

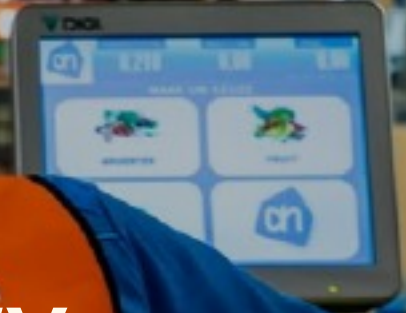
Sustainability-Linked Commercial Paper Program

[August] 2023

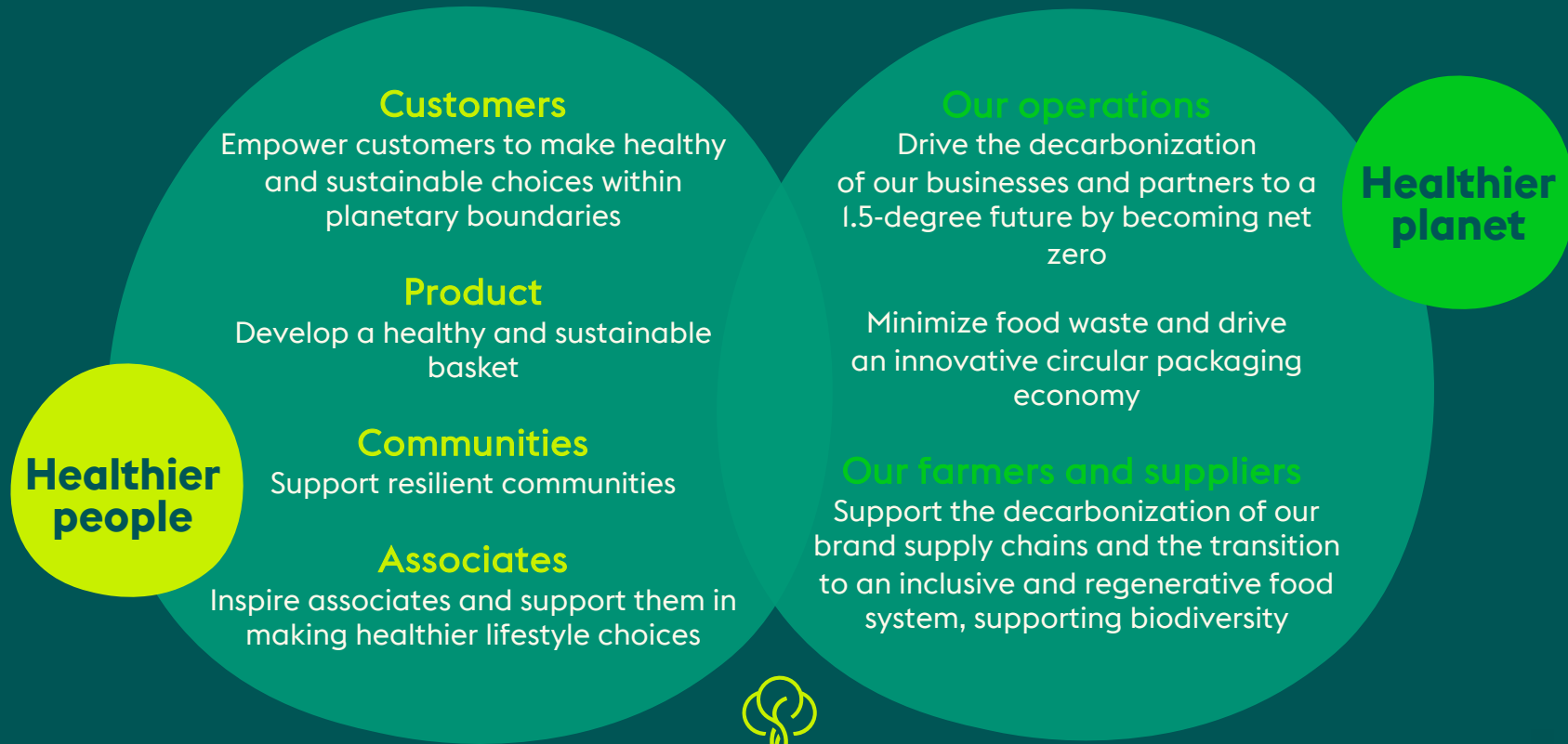
Health and Sustainability strategy

We doen het samen

Hou
voldoende
afstand



We make healthy and sustainable choices easy **for everyone**



Grounded
in Goodness

We remain strongly focused on our ESG ambitions...

Climate Change

Climate change

Scope 1 and 2: We aim to reach net-zero carbon emissions across our own operations by 2040. And 50% reduction by 2030 (as compared to the 2018 baseline).

Scope 3: We aim to become a net-zero business across the entire supply chain not later than 2050. And 37% by 2030 (as compared to the 2020 baseline)

Healthier choices

Healthier choices

55.6% of total own-brand food sales from healthy products by 2025

Customer-focused nutritional navigation systems in each local brand by 2025

Eliminate Waste

Food waste

Within own operations, our brands and business will reduce food waste by 50% by 2030 (as compared to the 2016 baseline)

Plastic waste

5% reduction in virgin primary own brand plastic product packaging by 2025 compared to our 2021 baseline

100% to be reusable, recyclable or compostable from own-brand primary plastic packaging by 2025

25% of primary own brand plastic product packaging is made from post consumer recycled content by 2025

Healthy & Sustainable

32%

Reduction in
absolute CO2
emissions¹



Reducing CO2
emissions

Reducing Food
Waste



33%
Reduction in
food waste²

54.4%

of healthy
own-brand food
sales

Elevating healthy
eating



Reducing impacts
from product
packaging



27%
of own brand
primary plastic
products
packaging is
recyclable,
reusable and/or
compostable

Promoting healthier eating remains a strategic focus at Ahold Delhaize

Use clear customer navigation systems to help customers identifying healthier products



Use loyalty programs and instore advice to help customers make healthier choices

Reformulate products into nutri-score A-B labels or 1-3 Guiding stars



We are committed to reach net-zero carbon emissions in our operations by 2040 (scope 1 and 2)

Energy reduction

When remodeling stores, our brands are installing energy-efficient equipment, such as LED lights, doors on cabinets, heat recuperation, heat pumps, CO₂ refrigeration systems

Renewable energy

We continue to accelerate the switch to renewable power, e.g. Hannaford is planning to use 100% renewable electricity by 2024

Refrigerants

We are installing natural and/or hybrid refrigeration systems (e.g., new CO₂ systems) and retrofitting existing systems with more ecofriendly refrigerant alternatives. We are also working to further control and reduce refrigerant leakages from all our systems

Owned transport

Moving toward low-carbon distribution and logistics, our brands will further modernize the fleet and opt for ecofriendly fuels





We are committed to reach net-zero carbon emissions in our entire value chain by 2050 (scope 3)



The **main drivers of emission reduction** in the entire value chain of Ahold Delhaize can be structured in **three categories**:



Target scope 3

Ahold Delhaize aims to **reduce CO₂ emissions** of its entire value chain by at least 37% from 2020 by 2030 to become a net-zero business by **2050**.

1



Suppliers and farmers

Working closely with our extensive supply chain to reduce CO₂ emissions

2



Low-carbon products

Improving the assortment of plant-based protein products

3



Customer engagement

Supporting customers to make low-carbon choices

Ahold Delhaize joined the **Science Based Targets initiative (SBTi)** Business Ambition for **1.5°C** in 2021, in partnership with the **Race to Zero**

Ambitious target setting despite data limitations for scope 3

Ahold Delhaize aims to reduce CO₂ emissions of its entire value chain by at least 37% from 2020 by 2030 to become a net-zero business by 2050, however, given reliance on assumptions and estimates, number might materially change over time

Complex supply chains limit Scope 3 data availability

Our brands have hundreds of thousands of products on their shelves and distribution centers supplied by more than 10,000 direct suppliers. All 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 continue to improve this**

Reliance on assumptions and estimations

We rely on assumptions and estimates when calculating our scope 3 GHG emissions. 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

Category 1: Purchased Goods & Services

We use different input data sets to calculate the emission from products and services, depending on the information available in our brands' data systems. **No validated supplier data is available.** Since we plan to reduce our assumptions and estimates by implementing further due diligence procedures in connection with scope 3 GHG emissions, **our numbers might materially change over time**

Sustainability-Linked Commercial Paper (SLCP) Program

Overview of Sustainability-Linked Commercial Paper (SLCP) Program

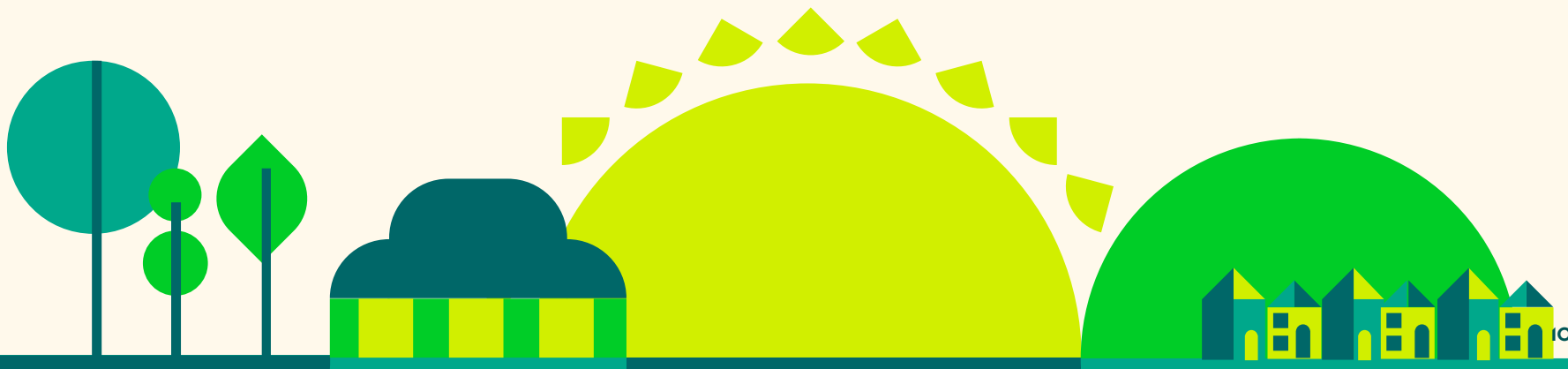
Sustainability-Linked Structure on commercial papers

For SLCP with embedded KPIs, we propose a structure that features a **remedy mechanism** whereby we need to make a contribution to an external organization to compensate for any shortfall under our Key Performance Indicators (KPIs) in case Sustainability Performance Targets (SPTs) are not achieved

Structure of the SLCP Program

Our SLCP Program consisting of 5 core components as follows:

- Selection of KPIs
- Calibration of SPTs
- Instrument Characteristics
- Reporting
- Verification



Rationale for sustainable finance

Key milestones in our sustainable finance journey

Koninklijke Ahold Delhaize is a frequent sustainable finance issuer, across multiple product categories:

- 2019: Established our Sustainability Bond program with the issuance of a **€600 million Sustainability Bond**
- 2021: Launched a **€600 million Sustainability-Linked Bond** linked to (i) Carbon emissions within own operations (scope 1 & 2) and (ii) reduce food waste
- 2022: Announced the closing of our **€1.5 billion Sustainability-linked Revolving Credit Facility** (“RCF”) linked to (i) Carbon emissions within own operations (scope 1 & 2), (ii) reduce food waste and (iii) help customers make healthier choices
- 2023: Published our Green Financing Framework and successfully priced a **€500 million Green Bond**, consistently demonstrating our commitment to the transition toward sustainable food systems

Through the issuance of Sustainability-Linked Commercial Paper (“SLCPs”), we aim to further use the power of our company to address health and sustainability issues where we have the ability to contribute to positive change. Our SLCP reinforces the alignment of our funding strategy and our commitments laid out in our Healthy & Sustainable ambition

Selection of Key Performance Indicator (KPIs)

KPI	Definition	Scope	Contribution to	2030 goal	Rationale
GHG Emission Reduction	As measured by percentage reduction of Scope 1 and Scope 2 CO ₂ -equivalent emissions from our own operations	Includes all owned stores, warehouses, distribution centres, and offices	EU Environmental Objective 1 – Climate Change Mitigation SDG 13 Climate Action	Reduce absolute scope 1 and 2 GHG emissions by 50% by 2030 from a 2018 base year (in line with SBTi validated near-term targets)	Climate change is impacting how food is grown and will impact our business in the future. We are committed to supporting the well-being of the communities we serve and enabling a healthy, low-carbon food system that secures healthy and sustainable diets for future generations. In recognition of the urgency of climate change and in support of Sustainable Development Goals 7 and 13, we adopted science-based climate targets in 2020, covering scopes 1, 2, and 3. Scope 3: Considering the data limitations on scope 3 emissions this is currently not part of the scope of this KPI. However, the company aims to include scope 3 emissions in this KPI in the next update of the program.
Food Waste* Reduction	As measured by percentage reduction in tonnes of food waste per million Euro food sales	Ahold Delhaize Operations includes all owned stores, franchise stores, warehouses, distribution centres, and offices where Ahold Delhaize manages the waste stream	EU Environmental Objective 4 - Transition to a circular economy, waste prevention and recycling SDG 12 Responsible Consumption and Production (esp. 12.3 halve per capita food waste by 2030)	Reduce food waste by 50%	Every year, around one-third of all food produced for human consumption is lost or wasted, fueling carbon emissions. Our brands are reducing waste across the value chain, together with customers and suppliers. Within our own operations, we will reduce food waste by 50% by 2030 by making replenishment systems more effective and by our brands using innovative methods, such as dynamic pricing based on sell-by date.

*Food waste means any food not eaten by people, any food that is not sold, donated to hunger relief charities or otherwise stays within a system to feed people, including unsold food sent to animal feed, composting, anaerobic digestion, and bio-material processing. Food Waste is measured according to the Food Loss & Waste (FLW) Standard

Calibration of Sustainability Performance Targets (SPTs)

If SPTs are not achieved in a specific year, remedy payment will apply for the subsequent year with payment on an annual basis

KPI	Baseline*	Historical values				SPT values				2030 goal
		2019	2020	2021	2022	2023	2024	2025		
GHG Emissions Reduction: % reduction in absolute GHG emissions from own operation (Scope 1 and 2)	(2018) 4,164 kt CO ₂ e	8%	23%	31%	32%	32.5%	32.8%	>34%	50%	
Food Waste Reduction: % reduction in tonnes of food waste per food sales	(2016) 5.09 t/MEUR	9%	17%	20%	33%	34%	35.7%	>38%	50%	

*Baseline absolute figures subject to restatement in case of change in methodologies in the future, presented here as reference for the percentage SPTs

Instrument Characteristics – Remedy mechanism (1/2)

Feature

If the SPT for KPI 1 and/or KPI 2 is not achieved, we will make a remedy payment to compensate for any shortfall under the respective KPIs. If KPI 1 (GHG emissions reduction) is not achieved, we will pay a penalty to a reputable registered NGO (KPI 1 NGO), which has a focus on addressing climate change. If KPI 2 (food waste reduction) is not achieved, we will pay a penalty to a reputable registered NGO (KPI 2 NGO), which has a focus on addressing food waste.

Calculation

- The “Sustainability Performance Effective Date” (SPED) shall be defined as the business day following the publication of a Sustainability Performance Certificate. With effect from any SPED until the next SPED, a penalty rate will apply, depending on the number of Sustainability Performance Targets achieved in the relevant financial year
- The applicable penalty rate will be 0.01% interest per missed SPT per annum on the outstanding commercial paper between the SPED when a target is missed and the next SPED, which means the total penalty rate will never be more than 0.02% per annum pursuant to the ESG penalty clause
- A minimum annual penalty payment of €40,000 will apply to each missed SPT, such that **the annual penalty payment for each missed SPT will be the greater of (i) €40,000 and (ii) 0.01% interest on the outstanding commercial paper between the SPED when a target is missed and the next SPED.**

Instrument Characteristics – Remedy mechanism (2/2)

Timing of payments

- A signed letter by the NGO will confirm the receipt of the annual penalty payment amount and will be sent to dealers
- Following the SPED in the subsequent financial year the Issuer intends to make a payment towards KPI 1 NGO and/or KPI 2 NGO (as applicable) **within 10 Business Days**.
- In case a Remedy Amount is payable, the Issuer will provide a letter to the Dealers signed by the relevant KPI NGO (as applicable) confirming receipt of the Remedy Amount **no later than 20 Business Days** after the payment has been received by the relevant KPI NGO.
- In case a Remedy Amount is payable and such Remedy Amount is not paid within 10 Business Days following the SPED in the subsequent financial year (as set out above), **the Sustainability-Linked Commercial Paper feature will no longer apply to the Programme and the Issuer will no longer be able to issue Sustainability-Linked Notes under the Programme.**

Reporting & Verification

We will communicate annually in our integrated annual report on the KPIs (as defined above), making up-to-date information and reporting available on our website, more specifically:

- Our report will include the performance of the KPIs, including recalculation statements, where relevant, together with a verification assurance certificate (“**External Verification Report**”) provided by the External Verifier confirming whether the performance of the KPIs meets the relevant SPTs, which will be published on the Issuer’s website within [150] days after the end of the relevant financial year.
- Sustainability Performance Certificate, including up-to-date information on the performance of the selected KPIs, provided to the dealers on the earlier of (i) [150] days after the end of the relevant financial year and (ii) [30] days after the publication of our annual report for that financial year.
- Any information in relation to any change to the level of the KPI used as a baseline, to the baseline date, and/or of the SPT in the event of any recalculation made.

Cautionary note

This communication includes forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. Words and expressions such as develop, support, inspire, drive, future, transition, remain(s), ambitions, aim, by, focus, further, committed, ambitious, might, will 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.

Thank you

