to believe that the environmental, social and governance information included in the Annual Report 2022 of Koninklijke Ahold Delhaize N.V. does not present, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to environmental, social and governance (ESG); and
- the thereto related events and achievements for the period January 3, 2022 to January 1, 2023,

in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria as included in the section 'Reporting criteria' of our report.

What we have reviewed

We have reviewed the environmental, social and governance information included in the following sections of the Annual Report for the period January 3, 2022 until January 1, 2023 (hereafter: the ESG information):

- 'Strategic report', limited to the following sections:
  - 'Our business';
  - 'Our leading together strategy';
  - 'Performance review' limited to the sections 'Healthy sales', 'Food waste' and 'Carbon emissions';
  - 'Environmental, social and governance', excluding sections 'Task Force on Climate-related Financial Disclosures (TCFD)' and 'Tax transparency and responsibility'.
- 'Environmental, Social and Governance (ESG) statements', excluding section 'EU Taxonomy'.

This review is aimed at obtaining a limited level of assurance.

The basis for our conclusion

We conducted our review in accordance with Dutch law, including Dutch Standard 3810N 'Assuranceopdrachten inzake maatschappelijke verslagen' ('assurance engagements relating to sustainability reports'), which is a specific Dutch standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance engagements other than audits or reviews of historical financial information'. Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of the ESG information' of our report.

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

Independence and quality control

We are independent of Koninklijke Ahold Delhaize N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of ethics for professional accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

PwC applies the 'Nadere voorschriften kwaliteitssystemen' (NVKS – Regulations for quality systems) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Reporting criteria

The reporting criteria used for the preparation of the ESG information are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria, as disclosed in sections 'Introduction', 'Methodology', 'Data collection and considerations', 'GRI indicators' and 'GRI indicator' of the 'ESG statements' and section 'Definitions and abbreviations' of the Annual Report.

The absence of an established practice on which to draw, to evaluate and measure ESG information allows for different, but acceptable, measurement techniques and can affect comparability between entities, and over time.

Consequently, the ESG information needs to be read and understood together with the reporting criteria used.

Limitations to the scope of our review

The ESG information includes prospective information such as expectations on ambitions, strategy, plans, estimates and risk assessments. Inherent to this prospective information, the actual future results are uncertain, and are likely to differ from these expectations. These differences may be material. We do not provide any assurance on the assumptions and achievability of prospective information.

In the ESG information, references are made to external sources or websites. The information on these external sources or websites is not part of the ESG information reviewed by us. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect to these matters.

ASSURANCE REPORT ON THE ESG INFORMATION 2022

Responsibilities for the ESG information and the review thereon

Responsibilities of the Management Board and the Supervisory Board for the ESG information

The Management Board of Koninklijke Ahold Delhaize N.V. is responsible for the preparation of reliable and adequate ESG information in accordance with the reporting criteria as included in the section 'Reporting criteria', including selecting the reporting criteria, the identification of stakeholders, and determining the material matters. The Management Board is also responsible for selecting and applying the reporting criteria and for determining that these reporting criteria are suitable for the legitimate information needs of stakeholders, taking into account applicable law and regulations related to reporting. The choices made by the Management Board regarding the scope of the ESG information and the reporting policy are summarized in sections 'Introduction', 'Methodology', 'Data collection and considerations', 'GRI indicators' and 'GRI indicator' of the 'ESG statements' and section 'Definitions and abbreviations' of the Annual Report.

Furthermore, the Management Board is responsible for such internal control as the Management Board determines is necessary to enable the preparation of the ESG information that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the Company's reporting process on the ESG information.

Our responsibilities for the review of the ESG information

Our responsibility is to plan and perform the review engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence to provide a basis for our conclusion.

Our objectives are to obtain a limited level of assurance to determine the plausibility of the ESG information. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Procedures performed

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with Dutch Standard 3810N, ethical requirements and independence requirements. Our procedures included, amongst other things, the following:

- Performing an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues and the characteristics of the Company.
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the ESG information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the Management Board.
- Through inquiries, obtaining a general understanding of the control environment, processes and information relevant to the preparation of the ESG information, but not for the purpose of obtaining assurance evidence about their implementation or testing their operating effectiveness.
- Identifying areas of the ESG information with a higher risk of misleading or unbalanced information or material misstatement, whether due to fraud or error. Designing and performing further assurance procedures aimed at determining the plausibility of the ESG information responsive to this risk analysis.
- Those other procedures consisted amongst others of:
  - Interviewing management (and/or relevant staff) at corporate and local level responsible for the ESG strategy, policy and results;
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the ESG information;
  - Determining the nature and extent of the review procedures for the group components. For this, the nature, extent and/or risk profile of these components are decisive. Based thereon we selected the components to visit. The visits to Albert Heijn Netherlands, Delhaize Belgium, Ahold Delhaize United States of America and Delhaize Serbia are aimed at, on a local level, validating source data and obtaining through inquiries a general understanding of the control environment, processes and information relevant to the preparation of the ESG information;
  - Obtaining assurance evidence that the ESG information reconciles to underlying records of the Company;
  - Reviewing, on a limited test basis, relevant internal and external documentation;
  - Performing an analytical review of the data and trends in the information at a component level where relevant as well as on a consolidated level.
- Reconciling the relevant financial information to the financial statements.
- Evaluating the consistency of the ESG information with the information in the Annual Report, which is not included in the scope of our review.
- Evaluating the overall presentation, structure and content of the ESG information.
- Considering whether the ESG information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Amsterdam, February 28, 2023
PricewaterhouseCoopers Accountants N.V.

S. Laurie de Hernandez RA

DISTRIBUTION OF PROFIT

Articles of Association provisions governing the distribution of profit

The holders of common shares are entitled to one vote per share and to participate in the distribution of dividends and liquidation proceeds. Pursuant to section 39 of the Articles of Association, a dividend will first be declared out of net income on cumulative preferred shares and cumulative preferred financing shares. Any net income remaining after reservations deemed necessary by the Supervisory Board, in consultation with the Management Board, will then be at the disposal of the General Meeting of Shareholders, who may resolve to distribute it among the common shareholders. The Management Board, with the approval of the Supervisory Board, may propose that the General Meeting of Shareholders make distributions wholly or partly in the form of common shares. Amounts of net income not paid in the form of dividends will be added to the accumulated deficit. In the financial statements, the dividend on cumulative preferred financing shares is included in the income statement. Consequently, net income according to the parent company income statement is fully attributable to common shareholders.

See *Note 21* to the consolidated financial statements and *Note 16* to the parent company financial statements for more information on the dividend on common shares.

DETAILS OF SPECIAL SHAREHOLDER RIGHTS

Ahold Delhaize shareholders have no special rights; see *Corporate governance* for more information about voting rights.

DETAILS OF SHARES WITHOUT PROFIT RIGHTS AND NON-VOTING SHARES

Ahold Delhaize has no common shares without profit rights and no non-voting shares.

Appendix

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CONTACT INFORMATION

SHAREHOLDER ENGAGEMENT

Ahold Delhaize proactively maintains an open, constructive and ongoing dialogue with its shareholders. We are committed to keeping shareholders updated by informing them transparently and accurately about Ahold Delhaize's strategy, performance and other Company matters and developments that could be relevant to investors' decisions. We disclose information through both financial and non-financial performance briefings, such as during our quarterly results releases, the Annual General Meeting of Shareholders, Investor Days and other special events. We also participate in investor conferences and organize roadshows. All disclosed information is accessible via our website.

CORPORATE WEBSITE

On the Company's website you can find recent and archived press releases, financial reports, annual reports, presentations, the financial calendar and other relevant shareholder information. To receive press releases and other Ahold Delhaize news, please subscribe to our email service through our website at *www.aholddelhaize.com*.

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KEY DATES

KEY DATES 2023

Annual General Meeting of Shareholders	**April 12**
Final dividend 2022	
Ex-dividend date	**April 14**
Dividend record date	**April 17**
Payment date	**April 27**
Interim dividend 2023	
Ex-dividend date	**August 11**
Dividend record date	**August 14**
Payment date	**August 31**
Publication Q1 2023 results	**May 10**
Publication Q2 2023 results	**August 9**
Publication Q3 2023 results	**November 8**

ANNUAL GENERAL MEETING 2023

This year's annual General Meeting of Shareholders will be held on April 12, 2023. The meeting will start at 2.00pm (CET).

The agenda and explanatory notes to the agenda can be found on our website at **www.aholddelhaize.com.**

DEFINITIONS AND ABBREVIATIONS

FINANCIAL PERFORMANCE MEASURES

The financial information included in this Annual Report is prepared in accordance with International Financial Reporting Standards as adopted by the European Union and as explained in *Note 2* and *Note 3* to the consolidated financial statements as well as in the individual footnotes, unless otherwise indicated.

This Annual Report also includes alternative performance measures (also known as non-GAAP measures). The definitions of these financial and non-financial alternative performance measures can be found below.

FINANCIAL ALTERNATIVE PERFORMANCE MEASURES

Management believes that financial alternative performance (non-GAAP) measures allow for a better understanding of Ahold Delhaize's operating and financial performance. These alternative performance measures should be considered in addition to, but not as substitutes for, the most directly comparable IFRS measures.

Basic and diluted underlying income per share from continuing operations

Underlying income per share from continuing operations is calculated as underlying income from continuing operations, divided by the weighted average number of shares outstanding, also referred to as "underlying earnings per share" or "underlying EPS."

Comparable sales

Comparable sales are net sales, in local currency, from exactly the same stores – including remodeled stores and stores that are replaced within the same market area – and online sales in existing market areas for the most recent comparable period. Ahold Delhaize measures a store for comparable sales after it is open for a full 56 weeks. Comparable stores are locations that were open for both the full time period being reported on and the full comparable time period in the preceding year. In 2021, comparable sales growth is calculated by adjusting 2020 to a 52-week period.

Comparable sales excludes value-added tax (VAT).

For markets that sell gasoline, Ahold Delhaize also calculates the comparable sales excluding gasoline sales, to eliminate gasoline price volatility in the comparison.

Comparable sales and comparable sales excluding gasoline sales are not reflected in Ahold Delhaize's financial statements. However, the Company believes that disclosing comparable sales and comparable sales excluding gasoline sales provides additional useful analytical information to investors regarding the operating performance of Ahold Delhaize, as it neutralizes the impact of, for example, newly acquired stores, in the calculation of sales growth.

Earnings before interest, taxes, depreciation and amortization, or EBITDA

Ahold Delhaize defines EBITDA as operating income / (loss) plus depreciation and amortization. EBITDA is considered to be a useful measure for investors to analyze profitability by eliminating the effects of financing (i.e., net financial expense), capital investments and the impact of the purchase price allocation (i.e., depreciation and amortization).

Diluted underlying income per share from continuing operations is calculated as diluted underlying income from continuing operations, divided by the diluted weighted average number of common shares outstanding, also referred to as "diluted underlying EPS."

Food sales

Food sales contains all net sales, excluding the following categories: pet food, flowers and plants, tobacco, and non-food products including health and beauty and cleaning products. Sales taxes and value-added taxes are excluded from food sales reported in the ESG statements.

Free cash flow

Ahold Delhaize defines free cash flow as operating cash flows from continuing operations minus net capital expenditures, net repayment of lease liabilities and receivables (both interest and principal portions) and net interest paid plus dividends received.

Ahold Delhaize has included free cash flow, as the Company believes it is a useful measure for investors, because it provides insight into the cash flows available to, among other things, reduce debt and pay dividends. Free cash flow is derived from the financial statements; however, this is not a measure calculated in accordance with IFRS and may not be comparable to similar measures presented by other companies. Accordingly, free cash flow should not be considered as an alternative to operating cash flow.

Global Support Office costs

Global Support Office (GSO) costs relate to the responsibilities of the Global Support Office, including Finance, Strategy, Mergers & Acquisitions, Internal Audit, Legal, Compliance, Human Resources, Information Technology, Insurance, Tax, Treasury, Communications, Investor Relations, Health and Sustainability and the majority of the Executive Committee. GSO costs also include results from other activities coordinated centrally but not allocated to any subsidiary. Underlying GSO costs exclude impairments of non-current assets, gains (losses) on leases and the sale of assets, and restructuring and related charges and other items, including business acquisition transaction costs.

Gross merchandise value (GMV)

Gross merchandise value is defined as online sales including first-party sales as well as third-party sales, via bol.com's partner platform. GMV excludes VAT, and does not take into account any shipping costs, discounts, returns and cancellations. Ahold Delhaize's management believes that this measure provides more insight into the growth of our online businesses.

Loyalty sales

Total third-party sales excluding VAT and generated by active addressable loyalty card holders. Active addressable loyalty card holders are the number of unique, active and addressable loyalty cards used in the reporting period. Active: cards used at least twice in the past 26 weeks (at the end of the reporting period), or at least one time in the reporting period. Addressable: from cardholders for whom we hold at least an address, phone number or email address.

Net consumer online sales

Net consumer online sales is defined as online sales including sales of third parties via bol.com's partner platform and other initiatives, such as Ship2Me in the U.S. Net consumer online sales excludes VAT. Ahold Delhaize's management believes that this measure provides more insight into the growth of our online businesses.

Net debt

Net debt is the difference between (i) the sum of loans, lease liabilities and short-term debt (i.e., gross debt) and (ii) cash, cash equivalents, current portion of investment in debt instruments, and short-term deposits and similar instruments. In management's view, because cash, cash equivalents, current portion of investments in debt instruments and short-term deposits and similar instruments can be used, among other things, to repay indebtedness, netting this against gross debt is a useful measure for investors to judge Ahold Delhaize's

DEFINITIONS AND ABBREVIATIONS

leverage. Net debt may include certain cash items that are not readily available for repaying debt.

Net sales at constant exchange rates

Net sales at constant exchange rates excludes the impact of using different currency exchange rates to translate the financial information of Ahold Delhaize subsidiaries or joint ventures to euros. Ahold Delhaize's management believes this measure provides a better insight into the operating performance of Ahold Delhaize's foreign subsidiaries or joint ventures.

Net sales by category

Net sales are specified into predefined sales categories: perishable, non-perishable, non-food, gasoline and pharmacy.

Category definitions:

- Perishable includes: produce, dairy (fresh), meat, deli, bakery, seafood and frozen.
- Non-perishables include: grocery, dairy (long-life) and beer and wine.
- Non-food includes: floral, pet food, health and beauty care, kitchen and cookware, gardening tools, general merchandise articles, electronics, newspapers and magazines, tobacco, etc.
- Gasoline includes: gasoline sales only.
- Pharmacy includes: pharmacy sales only.

Net sales in local currency

In certain instances, net sales are presented in local currency. Ahold Delhaize's management believes this measure provides a better insight into the operating performance of Ahold Delhaize's foreign subsidiaries.

Online grocery penetration

Online grocery penetration is calculated as online sales as a percentage of net sales, excluding sales from gasoline, bol.com, Etos and Gall & Gall. Ahold Delhaize's management believes that this measure provides insights into the value of our online grocery business.

Online sales

Online sales are net sales generated through electronic ordering by the final customer at the fair value of the consideration received or receivable.

Online sales includes both business-to-consumer and business-to-business sales as long as the purchaser is the end user, sales generated through third-party platforms (e.g., Instacart and eMag), delivery fee income, other income derived from online sales generated through third-party platforms (e.g., price markups), and fees and commissions when Ahold Delhaize acts as an agent.

Online sales excludes VAT.

Operating income in local currency

In certain instances, operating income is presented in local currency. Ahold Delhaize's management believes this measure provides better insight into the operating performance of Ahold Delhaize's foreign subsidiaries.

Own-brand food sales

Net sales of own-brand food products. It follows the definitions of food sales and own-brand sales.

Own-brand sales

Net sales of own-brand products, which include: private labels, fancy brands (proprietary private labels that are a fantasy name owned by Ahold Delhaize), exclusive brands (brands that are not international, national or regional brands), store-prepared products (in-store food preparation, even if derived from branded stock), non-branded products (such as bulk fruits and vegetables or no-name non-food products) and promotional items relating to the former. In short, every product that is not an international, national or regional brand is considered to be an own-brand product.

Regular CapEx expenditure

The amounts represent additions to property, plant and equipment; right-of-use assets; investment property; and intangible assets. The amounts exclude acquisition capital expenditure.

Return on capital

Return on capital (RoC) is calculated as underlying operating income before depreciation and amortization divided by the annual rolling average of the sum of company-owned property, plant and equipment at purchase price, intangible assets (excluding goodwill) at purchase price, operating working capital components and repayment of lease liabilities, divided by 8%.

Underlying earnings before interest, taxes, depreciation and amortization, or underlying EBITDA and margin

Ahold Delhaize defines underlying EBITDA as underlying operating income plus depreciation and amortization. Underlying EBITDA is considered to be a useful measure for investors to analyze profitability by eliminating the effects of financing (i.e., net financial expense), capital investments and the impact of the purchase price allocation (i.e., depreciation and amortization). Underlying EBITDA margin is calculated as underlying EBITDA as a percentage of net sales.

Underlying income from continuing operations

Ahold Delhaize defines underlying income from continuing operations as income from continuing operations adjusted for impairments of non-current assets, gains and losses on the sale of assets, gains and losses on leases and subleases, restructuring and related charges, and other items considered not to be directly related to the underlying operating performance, as well as material non-recurring finance costs and income tax expense, and the potential effect of income tax on all these items.

Underlying operating income and margin

Underlying operating income is defined as total operating income, adjusted for impairments of non-current assets, gains and losses on the sale of assets, gains and losses on leases and subleases, restructuring and related charges, and other items considered not to be directly related to the underlying operating performance.

Ahold Delhaize's management believes this measure provides better insight into the underlying operating performance of the Company's operations. Underlying operating income margin is calculated as underlying operating income as a percentage of net sales.

NON-FINANCIAL ALTERNATIVE PERFORMANCE MEASURES

The specific definitions outlined below add context to our non-financial alternative performance measures and other metrics used in this report.

Acceptable standards and certifications for commodities

Ahold Delhaize defines acceptable standards as multi-stakeholder initiatives or standards supported by multiple stakeholders. They include third-party verification and focus on mitigating the main environmental and/or social issues associated with a commodity's production. Acceptable standards are globally consistent and focus on continuously improving production and supply chain practices.

DEFINITIONS AND ABBREVIATIONS

Acceptable standards for tea, coffee and cocoa include Rainforest Alliance/UTZ Fair Trade USA/ Fairtrade/FLOCERT/Fairtrade Sourcing Program or equivalent standards. Acceptable standards for palm oil include RSPO Principles and Criteria and equivalent standards. Acceptable standards for wood fiber are the Forest Stewardship Council (FSC) Chain of Custody, Program for Endorsement of Forest Certification (PEFC) and Sustainable Forestry Initiative (SFI) or equivalent standards. Acceptable standards for soy are the RTRS standard for Responsible Soy Production and ProTerra, or equivalent standards. The majority of credits we purchase are area-based RTRS credits from the Cerrado Region. Acceptable standards for seafood products include certification against a program that is recognized by the Global Sustainable Seafood Initiative (GSSI) and cover all Aquaculture Stewardship Council (ASC) farm standards.

Associate

People with a legal contract or active pay status (U.S.-specific) with Ahold Delhaize or its brands. This excludes external associates and contingent workers and includes expats counted in their home country.

Associates include seasonal workers, student workers (including summer season students), part-time and full-time associates, both short-term and long-term contracted associates and associates with an active pay status (U.S.-specific), as well as associates whose contract is currently suspended (e.g., for time credit or long-term illness).

Associates who have an employment contract with independent operators of affiliated or franchised stores and students who are on a non-remunerated internship are excluded from the reported figures in this section.

Associate engagement benchmarks

We use two global benchmarks for our associate engagement survey: Global Retail, which comprises companies in the 5300 Retail industry classification benchmark that operate in multiple countries and have both a brick-and-mortar and online presence, and High Performance Norm, which comprises companies in the top quartile (75th percentile) of the Perceptyx Global normative benchmark database.

Associate engagement survey

Associate engagement is measured through an annual survey of all associates employed by Ahold Delhaize and its brands. A number of items in the survey are used to derive and calculate an associate engagement score:

- Healthy workplace: Associates are asked about the support they receive to have healthier lives.
- Inclusive workplace: Associates are asked about the support they receive to have a more inclusive workplace.
- Associate development: Associates are asked about the support they receive to develop their skills and careers with Ahold Delhaize. Our U.S. brands are excluded from this metric.
- Engagement: Associates are asked about how they feel about Ahold Delhaize.

Associate turnover

This metric expresses the number of people lost through resignation, attrition and other means compared to the total number of people in the organization. It includes all turnover, regardless of reason, and is reported as a percentage. Associate turnover is defined as the number of people who left the company compared to the average number of associates during that time period. It includes all terminations regardless of reason.

Associate turnover 30+ contract hours

Associate turnover with more than 30 contract hours is defined as the number of people who left the company compared to the average number of associates during that time period. It includes all terminations regardless of reason.

Brick and mortar

Existing as a physical building, rather than doing business only on the internet.

Balanced candidate slates (50/50)

In a balanced candidate slate, 50% of the final candidates must be from a diverse/ underrepresented population (female, person of color/ethnic/multinational) and at least two of the candidates in the final slate must be diverse.

Cash contributions

The monetary amount paid by a company in support of charitable donations in the form of direct cash donations or grants and payments for materials and services. It includes support of cultural institutions, matched employee giving, employee involvement costs, memberships and subscriptions to community-related organizations and cause-related marketing campaigns.

Charitable donations

Donations of cash, products, services, equipment or other company resources to local, national and international charitable appeals, sponsorships that are not part of a marketing strategy, grants and costs of employee volunteering that fall outside of a core community strategy, company matching of employee donations and the costs of facilitating donations by customers and suppliers.

Community investments

Long-term strategic involvement in, and partnership with, community organizations to address a limited range of social issues chosen by the Company to protect its long-term corporate interests and enhance its reputation. Examples of community investments include: memberships in and subscriptions to charitable organizations, grants and donations, secondments to a partner community organization, supporting in-house training, use of company premises for partner organizations and cost of supporting and promoting employee volunteering programs.

These also include business-related activities in the community, usually undertaken by commercial departments to directly support the success of the Company, promoting its corporate and brand identities and other policies, in partnership with charities and community-based organizations. Only the contribution to charity or community organizations is considered, not the total cost of the marketing campaign or similar.

Examples of commercial initiatives include: the sponsorship of events, publications and activities that promote corporate brands or corporate identity, cause-related marketing and activities to promote sales, support for universities, and research and other charitable institutions, and exceptional one-off gifts of property and other assets.

CO_2 emissions/CO_2 equivalent (CO_2e)

The CO_2 (carbon dioxide) emissions data we report consists of a calculated CO_2 equivalent: actual CO_2 emitted plus equivalent emissions from other greenhouse gases (such as CH_4, N_2O and F-gases). We report based on the Greenhouse Gas (GHG) Protocol Corporate Standard.

Ethnicity representation by level (VP+, Director, Manager, Overall) U.S. ONLY

Associates identifying as American, Asian, Hispanic or Latino, African-American, Native Hawaiian/Other Pacific Islander, White, Other, Not Registered, Two or more races and Unknown. Within the U.S., this metric shows the

DEFINITIONS AND ABBREVIATIONS

representation within EEOC classifications, by organizational level.

Food Loss and Waste Protocol

A multi-stakeholder effort to develop the global accounting and reporting standard (known as the FLW Standard) for quantifying food and associated inedible parts removed from the food supply chain (referred to for simplicity's sake as "food loss and waste"). For more information, see *www.flwprotocol.org*.

Food waste

As defined by the UN Food and Agriculture Organization (FAO), food waste is any removal of food from the food supply chain that 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 or neglect. In our calculations, in contrast to shrink, food waste excludes donations to hunger relief organizations, theft and cash shortages.

We measure food waste using the *Food Loss and Waste Protocol*. Food waste includes waste used for animal feed, bio-based materials, anaerobic digestion, composting/aerobic digestion, controlled combustion and landfill.

Free from products

"Free from" products exclude certain ingredients, such as allergens, synthetic colors or artificial flavors. The excluded ingredients are normally referenced on the packaging or product marketing materials.

Full time

Associates who work full time (= one FTE), as measured by contract hours/standard weekly working hours, are considered full time.

Gen Z

Generation Z, also called Gen Z, is the generational cohort following millennials, born between 1997 and 2010.

Global Reporting Initiative (GRI)

An independent international not-for-profit organization that developed the GRI Sustainability Reporting Standards and works to support their implementation.

Greenhouse gases (GHG)

Gases such as carbon dioxide or methane that contribute to climate change.

Healthy products

Own-brand healthy food sales include all own-brand products that earn one, two or three Guiding Stars (in the U.S. market) or an A or B score from Nutri-Score (in Europe). Total own-brand food sales include food sales from company-operated stores as well as franchise stores.

More information on Guiding Stars can be found at *www.guidingstars.com*.

Inclusive workplace: Associate perception

Associates' perception of the inclusivity of their workplace

The metric shows the percentage of associates who strongly agree or agree with the following index statements in the associate engagement survey:

- My manager treats all associates with respect.
- At my company, diversity is valued.
- My team members work well together.
- I am encouraged to share my ideas around improving our work environment.
- There are career opportunities for me at my company.

Last stage of production (LSOP) unit

The entity that performs the last stage of production or processing in the supply chain where food and non-food safety and/or working conditions are impacted. The LSOP is:

- For food safety: The location where the final consumer product (including packing) is handled.
- For non-food safety: The location where the final consumer product (excluding packing) is assembled.
- For social compliance: The location where labor is involved in producing or processing the final product, excluding (re-)packing in a non-high-risk country.

National brands

Products that are distributed nationally under a brand name owned by the producer or distributor.

Number of injuries that result in lost days

Number of injuries that result in days lost that are directly related to work-related accidents per 100 full-time equivalents. The number of days lost are days scheduled to be worked according to each associate's schedule. An injury is a non-fatal or fatal injury arising in the course of work.

Occupational illness frequency rate

Work-related illnesses or diseases occurring in the course or scope of employment. Occupational illnesses or diseases are only measured if a patient requires a medical professional to administer direct care or evaluate the illness or disease. In the U.S., information from our local claims management or insurance providers is used to monitor performance in this area. Since local claims management or insurance providers need to comply with local legislation, the acceptance of illnesses or diseases as work-related can deviate across brands. Occupational illnesses are calculated per one million hours worked.

Organic food products

Food that meets specific, governmental standards relative to the use of synthetic pesticides, fertilizers or any other chemicals and the way natural resources (soil, animals, energy and water) are treated in the production process. An "organic" product is a product that is certified as organic by a certifying body recognized by the government.

Own brands

Own-brand products at Ahold Delhaize company-operated and affiliated stores include: private labels, fancy brands (proprietary private labels that are a fantasy name owned by Ahold Delhaize), exclusive brands (brands that are not international, national or regional brands), store-prepared products (in-store food preparation, even if derived from branded stock), non-branded products (such as bulk fruits and vegetables or no-name non-food products) and promotional items related to the non-branded products.

In short, every product that is not an international, national or regional brand is considered to be an own-brand product.

Ozone-friendly refrigerant

A refrigerant that has no ozone depletion potential (ODP = 0), meaning there is no degradation to the ozone layer. The data are based on the 2015 report from United Nations Environment Programme (UNEP), "TOC Refrigeration, A/C and Heat Pumps Assessment Report 2015."

Part time

Associates who work less than full time (< one FTE), as measured by contract hours/standard weekly working hours, are considered part time.

DEFINITIONS AND ABBREVIATIONS

Pick-up point and click-and-collect points
A pick-up point (PUP) is a location that serves as a point where customers can pick up groceries they have ordered online. PUPs exclude bol.com, Etos and Gall & Gall locations.

PUPs with pick-from-store (PFS) capability are also referred to as click-and-collect points.

Plastic packaging
According to ISO 21067, packaging is a product to be used for the containment, protection, handling, delivery, storage, transport and presentation of goods, from raw materials to processed goods, from the producer to the user or consumer, including processor, assembler or other intermediary. Plastic packaging is packaging of which the main structural element is made of plastic.

Private label products
Private label products are a sub-set of Ahold Delhaize's own brands, consisting of products with a visible proprietary label from an Ahold Delhaize brand.

Reflective of our markets: Associate perception
Associates' perception of whether they work in a diverse team that fully reflects the community and customers our brands serve.

The metric shows the percentage of associates who strongly agree or agree with the following index questions in the associate engagement survey:

- I am part of a diverse team that fully reflects the community and customers we serve.
- My company recruits a diverse talent pool.
- My company promotes associates with diverse backgrounds.

Sales area
The sum of the store areas (in square meters or square footage) where products are sold and services provided, taken at the end of the year.

Scope 1 (direct GHG emissions)
Emissions from sources that are owned or controlled by Ahold Delhaize. Scope 1 emissions include emissions from refrigerant leakages, owned trucking and on-site fuel usage (natural gas, propane and light fuel).

Scope 2 (indirect GHG emissions)
Emissions from the generation of purchased electricity, heat or steam consumed by the Company. They are not "direct" emissions in that they arise from third-party installations but are attributed to the Company's operations as the end user of the electricity, heat or steam.

Scope 3 (indirect GHG emissions)
Scope 3 emissions are the result of activities from assets not owned or controlled by our Group, but that indirectly impact our value chain. For example, this includes products our brands source from suppliers, and emissions generated when customers use them. Scope 3 emissions, also referred to as value chain emissions, represent the vast majority of total GHG emissions in food retail.

Stock-keeping unit (SKU)
A stock-keeping unit (SKU) is a specific type of product, with attributes that distinguish it from other SKUs.

We include SKUs that were active only for a limited period of time during the reporting period; SKUs that were active at a certain point in time during the reporting period, even though not active anymore at the end of the reporting period or at the time of the data collection; seasonal products; and SKUs that are only sold in our franchise/affiliated stores. Excluded SKUs are SKUs that are sold in company-operated stores selling only wholesale, promotional products and secondary SKUs.

Sustainable Development Goals (SDGs)
The United Nations SDGs are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. The 17 goals replace the Millennium Development Goals and are set on a 2016-2030 time frame.

Tenure
Tenure, as disclosed for the Management Board, Executive Committee and Supervisory Board, is calculated as the length of time members have been members of the applicable bodies.

For members of the Supervisory Board, their tenure includes their tenure in the Board of Directors of the former Delhaize Group, prior to their appointment to the Supervisory Board of Ahold Delhaize.

Tonnes of food waste donated
Includes only food products to feed people (excludes animal feed). It includes food donations to food banks and other food donations to feed people and excludes third-party donations (from customers, suppliers and associates).

Waste
Includes all waste, regardless of the waste management method (recycling, incineration or landfill). It is broken down by percentage sent to landfill, recycled and sent to incinerators that produce energy. Waste data covers all types of facilities (stores, DCs and offices). Information about all waste disposal methods has been determined through information provided by the waste disposal contractors.

Waste recycling
All methods that do not include sending waste to landfill or incineration. For food waste, this includes four methods: recycling through animal feed, recycling through biogas generation, composting and rendering. For other waste streams, such as cardboard, paper, plastic and other waste, recycling refers to applied methods for each specific waste type.

TERMS AND ABBREVIATIONS
In addition to the non-financial alternative performance measures defined above, the following concepts or terminologies are used in our *ESG statements* and elsewhere in this report.

amfori BSCI
The amfori Business Social Compliance Initiative (BSCI) is a non-profit organization that supports 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.

AMS
AMS is an Amsterdam-based, non-profit, strategic buying alliance that currently works on behalf of nine top European food retailers. Since 1988, the alliance has been initiating, managing and coordinating joint-buying activities for its shareholders and, later, for EURO SHOPPER™ distributor members as well.

DEFINITIONS AND ABBREVIATIONS

Biodiversity
The variety of plant and animal species on earth or as measured for a specific ecosystem. According to the Food and Agriculture Organization (FAO), biodiversity for food and agriculture is indispensable to food security and sustainable development. It supplies many vital ecosystem services, such as creating and maintaining healthy soils, pollinating plants, controlling pests and providing a habitat for wildlife, including for fish and other species that are vital to food production and agricultural livelihoods.

Deforestation and land conversion are closely linked to biodiversity.

Business Resource Group (BRG)
A BRG is a group of associates who join together in their workplace based on shared characteristics, life experiences, etc., to provide support, enhance career development and contribute to personal development and the feeling of belonging and inclusiveness in the work environment.

CapEx
Capital expenditure.

CDP
The Carbon Disclosure Project (CDP) is an international non-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

CGF
The Consumer Goods Forum (CGF) is an organization that brings consumer goods retailers and manufacturers together globally to help them collaborate, alongside other stakeholders, to secure consumer trust and drive positive change, including greater efficiency.

Deforestation
Deforestation is a loss of natural forest as a result of:

1. Conversion to agriculture or other non-forest land use
2. Conversion to a tree plantation
3. Severe and sustained degradation

Defra
The UK Department for Environment, Food and Rural Affairs is responsible for environmental protection, food production and standards, agriculture, fisheries and rural communities in the United Kingdom.

Eligible economic activity
An EU Taxonomy-eligible activity refers to activities that are described in the EU Taxonomy Delegated Acts adopted pursuant to the six environmental objectives of the EU Taxonomy, irrespective of whether those economic activities meet the relevant technical screening criteria as laid down in those Delegated Acts.

ESG
The acronym stands for Environmental, Social and Governance.

ESMA
The European Securities and Markets Authority is an independent European Union Authority, whose purpose is to improve investor protection and promote stable, orderly financial markets.

EU Taxonomy for sustainable activities (EU Taxonomy)
The EU Taxonomy is a classification system establishing a list of environmentally sustainable economic activities.

Food Loss and Waste Protocol
This global accounting and reporting standard, also known as the FLW Standard, was developed through a multi-stakeholder effort. It is used for quantifying food and associated inedible parts removed from the food supply chain (referred to for simplicity's sake as "food loss and waste"). For more information, see *www.flwprotocol.org*.

Geofencing
Geofencing is a type of location-based marketing and advertising by using of GPS or RFID technology it can create a virtual geographic boundary, enabling software to trigger a response when a mobile device enters or leaves a particular area.

GFSI
The Global Food Safety Initiative is a Consumer Goods Forum Coalition of Action that enables continuous improvement of food safety management across the supply chain, through benchmarking, collaboration and harmonization of food safety certification programs.

Global Support Office (GSO)
The name of Ahold Delhaize's headquarters, based in Zaandam, the Netherlands. The company also has regional offices in Brussels and Geneva, and some GSO associates work out of the U.S. brands.

GRC
The acronym refers to Governance, Risk Management and Compliance, covering an organization's approach across these three practices.

Greenhouse Gas (GHG) Protocol
The Greenhouse Gas (GHG) Protocol works with companies to develop standards and tools that help them measure, manage, report and reduce their carbon emissions. The protocol covers the accounting and reporting of the six GHGs covered by the Kyoto Protocol and helps to increase the consistency and transparency in GHG accounting and reporting among various companies and GHG programs. For more information, see *ghgprotocol.org/corporate-standard*.

IPCC
The Intergovernmental Panel on Climate Change was created to provide policymakers with regular scientific assessments on climate change, its impacts and future risks and options for adaptation and mitigation.

JMR
The acronym refers to "JMR -Gestão de Empresas de Retalho, SGPS. S.A.," Ahold Delhaize's joint venture in Portugal operating stores under the Pingo Doce brand. The joint venture partner in JMR is Jerónimo Martins, SGPS, S.A.

DEFINITIONS AND ABBREVIATIONS

Land conversion
Change of a natural ecosystem to another land use or profound change in a natural ecosystem's species composition, structure or function.

1. Deforestation is one form of land conversion (conversion of natural forests).
2. Includes severe degradation from the introduction of management practices that result in a substantial and sustained change in the ecosystem's former species composition, structure or function.
3. Change to natural ecosystems that meets this definition is considered to be conversion, regardless of whether or not it is legal.

LGBTQ+
LGBTQ+ is an acronym for lesbian, gay, bisexual, transgender, queer or questioning and others. These terms are used to describe a person's sexual orientation or gender identity.

Location-based approach
The GHG Protocol scope 2 Guidance defines the location-based approach as "a method that reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data)."

Market-based approach
The GHG Protocol scope 2 Guidance defines the market-based approach as "a method that reflects emissions from electricity that companies have purposefully chosen (or their lack of choice). It derives emission factors from contractual instruments, which include any type of contract between two parties for the sale and purchase of energy bundled with attributes about the energy generation, or for unbundled attribute claims. Markets differ as to what contractual instruments are commonly available or used by companies to purchase energy or claim specific attributes about it, but they can include energy attribute certificates (RECs, GOs, etc.), direct contracts (for both low-carbon, renewable, or fossil fuel generation), supplier-specific emission rates and other default emission factors representing the untracked or unclaimed energy and emissions (termed the 'residual mix') if a company does not have other contractual information that meets the scope 2 Quality Criteria."

MEP
The acronym refers to multi-employer plan, which is a retirement savings plan adopted by two or more employers who are not related.

NGO
The acronym stands for non-governmental organization.

Non-eligible economic activity
A non-eligible economic activity means any economic activity that is not described in the EU Taxonomy Delegated Acts adopted pursuant to the six environmental objectives of the EU Taxonomy.

Operations
Refers to business activities that are substantive and / or commercial activities

OpEx
Operating expenditure.

Plaza partners
Plaza partners active on bol.com's platform, measured by the number of partners that have fulfilled at least one order in the last year, including orders followed by a cancellation.

Power purchase agreement (PPA)
A power purchase agreement (PPA), or electricity power agreement, is a contract between two parties, one that generates electricity (the seller) and one that is looking to purchase electricity (the buyer). The PPA defines all of the commercial terms for the sale of electricity between the two parties.

Science Based Targets initiative (SBTi)
The Science Based Targets initiative (SBTi) is a global body enabling businesses to set ambitious emissions-reduction targets in line with the latest climate science. It is focused on accelerating efforts by companies across the world to halve emissions before 2030 and achieve net-zero emissions before 2050.

The initiative is a collaboration between CDP, the United Nations Global Compact (UNGC), World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) and one of the We Mean Business Coalition commitments. The SBTi defines and promotes best practices in science-based target setting, offers resources and guidance to reduce barriers to adoption, and independently assesses and approves companies' targets; see *www.sciencebasedtargets.org*.

It is the lead partner of the Business Ambition for 1.5°C campaign – an urgent call to action from a global coalition of UN agencies, business and industry leaders, mobilizing companies to set net-zero science-based targets in line with a 1.5°C future.

SBTi provides a framework to help specify how much and how quickly organizations need to reduce their GHG emissions to stay within the 1.5°C maximum rise in global temperature.

TCFD
Acronym refers to the Task Force on Climate-related Financial Disclosures which has developed a framework to help public companies and other organizations disclose climate-related risks and opportunities.

World Business Council for Sustainable Development (WBCSD)
WBCSD is a global, CEO-led community of over 200 of the world's leading sustainable businesses working collectively to accelerate the system transformations needed for a net-zero, nature-positive and more equitable future.

World Resources Institute (WRI)
The WRI is a global research organization that works with governments, businesses, multilateral institutions and civil society groups to develop practical solutions that improve people's lives and ensure nature can thrive.

They organize their work around seven global challenges: Food, Forests, Water, Energy, Climate, the Ocean and Cities. They analyze these issues through the lenses of their four Centers of Excellence: Business, Economics, Finance and Equity.

CAUTIONARY NOTICE

This Annual Report includes forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. Words and expressions such as will, offers, can, journey, steps, committed, goals, transition, expect(ed)/(ation), supporting, want, enable, strategy, risk(s), opportunities, subject to, estimate, continue(d)/(ing), leading, looking to, aspiration, strategic, should, challenging, working to, like, future, wish, accelerate, shall, throughout, potential(ly), assumptions, strengthening, proposition, progress, remain, stay, rising, long-term, through, ambition, plans, by, believe, transform, ensure, expanding, mitigate, continuity, target(s), reach, must, next, ongoing, forward, needed or other similar words or expressions are typically used to identify forward-looking statements.

Forward-looking statements are subject to risks, uncertainties and other factors that are difficult to predict and that may cause the actual results of Koninklijke Ahold Delhaize N.V. (the "Company") to differ materially from future results expressed or implied by such forward-looking statements.

Such factors include, but are not limited to, risks relating to the Company's inability to successfully implement its strategy, manage the growth of its business or realize the anticipated benefits of acquisitions; risks relating to competition and pressure on profit margins in the food retail industry; the impact of economic conditions, including high levels of inflation, on consumer spending; changes in consumer expectations and preferences; turbulence in the global capital markets; political developments, natural disasters and pandemics; climate change; energy supply issues; raw material scarcity and human rights developments in the supply chain; disruption of operations and other factors negatively affecting the Company's suppliers; the unsuccessful operation of the Company's franchised and affiliated stores; changes in supplier terms and the inability to pass on cost increases to prices; risks related to environmental, social and governance matters (including performance) and sustainable retailing; food safety issues resulting in product liability claims and adverse publicity; environmental liabilities associated with the properties that the Company owns or leases; competitive labor markets, changes in labor conditions and labor disruptions; increases in costs associated with the Company's defined benefit pension plans; ransomware and other cybersecurity issues relating to the failure or breach of security of IT systems; the Company's inability to successfully complete divestitures and the effect of contingent liabilities arising from completed divestitures; antitrust and similar legislation; unexpected outcomes in the Company's legal proceedings; additional expenses or capital expenditures associated with compliance with federal, regional, state and local laws and regulations; unexpected outcomes with respect to tax audits; the impact of the Company's outstanding financial debt; the Company's ability to generate positive cash flows; fluctuation in interest rates; the change in reference interest rate; the impact of downgrades of the Company's credit ratings and the associated increase in the Company's cost of borrowing; exchange rate fluctuations; inherent limitations in the Company's control systems; changes in accounting standards; inability to obtain effective levels of insurance coverage; adverse results arising from the Company's claims against its self-insurance program; the Company's inability to locate appropriate real estate or enter into real estate leases on commercially acceptable terms; and other factors discussed in the Company's public filings and other disclosures.

Forward-looking statements reflect the current views of the Company's management and assumptions based on information currently available to the Company's management. Forward-looking statements speak only as of the date they are made, and the Company does not assume any obligation to update such statements, except as required by law.

In this report, the term "materiality," "material," and similar terms, when used in the context of economic, environmental, social, and governance topics, are defined in the referenced sustainability standards, and are not meant to correspond to the concept of materiality under prevailing securities laws or stock exchange listing requirements.

Outside the Netherlands, Ahold Delhaize presents itself under the name "Royal Ahold Delhaize" or "Ahold Delhaize." For the reader's convenience, "Ahold Delhaize," the "Company," the "company," "Ahold Delhaize Group," "Ahold Delhaize group" or the "Group" are also used throughout this Annual Report. The Company's registered name is "Koninklijke Ahold Delhaize N.V."

Nielsen's information as included in this Annual Report does not constitute a reliable independent basis for investment advice or Nielsen's opinion as to the value of any security or the advisability of investing in, purchasing or selling any security.