

# Remuneration report 2020

This Remuneration report is derived from the Ahold Delhaize Annual Report 2020 as follows:

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# Letter from the Remuneration Committee Chair

Dear shareholder  
I am pleased to present our 2020 Remuneration report.



“A substantial part of our executive pay will be linked to transparent ESG performance measures.”

By any measure, 2020 has been an unprecedented year. The COVID-19 pandemic has affected our lives in ways previously unimaginable. Across the globe, tens of millions have fallen ill and millions have passed away, while many more have seen their worlds transformed and their financial security threatened. In these extraordinary circumstances, our organization continued to serve its critical role in society, as front-line associates went above and beyond to meet customer needs and care for people in their communities.

While the economic impact of the crisis on some industries has been devastating, many of our brands have delivered unprecedented strong performances. We are keenly aware that we have been fortunate and would have preferred to have achieved our results under different circumstances. Our brands have been committed to ensuring front-line associates are appropriately recognized for their dedication and perseverance. In the United States, our brands offered hazard pay and additional bonuses. In Europe, front-line associates also received appreciation bonuses for their extraordinary efforts. Many associates will also benefit from the Company's financial performance through our regular incentive programs and profit-sharing schemes.

Throughout the year, we closely monitored developments in the global, regional and local labor markets when making recommendations to the Supervisory Board about Management Board remuneration. After careful evaluation of the impact of the pandemic on the variable pay component of the remuneration of the members of the Management Board, and carefully weighing what would be an appropriate approach in these exceptional circumstances, we concluded on a pay-per-plan approach given management's achievement in balancing the interests of all stakeholders with a strong focus

on long-term value creation in their decision making throughout the year. We believe this to be fair and transparent.

We also engaged with our stakeholders to discuss and receive feedback on our executive remuneration Principles and Procedures (adopted with 94.64% of votes in favor), the new Remuneration Policy for the Supervisory Board (98.76% in favor), and our remuneration disclosures (82.64% in favor). Other specific items included the use of ESG metrics in our incentive plans and our approach to the remuneration of key management personnel going forward.

## Looking forward

The implications of the pandemic will likely reverberate for years to come. For 2021, we have set challenging performance conditions that give consideration to the enduring economic uncertainty and will continue to monitor business conditions throughout the year.

In support of our Healthy and Sustainable ambition and in line with feedback we received from our stakeholders, 20% of the achievable cash bonus for our Management Board and Executive Committee as well as of our senior and mid-level leadership in 2021 will be tied to ambitious targets for healthier eating and the reduction of food waste and carbon emissions. This will be in addition to the 15% of our long-term share-based incentive that was already tied to sustainability targets, which means that a substantial part of our executive pay will be linked to transparent ESG performance measures.

I look forward to presenting this Remuneration report at our annual General Meeting of Shareholders on April 14, 2021.

On behalf of the Remuneration Committee,

**Bill McEwan**

# Remuneration policy

Ahold Delhaize's Remuneration Policies for the Management Board and Supervisory Board were prepared in accordance with the Dutch Corporate Governance Code. The Remuneration Policy for the Management Board was adopted by the General Meeting of Shareholders on April 10, 2019, and became effective retroactively as of January 1, 2019. The Principles and Procedures, and the Remuneration Policy for the Supervisory Board were adopted by the General Meeting of Shareholders on April 8, 2020, and became effective retroactively as of January 1, 2020.

## Principles and procedures

The objective of the Company's Remuneration Policies for the Management Board and Supervisory Board ("Remuneration Policies") is to attract, reward and retain the highly skilled and qualified senior management that Ahold Delhaize needs to achieve its strategic and operational objectives. Our Remuneration Policies balance the needs of our internal and external stakeholders and our commitment to making a sustainable contribution to society. The structure of the Remuneration Policies aligns the focus of the Company and its senior management with the interests of the Company's stakeholders and society at large. Compensation and awards are tied to and dependent on the delivery of the Company's strategy in a socially responsible and sustainable manner. In designing the Remuneration Policies, the Company takes into consideration societal and market trends.

### Our principles

Our Remuneration Policies are designed to be simple, effective and transparent. Their design is based on the guiding principles outlined below. Since the Company does not provide any variable remuneration to members of the Supervisory Board, some of these principles may apply to a lesser extent, or not apply at all, to the Supervisory Board's remuneration.

### Alignment with the Company strategy

Compensation for the Management Board is structured with variable short- and long-term incentives tied to the realization of financial and non-financial performance criteria. These performance criteria should reflect the cornerstone elements of the Company's strategy.

### Pay for performance

Our Management Board Remuneration Policy supports a pay-for-performance culture while discouraging the Management Board from taking inappropriate risks. The short-term and long-term incentives incorporate claw-back provisions that allow the Supervisory Board to cancel or recover remuneration. Separation payments are limited to a one-year base salary.

### Competitive pay

Ahold Delhaize competes for talent in an increasingly competitive global market. The competitiveness of our Remuneration Policies is benchmarked regularly against a relevant labor market peer group that reflects the Company's geographic operating areas and the markets most relevant in relation to the recruitment and retention of top management. The target total remuneration level is typically at or near the median, while consideration is given to the size of Ahold Delhaize relative to the peer group.

### Consistency

The structure of our Management Board remuneration is generally consistent with the remuneration structure for associates in senior management positions to ensure internal alignment and support a shared purpose.

### Transparency

In our Annual Report and on our Company website, we provide an extensive disclosure of how the Remuneration Policies were implemented, including:

- Full disclosure of the peer group used for benchmarking purposes
- Transparency on the term, as well as the performance measures and weights used in the short-term and long-term incentive
- The realized performance per metric for the short-term and long-term incentive
- Extensive and detailed pay ratio disclosure – both internal and relative to our peers

### Alignment with stakeholder interests

Our Remuneration Policies align the focus of the Company and its senior management with the interests of the Company's stakeholders and society at large. As a global company, we have a large variety of stakeholders. To customers, associates and communities – the three primary groups that Ahold Delhaize impacts – we promise to be a better place to shop, a better place to work, and a better neighbor. We also commit to transparency and high integrity with a broad list of stakeholders who have a strong interest in our company, including shareholders, global and local suppliers, governments, and NGOs.

Our stakeholders help us to get better every day by challenging us, sharing insights into their concerns, offering feedback on how we are doing, and collaborating with us to solve problems. We engage with them in both formal and informal ways throughout the year on a wide range of topics (including societal, economic, and environmental impacts) and reflect on the feedback they provide.

Each year, we engage with our stakeholders, gathering input from associates, customers, investors and other external stakeholders, to assess our biggest impacts on society. Our materiality assessment helps us to ensure that our strategy and reporting are in line with our most significant impacts and stakeholder expectations.

By setting robust five-year shareholding requirements and share ownership guidelines, the Remuneration Policies further support the alignment of the interests of members of the Management Board to the long-term interests of the Company's stakeholders.

## Remuneration policy continued

### Our procedures

#### Setting, revision and execution

The Remuneration Committee of the Supervisory Board is responsible for advising the Supervisory Board in relation to setting, revising, and executing the Remuneration Policies for the Management Board and Supervisory Board. The Remuneration Committee actively monitors internal and external developments to determine whether the Remuneration Policies are still aligned to and supportive of the Company's strategic and operational objectives. If the Committee believes circumstances require, it may submit a proposal for the amendment of (one of) the Remuneration Policies to the Supervisory Board. If supported by the Supervisory Board, any and all proposals for amendment of (one of) the Remuneration Policies will subsequently be put to a vote by the General Meeting of Shareholders.

#### Discretion and derogation

Within the Remuneration Policy for the Management Board, the Supervisory Board may exercise discretion in the execution of the policy and the related incentive plans, including but not limited to:

- The adjustment of the base salaries of the members of the Management Board
- The substitution of companies in the labor market peer group and TSR peer group in case of delistings, mergers, or other extraordinary circumstances
- The adjustment, positive or negative, of the performance of the incentive plans in case of unforeseen or unusual circumstances occurring during the performance period
- The determination of the underlying metrics of the Strategic Imperatives performance measure in the short-term incentive and the sustainability performance measures in the long-term incentive.

In exceptional circumstances, in accordance with the principles of reasonableness and fairness, the Supervisory Board may, upon the recommendation of the Remuneration Committee, deviate from the Remuneration Policy for the Management Board. Any and all deviations must be carefully considered in alignment with the objectives and principles set out above and applied in a consistent manner. The remit of the Supervisory Board to deviate from the Remuneration Policy for the Management Board is limited to (a) one-off cash bonuses or equity awards in a recruiting context, and (b) offering alternative benefits such as pensions or insurances with an equivalent value in an international context. All other deviations from the policies must always be presented for approval by shareholders.

#### Risk assessment

A comprehensive analysis contemplating the various risks and scenarios associated with variable compensation elements is conducted regularly. This includes the calculation of remuneration under different scenarios, considering different performance assumptions.

#### Compliance

The design and implementation of our Remuneration Policies are compliant with applicable laws and corporate governance requirements. Decisions related to remuneration are made in the context of the Company's Code of Ethics.

### Remuneration Policy for the Management Board

#### 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. The 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.

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
W M Morrison	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 leads in replacement determination. For example, if a U.S.-based company is dropped, it is generally replaced by another U.S.-based company.

The composition (risk profile) of the Total Direct Compensation levels is considered when benchmarking base salary levels. The target Total Direct Compensation level is typically at or near the median, while consideration is given to the size of Ahold Delhaize 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.

An individual exception to the Management Board Remuneration Policy is applied for the CEO Ahold Delhaize USA (Kevin Holt). The Supervisory Board has and will determine the remuneration for the CEO Ahold Delhaize USA on the basis of a local reference market, the U.S. retail labor market reference group.

#### 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 equity-based program. In addition to the Total Direct Compensation, members of the Management Board are offered pensions and additional arrangements in line with local practices.

## Remuneration policy continued

### 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 Committee Incentive Plan

The Management Board members participate in the cash-based Executive Committee (“ExCo”) Incentive Plan (“EIP”).

The Company’s priority and goal is 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, EIP employs three financial measures that reflect the fundamental key financial metrics of a retail organization: sales growth (30%), underlying operating margin (30%), and operating cash flow (20%). In addition, key strategic imperatives (20%) 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 150% of the at-target value in the event of above-target performance.

### Long-term equity-based plan: Global Reward Opportunity

The Management Board members participate in the Company’s long-term equity-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 2019, the GRO program employs three financial measures: return on capital (RoC) (35%), earnings per share (EPS) growth (35%), and total shareholder return (TSR) (15%). In addition, a non-financial performance measure (15%) is included related to sustainability targets.

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

An individual exception to the Management Board Remuneration Policy is applied for the CEO Ahold Delhaize USA (Kevin Holt). The target value of the long-term incentive for Kevin is 235% of base salary.

### Link to RoC

Of the total GRO award, 35% is linked to a three-year RoC target. As determined by performance, the number of performance shares that vest may range between zero and a maximum of 150% of the number of performance shares granted.

### Link to earnings per share growth

Another 35% of the total GRO award is linked to a three-year earnings per share growth target. As determined by performance, the number of performance shares that vest may range between zero and a maximum of 150% of the number of performance shares granted.

### Link to total shareholder return

Of the total GRO award, 15% is determined based on total shareholder return (share price growth and dividends paid over the performance period) benchmarked against a TSR performance peer group. The number of performance shares that vest is determined based on the Company’s relative ranking within the peer group. An independent external advisor determines the ranking based on TSR performance. No performance shares will vest to Management Board members if the Company ranks below the sixth position in the performance peer group. The table below indicates the percentage of performance shares that may vest based on the Company’s ranking.

TSR position	Payout
1	150%
2	125%
3	110%
4	100%
5	75%
6	50%
7-12	0%

All to-be-granted GRO performance shares will be measured against the established peer group.

### TSR performance peer group

Tesco	Kroger
Carrefour	Costco
Metro Cash & Carry	Target
Casino Guichard Perrachon	Walgreens Boots Alliance
J Sainsbury	Walmart
W M Morrison	

To accommodate potential changes in the performance peer group due to delisting, mergers, or other extraordinary circumstances, the Supervisory Board may exercise discretion to substitute comparable companies.

### Link to sustainability

The final 15% of the total GRO award is determined based on the achievement of sustainability targets related to the Company’s social responsibility and sustainability ambitions. Dependent on performance, the number of performance shares that vest may range between zero and a maximum of 150% of the number of performance shares granted.

## Remuneration policy continued

### Shareholding requirements and 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 is required to acquire and hold shares in the Company with a value at least equal to 300% of his or her 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 200% of their 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.

### Claw-back

A claw-back provision is in place and may be applied to the Management Board members' annual cash incentive plan (EIP) as well as the long-term equity incentive program (GRO).

### Pensions and other contract terms

#### Pension

All existing pension arrangements in the Netherlands are in line with the applicable fiscal pension regulations. The pension plan for Management Board members is calculated 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) retirement age is 68. The pensionable salary is capped at or near €100,000 (2020: €104,616). 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, expatriate allowances, which apply to other senior employees 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 twelve months and by the Management Board member with a notice period of six months.

## Remuneration Policy for the Supervisory Board

### 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
W M Morrison	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 leads in replacement determination. For example, if a U.S.-based company is dropped, it is generally replaced by another U.S.-based company.

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 policy continued

### 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 addition to a base fee, members of the Supervisory Board are offered committee fees and travel time compensation contingent upon their activities and responsibilities. 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 role.

Chair Supervisory Board	€ 200,000
Vice Chair	€ 125,000
Member Supervisory Board	€ 90,000

### 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 and Finance Committee	€ 30,000
Member Audit and Finance Committee	€ 15,000
Chair Other Committee	€ 20,000
Member Other Committee	€ 12,500

### 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.

### Shareholding

Members of the Supervisory Board are entitled 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.

#### 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 re-appointment 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.

# 2020 Remuneration at a glance

The Remuneration Policy of the Management Board aligns the focus of the Management Board with the interests of the Company's shareholders, stakeholders, and society at large. A large part of the remuneration of the Management Board is tied to and dependent on the delivery of the Company's strategy. Therefore, in years of strong performance, remuneration will be higher than in years of below-target performance.

The Company's strong performance in 2020 resulted in above-target multipliers for the short- and long-term incentives (150% and 117%, respectively) and, consequently, higher remuneration than in 2019, when these multipliers were below target (89% and 68%, respectively).

## Frans Muller, Chief Executive Officer



## Natalie Knight<sup>1</sup>, Chief Financial Officer



1 Reflects the remuneration received for the period from Natalie's appointment to the Management Board on April 8, 2020, to the end of the year.

## Kevin Holt, CEO Ahold Delhaize USA

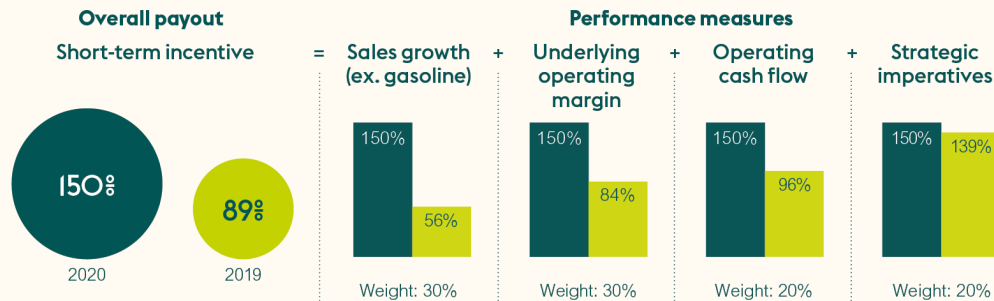


## Wouter Kolk, CEO Ahold Delhaize Europe and Indonesia

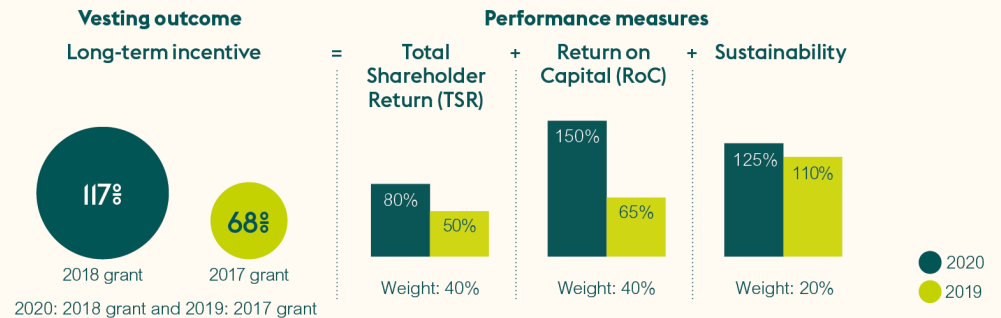


● Base salary (fixed) ● Annual cash incentive (variable) ● Long term incentive (variable) ● Other ● Pension

### Annual cash incentive ExCo Incentive Plan



### Long-term equity-based incentive Global Reward Opportunity





# 2020 Remuneration

## 2020 Management Board remuneration

The remuneration paid to the members of the Management Board in 2020 was in line with the Remuneration Policy for the Management Board that was adopted by the General Meeting of Shareholders on April 10, 2019 (Remuneration Policy – adopted with 92.09% of votes in favor), and April 8, 2020 (Principles and Procedures – adopted with 94.64% of votes in favor). Individual exceptions for Kevin Holt, as adopted by the General Meeting of Shareholders on April 12, 2017, and April 8, 2020, were in force in 2020.

### Base salary

The annual base salaries of the members of the Management Board were reviewed in early 2020 as part of the regular remuneration review. In determining the base salaries, the Remuneration Committee considered external and internal salary movement, individual and Company performance, as well as input from the Management Board members. Furthermore, the development of internal pay ratios was taken into consideration. The annual base salaries of the Management Board members were increased as of January 1, 2020. The increase amounted to 1.6% for Frans Muller and Kevin Holt, and 10.6% for Wouter Kolk.

### Base salaries per Management Board member

€ thousand	2020	2019
<b>Frans Muller</b> Chief Executive Officer	1,102	1,085
<b>Natalie Knight<sup>1</sup></b> Chief Financial Officer	477	—
<b>Kevin Holt<sup>2</sup></b> CEO Ahold Delhaize USA	954	955
<b>Wouter Kolk</b> CEO Ahold Delhaize Europe and Indonesia	718	649

1 The 2020 salary reflects the salary received for the period from Natalie's appointment to the Management Board on April 8, 2020, to the end of the year.

2 The 2020 and 2019 salaries have been converted from U.S. dollars into euros; for 2020, using the 2020 year-to-date average dollar-euro exchange rate of 0.8770; for 2019, using the 2019 year-to-date average dollar-euro exchange rate of 0.8934.

### Annual cash incentive: EIP

The members of the Management Board participated in the annual cash-based Executive Committee Incentive Plan (EIP). Three performance measures were established to track financial performance in 2020: sales growth (weighted 30%), underlying operating margin (weighted 30%), and operating cash flow (weighted 20%). In addition, net consumer online sales growth was included as a strategic imperative (weighted 20%) to track performance against the Company's objective of omnichannel growth.

Performance targets are set in the context of the Company's mid-term strategic and operational objectives, and revised annually to ensure they are challenging yet realistic. Ahold Delhaize does not disclose the actual targets per performance measure, as this would require the disclosure of commercially sensitive information.

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

### Performance realized

Performance measure	Weight	Performance multiplier	
		2020	2019
Sales growth (ex. gasoline)	30%	Exceeded maximum	56%
Underlying operating margin	30%	Exceeded maximum	84%
Operating cash flow	20%	Exceeded maximum	96%
Strategic imperatives	20%	Exceeded maximum	139%
Total (%)	100%	150%	89%

The total performance multiplier for 2020 was capped at 150% in accordance with the Remuneration Policy for the Management Board.

### Actual EIP payout

€ thousand	Base salary	Target bonus	Performance multiplier	2020	2019
				Actual bonus <sup>1</sup>	Actual bonus <sup>2</sup>
<b>Frans Muller</b> Chief Executive Officer	1,102	100% of base salary: 1,102	150%	1,653	965
<b>Natalie Knight<sup>3</sup></b> Chief Financial Officer	477	100% of base salary: 660	150%	716	—
<b>Kevin Holt<sup>4</sup></b> CEO Ahold Delhaize USA	954	100% of base salary: 954	150%	1,431	851
<b>Wouter Kolk</b> CEO Ahold Delhaize Europe and Indonesia	718	100% of base salary: 718	150%	1,077	578

1 The 2020 EIP represents accrued annual cash incentives to be paid in 2021, subject to shareholder approval of the financial statements.

2 The 2019 EIP represents the actual amount paid in 2020.

3 The 2020 EIP reflects the amount received for the period from Natalie's appointment to the Management Board on April 8, 2020, to the end of the year.

4 The 2020 and 2019 figures have been converted from U.S. dollars into euros; for 2020, using the 2020 year-to-date average dollar-euro exchange rate of 0.8770; for 2019, using the 2019 year-to-date average dollar-euro exchange rate of 0.8934.

## 2020 Remuneration continued

### Definitions of EIP performance measures

Performance measure	Definition	Relevance to our strategy
<b>Sales growth (ex. gasoline)</b>	Sales growth (excluding 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 focus 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.
<b>Underlying operating margin</b>	Underlying operating margin is the result of dividing underlying operating profit (excluding gasoline operating profit) by third-party sales (excluding gasoline sales).	
<b>Operating cash flow</b>	Operating cash flow is defined as the cash flows generated by the core operations of the Company, adjusted for net lease payments, and after tax.	
<b>Strategic imperatives</b>	<p>Strategic imperatives are one or more variable performance measures that are defined annually by the Supervisory Board that highlight specific strategic and key business priorities of the Company. In 2019 and 2020, net consumer online sales growth was the single strategic imperative. Taking into account feedback from our stakeholders about the importance they attach to ESG factors, for 2021, three performance measures were selected that reflect the Company's commitment to a healthy and sustainable future: healthy products, food waste and carbon emissions.</p> <ul style="list-style-type: none"> <li>• Healthy products: the percentage of healthy own-brand food sales as a proportion of total own-brand food sales.</li> <li>• Food waste: tonnes of food waste per €1 million food sales.</li> <li>• Carbon emissions: reduction of absolute scope 1 (direct) and 2 (indirect) CO<sub>2</sub> emissions.</li> </ul>	<p>2019 and 2020: Net consumer online sales growth reflects our focus on omnichannel growth.</p> <p>2021: Our businesses flourish when our communities are healthy and resilient. We aim to make it easy and fun for customers and associates to eat healthier, while at the same reduce our global footprint.</p> <ul style="list-style-type: none"> <li>• Healthy products: we employ this measure to drive performance in pursuit of our objective to facilitate healthier eating.</li> <li>• Food waste: we employ this measure to drive performance against our objective of reducing food waste.</li> <li>• Carbon emissions: we employ this measure to drive performance against our objective to reduce carbon emissions.</li> </ul>

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.

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.

### Long-term equity-based incentive: GRO

The members of the Management Board participated in Ahold Delhaize's long-term equity-based incentive plan, the 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.

Performance targets are determined for the three-year performance period based on the Company's strategy and long-term planning. Ahold Delhaize does not disclose the actual targets per performance measure, as this would require the disclosure of commercially sensitive information.

### Award of new grants

The 2020 GRO share grant was made the day after the 2020 annual General Meeting of Shareholders, on April 8, 2020. The vesting of the 2020 GRO performance shares in 2023 will be subject to performance on three financial measures: RoC (weighted 35%), EPS (weighted 35%), and TSR (weighted 15%). In addition, a non-financial performance measure (weighed 15%) is included that relates to the Company's sustainability targets. For the 2020 share grant, Sustainability is measured based on three equally weighted performance measures: healthy products, food waste and carbon emissions (please refer to the table on page 137 for definitions).

## 2020 Remuneration continued

### At-target 2020 GRO share grant and maximum vesting

	Performance shares				Total at-target grant	Total maximum vesting
	RoC (35%)	EPS (35%)	TSR (15%)	Sustainability (15%)		
<b>Frans Muller</b> Chief Executive Officer	82%	82%	35%	35%	235%	353%
<b>Natalie Knight</b> Chief Financial Officer	61%	61%	26%	26%	175%	263%
<b>Kevin Holt<sup>1</sup></b> CEO Ahold Delhaize USA	82%	82%	35%	35%	235%	353%
<b>Wouter Kolk</b> CEO Ahold Delhaize Europe and Indonesia	53%	53%	23%	23%	150%	225%

All percentages represent a percentage of base salary.

<sup>1</sup> An individual exception that increases Kevin's total at-target grant to 235% of his annual base salary was adopted by the General Meeting of Shareholders on April 8, 2020.

### 2020 GRO share grant calculation – Example: Frans Muller, Chief Executive Officer

	At-target share grant (% of base salary)	Award value (base salary at-target grant %)	Number of performance shares granted (award value divided by six-month average share price)
RoC performance shares	82%	€ 906,486	40,274
EPS performance shares	82%	€ 906,486	40,274
TSR performance shares	35%	€ 388,494	17,261
Sustainability performance shares	35%	€ 388,494	17,261
<b>Total</b>	<b>235%</b>	<b>€ 2,589,960</b>	<b>115,070</b>

Table assumes a base salary of €1,102,110 and a six-month average share price of €22.51.

### 2020 GRO share grant calculation – Example: Natalie Knight, Chief Financial Officer

	At-target share grant (% of base salary)	Award value (base salary at-target grant %)	Number of performance shares granted (award value divided by six-month average share price)
RoC performance shares	61%	€ 404,250	17,961
EPS performance shares	61%	€ 404,250	17,961
TSR performance shares	26%	€ 173,250	7,698
Sustainability performance shares	26%	€ 173,250	7,698
<b>Total</b>	<b>175%</b>	<b>€ 1,155,000</b>	<b>51,318</b>

Table assumes a base salary of €660,000 and a six-month average share price of €22.51.

### Vesting of previous grants

The vesting of the 2017 and 2018 GRO grants was subject to performance on two financial performance measures, RoC (weighted 40%) and TSR (weighted 40%), as well as performance against sustainability targets (weighted 20%). For the 2017 and 2018 share grants, sustainability was measured on the basis of an equally weighted external and internal target. The Dow Jones Sustainability Index (the external target) measured how the Company performed on sustainability against peers in the sector. The percentage of own-brand food sales from healthy products (“healthy products” – the internal target) is the measure we used to drive performance in pursuit of the Company's objective to facilitate healthier eating.

### Performance realized

Performance measure	Weight	Performance multiplier	
		2018 grant (to vest in 2021)	2017 grant (vested in 2020)
Total shareholder return	40%	80%	50%
Return on capital	40%	150%	65%
Sustainability <sup>1</sup>	20%	125%	110%
<b>Total (%)</b>	<b>100%</b>	<b>117%</b>	<b>68%</b>

<sup>1</sup> For the 2018 grant, the overall sustainability performance multiplier is based on a 110% achievement against our Dow Jones Sustainability Index target, and a 140% achievement against our own-brand food sales from healthy products target.

## 2020 Remuneration continued

2018 GRO share grant (to vest in 2021)<sup>1</sup>

	Total number of performance shares granted in 2018	Multiplier	Total number of performance shares to vest in 2021	Share price <sup>2</sup>	Estimated value in € thousand <sup>2</sup>
<b>Frans Muller</b> Chief Executive Officer					
2018 TSR grant	51,408	80%	41,126		
2018 RoC grant	51,408	150%	77,112		
2018 Sustainability grant	25,704	125%	32,130		
<b>Total vesting April 15, 2021</b>	<b>128,520</b>		<b>150,368</b>	<b>€23.11</b>	<b>3,475</b>
<b>Natalie Knight<sup>3</sup></b> Chief Financial Officer					
2018 TSR grant	10,663	80%	8,530		
2018 RoC grant	10,663	150%	15,994		
2018 Sustainability grant	5,332	125%	6,665		
<b>Total vesting April 15, 2021</b>	<b>26,658</b>		<b>31,189</b>	<b>€23.11</b>	<b>721</b>
<b>Kevin Holt</b> CEO Ahold Delhaize USA					
2018 TSR grant	38,066	80%	30,452		
2018 RoC grant	38,066	150%	57,099		
2018 Sustainability grant	19,033	125%	23,791		
<b>Total vesting April 15, 2021</b>	<b>95,165</b>		<b>111,342</b>	<b>€23.11</b>	<b>2,573</b>
<b>Wouter Kolk</b> CEO Ahold Delhaize Europe and Indonesia					
2018 TSR grant	21,433	80%	17,146		
2018 RoC grant	21,433	150%	32,149		
2018 Sustainability grant	10,717	125%	13,396		
<b>Total vesting April 15, 2021</b>	<b>53,583</b>		<b>62,691</b>	<b>€23.11</b>	<b>1,449</b>

<sup>1</sup> The 2018 GRO grant was awarded on April 12, 2018.

<sup>2</sup> The estimated value is based on the closing share price on the last trading day of the financial year (December 31, 2020) of €23.11. The actual value will be determined at vesting on April 15, 2021.

<sup>3</sup> 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 2018 GRO grant.

2017 GRO share grant (vested in 2020)<sup>1</sup>

	Total number of performance shares granted in 2017	Multiplier	Total number of performance shares vested in 2020	Share price	Total value in € thousands <sup>2</sup>
<b>Frans Muller</b> Chief Executive Officer					
2017 TSR grant	41,152	50%	20,576		
2017 RoC grant	41,152	65%	26,748		
2017 Sustainability grant	20,576	110%	22,633		
<b>Total vested April 9, 2020</b>	<b>102,880</b>		<b>69,957</b>	<b>€22.09</b>	<b>1,545</b>
<b>Kevin Holt</b> CEO Ahold Delhaize USA					
2017 TSR grant	34,563	50%	17,281		
2017 RoC grant	34,563	65%	22,465		
2017 Sustainability grant	17,282	110%	19,010		
<b>Total vested April 9, 2020</b>	<b>86,408</b>		<b>58,756</b>	<b>€22.09</b>	<b>1,298</b>
<b>Wouter Kolk</b> CEO Ahold Delhaize Europe and Indonesia					
2017 TSR grant	15,020	50%	7,510		
2017 RoC grant	15,020	65%	9,763		
2017 Sustainability grant	7,510	110%	8,261		
<b>Total vested April 9, 2020</b>	<b>37,550</b>		<b>25,534</b>	<b>€22.09</b>	<b>564</b>

<sup>1</sup> The 2017 GRO grant was awarded on April 13, 2017.

<sup>2</sup> The total value is based on the share price on the April 9, 2020 vesting date of €22.09. The estimated value of each grant as previously disclosed in the Annual Report 2019 was based on the closing share price on the last trading day of the financial year 2019 (December 29, 2019) of €22.75.

## 2020 Remuneration continued

### Definitions of GRO performance measures

Performance measure	Definition	Relevance to our strategy
Total shareholder return (TSR)	TSR is share price growth plus dividends paid during the performance period.	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.
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.
Return on capital (RoC)	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%.	RoC is used as a measure of how effective we are at turning our investments into profit.
Healthy and sustainable	<p>Healthy and sustainable comprises different performance measures that reflect our long-standing commitment to sustainability. For the 2020 and 2021 GRO grant, Healthy and Sustainable (previously referred to as Sustainable Retailing) is measured based on healthy products, food waste reduction and carbon emissions reductions.</p> <ul style="list-style-type: none"> <li>• Healthy products: the percentage of healthy own-brand food sales as a proportion of total own-brand food sales.</li> <li>• Food waste: tonnes of food waste per €1 million food sales.</li> <li>• Carbon emissions: percentage reduction of absolute scope 1 (direct) and 2 (indirect) CO<sub>2</sub> emissions.</li> </ul>	<p>Our businesses flourish when our communities are healthy and resilient. We aim to make it easy and fun for customers and associates to eat healthier, while at the same reducing our global footprint.</p> <ul style="list-style-type: none"> <li>• Healthy products: we employ this measure to drive performance in pursuit of our objective to facilitate healthier eating.</li> <li>• Food waste: we employ this measure to drive performance against our objective of reducing food waste.</li> <li>• Carbon emissions: we employ this measure to drive performance against our objective to reduce carbon emissions.</li> </ul>

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 taken into the budget, an adjustment will be made to ensure that EPS performance for incentive purposes is not positively affected.

## 2020 Remuneration continued

### Total remuneration

The following table provides an overview of the remuneration costs expensed in 2020 and 2019 per Management Board member. The costs reported here are not in all cases equal to the compensation that was received by the individual Management Board member. 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 2017 GRO share grant, as received in 2020 by each Management Board member, is detailed in the table *2017 GRO share grant (vested in 2020)*. The actual value of the 2018 GRO share grant that will vest in 2021 is contingent on the share price at the vesting date of April 15, 2021. The number of performance shares that are expected to vest is detailed in the table *2018 GRO share grant (to vest in 2021)*.

### Total remuneration in 2020 and 2019 per Management Board member

€ thousand	Base salary		Annual cash incentive plan: EIP <sup>1</sup>		Other <sup>2</sup>		Long-term equity-based program: GRO <sup>3</sup>		Pension <sup>4</sup>		Total remuneration		Fixed vs. variable remuneration <sup>5</sup>		
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	
<b>Frans Muller</b>															
Costs (IFRS)							2,935	1,971		77		6,024	4,356	19%-81%	27%-73%
Entitlement <sup>6</sup>	1,102	1,085	1,653	965	257	248	3,475	1,545		87		6,564	3,930	18%-82%	30%-70%
<b>Natalie Knight</b>															
Costs (IFRS)							817	—		(1)		2,269	—	24%-76%	
Entitlement <sup>6</sup>	477	—	716	—	260	—	721	—		—		2,173	—	25%-75%	
<b>Kevin Holt</b>															
Costs (IFRS)							2,259	1,270				5,270	3,714	21%-79%	31%-69%
Entitlement <sup>6</sup>	954	955	1,431	851	406	429	2,573	1,298		220	209	5,584	3,742	19%-81%	31%-69%
<b>Wouter Kolk</b>															
Costs (IFRS)							1,129	400				3,142	1,827	25%-75%	40%-60%
Entitlement <sup>6</sup>	718	649	1,077	578	182	168	1,449	564		36	32	3,462	1,991	22%-78%	36%-64%

1 The 2020 EIP represents accrued annual cash incentives to be paid in 2021 and 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 2020 reflects this year's portion of the share grants over the previous four years (plans 2017 to 2020).

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 equity-based program.

6 The 2020 entitlement value for the long-term equity-based program is the estimated value based on the closing share price as of the last trading day of the financial year (December 31, 2020) of €23.11 as presented in the table 2018 GRO share grant (to vest in 2021). The actual value will be determined at vesting on April 15, 2021. The 2019 entitlement value for the long-term equity-based program is the value of the 2017 grant which vested in 2020.

## 2020 Remuneration continued

### 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 our 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 an annual performance-based bonus. Associates in senior management positions are eligible for performance-based annual bonuses as well as Ahold Delhaize performance share grants that are linked to the long-term goals of the Company. We consistently apply this approach to our Management Board, determining remuneration by establishing a relevant reference market, deciding on the desired 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 Managing Board is linked to the business performance, the pay ratio between the total remuneration of the respective members of the Management Board and the average remuneration of all associates across the group will also be 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 rates for 2016 through 2020. 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.

### Management Board remuneration and Company performance

€ thousand	2020	% change	2019	% change	2018	% change	2017	% change	2016
<b>Management Board remuneration</b>									
Chief Executive Officer <sup>1</sup>	6,024	38%	4,356	(13)%	4,989	9%	4,577	(3)%	4,714
Chief Financial Officer <sup>2</sup>	3,679	6%	3,463	21%	2,857	1%	2,841	1%	2,802
CEO Ahold Delhaize USA <sup>3</sup>	5,270	42%	3,714	3%	3,598	20%	2,994		
CEO Ahold Delhaize Europe and Indonesia <sup>4</sup>	3,142	72%	1,827						
<b>Average associate remuneration</b>									
Average FTE remuneration	50	19%	42	5%	40	— %	40	— %	40
<b>Company performance</b>									
Annual cash incentive plan (EIP) overall performance multiplier	150%	69%	89%	(20)%	111%	19%	93%	(14)%	108% <sup>5</sup>
Long-term equity-based program (GRO) overall performance multiplier <sup>6</sup>	117%	72%	68%	(16)%	81%	(25)%	108%	(26)%	146% <sup>7</sup>

1 For 2018, 2019 and 2020, 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. For 2016 and 2017, CEO refers to Dick Boer.

2 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 2016 through 2019, CFO refers to Jeff Carr.

3 Since the position of CEO Ahold Delhaize USA was created on July 24, 2016, full-year numbers for 2016 are not available.

4 Since the position of CEO Ahold Delhaize Europe and Indonesia was created on April 11, 2018, (full-year) numbers for 2016, 2017, and 2018 are not available.

5 The overall performance multiplier for the 2016 EIP was determined pro-rata for the period up to and after the merger between Ahold and Delhaize Group.

6 The GRO overall performance multiplier reflects the total performance in the three-year performance period.

7 The overall performance multiplier reflects post-merger performance.

## 2020 Remuneration continued

The following table illustrates the pay ratio of the Chief Executive Officer, Chief Financial Officer, Chief Executive Officer Ahold Delhaize USA, and Chief Executive Officer Ahold Delhaize Europe and Indonesia compared to the average remuneration of associates in our stores, warehouses and support offices.

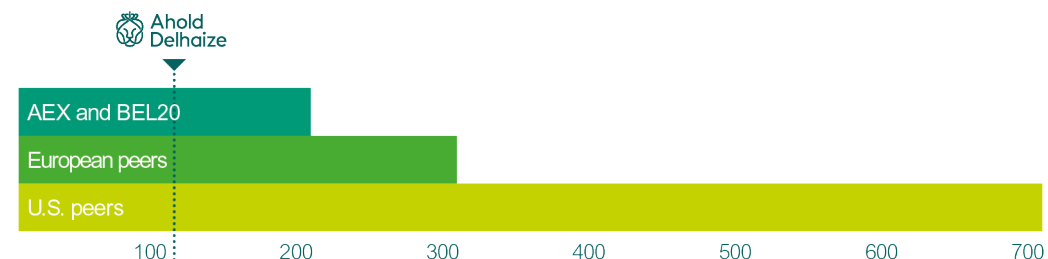
Pay ratio	2020	2019	2018	2017	2016
Chief Executive Officer <sup>1</sup>	122	105	124	114	119
Chief Financial Officer <sup>2</sup>	74	83	71	71	71
CEO Ahold Delhaize USA <sup>3</sup>	106	89	90	74	—
CEO Ahold Delhaize Europe and Indonesia <sup>4</sup>	63	44	—	—	—

- For 2018, 2019 and 2020, 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. For 2016 and 2017, CEO refers to Dick Boer.
- 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 2016 through 2019, CFO refers to Jeff Carr.
- Since the position of CEO Ahold Delhaize USA was created on July 24, 2016, full-year numbers for 2016 are not available.
- Since the position of CEO Ahold Delhaize Europe and Indonesia was created on April 11, 2018, (full-year) numbers for 2016, 2017, and 2018 are not available.

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, as explained in [Note 24](#). These incremental labor costs increased the average remuneration of all associates, impacting the pay ratio between the total remuneration of the respective members of the Management Board and the average remuneration of all associates across the group. If we were to exclude these incremental pension liabilities, our reported average remuneration of all associates would be €44 thousand and the pay ratio for the CEO would increase from 122 to 137. Similarly, the pay ratio for the CFO, CEO Ahold Delhaize USA and CEO Ahold Delhaize Europe and Indonesia would increase to 84, 120 and 72, respectively.

### External context

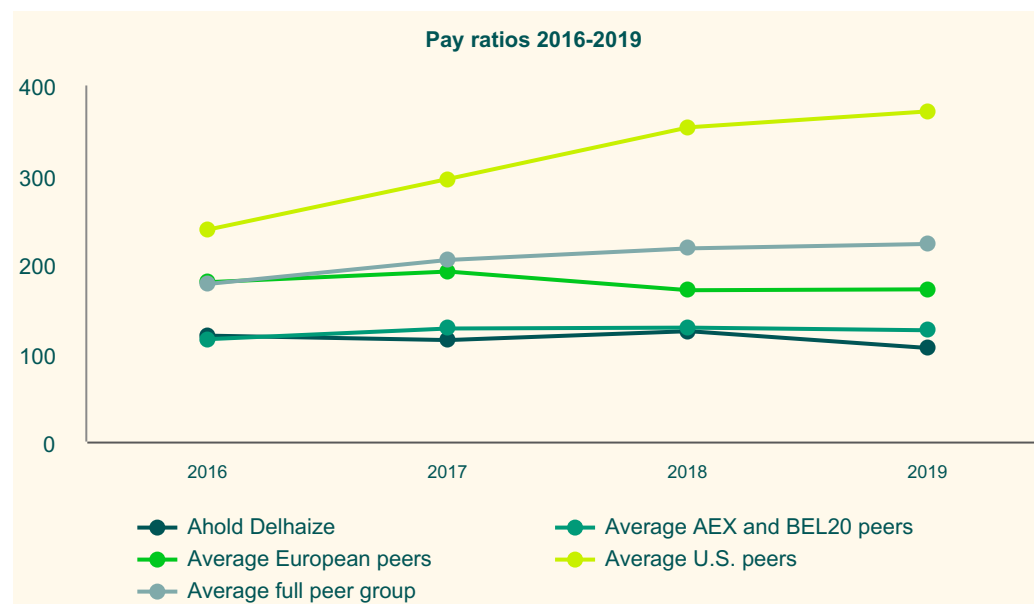
In line with the Remuneration Policy for the Management Board, the total remuneration of the Management Board members is positioned around the median level of our benchmark peer group. The following chart illustrates the pay ratio of our CEO in 2019 compared to the pay ratios of other CEOs in our benchmark peer group.



All numbers are based on the publicly disclosed 2019 annual reports of the respective companies. For comparison purposes, the ratios have been calculated using the same methodology as used to determine Ahold Delhaize's pay ratio. It is also 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).

To further 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 over a longer period of time.

Pay ratio	2019	2018	2017	2016
Ahold Delhaize	105	124	114	119
Average AEX and BEL20 peers	125	128	127	115
Average European peers	171	170	191	179
Average U.S. peers	371	353	295	238
Average full peer group	222	217	204	177



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 with the peer group.



## 2020 Remuneration continued

### Supervisory Board remuneration

The remuneration of the members of the Supervisory Board in the first quarter of 2020 was determined based on the annual remuneration as adopted by the extraordinary General Meeting of Shareholders on March 14, 2016 (99.19% of votes in favor). The remuneration of the members of the Supervisory Board as of the second quarter of 2020 was determined in line with the Remuneration Policy for the Supervisory Board as adopted by the General Meeting of Shareholders on April 8, 2020 (98.76% of votes in favor). Given the nature of the responsibilities of the Supervisory Board, remuneration is not tied to the performance of the Company and, therefore, only comprises fixed remuneration, delivered in cash. In addition to a base fee, members of the Supervisory Board receive committee fees and travel time compensation contingent upon their activities and responsibilities.

The following table outlines the total remuneration for the members of the Supervisory Board for 2016 through 2020.

*Total remuneration per Supervisory Board member<sup>1,2</sup>*

€ thousand	2020	2019	2018	2017	2016 <sup>4</sup>
Peter Agnefjäll (appointed in 2019)	138	104	—	—	—
Bill McEwan (reappointed in 2020)	150	208	209	150	71
René Hooft Graafland (reappointed in 2018)	129	143	145	136	127
Ben Noteboom (reappointed in 2017)	109	125	135	145	133
Katie Doyle (appointed in 2019)	126	104	—	—	—
Mary Anne Citrino (reappointed in 2020)	119	130	130	133	136
Dominique Leroy (reappointed in 2020)	116	118	123	125	58
Helen Weir (appointed in 2020)	88	—	—	—	—
Frank van Zanten (appointed in 2020)	83	—	—	—	—
Jan Hommen (reappointed in 2017, retired on December 31, 2020)	223	243	249	223	177
Jacques de Vaucleroy (retired in 2020)	31	120	144	170	80
Rob van den Bergh (resigned in 2019)	—	39	148	148	132
Mark McGrath (resigned in 2019)	—	44	136	143	160
Mats Jansson (retired in 2018)	—	—	68	255	115
Johnny Thijs (resigned in 2018)	—	—	31	128	55
Patrick De Maeseneire (resigned in 2018)	—	—	32	123	59
Jack Stahl (resigned in August 2017)	—	—	—	111	76
Stephanie Shern (resigned in April 2017)	—	—	—	37	140
Derk Doijer (resigned in July 2016)	—	—	—	—	56
<b>Total remuneration Supervisory Board</b>	<b>1,312</b>	<b>1,378</b>	<b>1,550</b>	<b>2,027</b>	<b>1,575</b>
<b>Number of Supervisory Board members<sup>3</sup></b>	<b>11</b>	<b>11</b>	<b>12</b>	<b>14</b>	<b>15</b>

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.

4 Up to the date of the merger between Ahold and Delhaize, the Ahold Supervisory Board remuneration applied, as adopted at the General Meeting of Shareholders on April 16, 2014. Ahold Delhaize's Supervisory Board remuneration, as adopted at the General Meeting of Shareholders on April 19, 2016, applied as of July 24, 2016, the first calendar day after the merger of Ahold and Delhaize was finalized. As of the second quarter of 2020, the Supervisory Board Remuneration policy applies, as adopted at the General Meeting of Shareholders on April 8, 2020.

## Compensation of key management personnel

### 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 to be key management personnel as defined in IAS 24 "Related Party Disclosures." At the end of 2020, the ExCo consisted of the Management Board and four other members.

The total compensation of key management personnel in 2020 amounted to €32,449 thousand (2019: €25,077 thousand). This includes an estimate of additional wage tax relating to key management personnel leaving the Company due in accordance with Dutch tax laws of €2 million (2019: €1 million).

### (Service) Agreements with individual Management Board members

#### Frans Muller

In 2020, the Company provided Frans Muller with an annual base salary, participation in the annual cash incentive plan and participation in the Company's equity-based long-term incentive plan (GRO – see [Note 32](#)). The annual base salary of €1,085 thousand was increased by 1.6% to €1,102 thousand, effective at the start of 2020. The at-target payout under the annual cash incentive plan is 100% of base salary and is capped at 150% in the event of above-target performance. The at-target award under the equity-based long-term incentive plan is 235% of base salary. Unless Frans' service agreement is otherwise terminated, he will be eligible for reappointment at the annual General Meeting of Shareholders in April 2023. If the Company terminates his 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 Knight was appointed Chief Financial Officer and a member of the Management Board at the Annual General Meeting of Shareholders on April 8, 2020. She started at Ahold Delhaize as Executive Vice President Finance and Member of the Executive Committee on March 1, 2020. In 2020, the Company provided Natalie with an annual base salary of €660 thousand, participation in the annual cash incentive plan and participation in the Company's equity-based long-term incentive plan (GRO – see [Note 32](#)). The at-target payout under the annual cash incentive plan is 100% of base salary and is capped at 150% in the event of above-target performance. The at-target award under the equity-based long-term incentive plan is 175% of base salary. In recognition of the long-term incentive that was outstanding and forfeited at the time of Natalie's resignation at Arla Foods, two performance share awards were granted with a grant value of €600 thousand each, which will vest the day after the annual General Meeting of Shareholders of Ahold Delhaize in 2021 and 2022, respectively, and will further be subject to the terms and conditions of the long-term incentive plan (including performance targets), as well as the five-year holding period from the date of grant as applicable to members of the Management Board. Furthermore, Natalie receives school fees and a temporary housing allowance of €7,000 net per month. Unless Natalie's service agreement is otherwise terminated, she will be eligible for reappointment at the annual General Meeting of Shareholders in April 2024. 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 participates in the Company's Dutch pension plan.

#### Kevin Holt

In 2020, the Company provided Kevin Holt with an annual base salary, participation in the annual cash incentive plan and participation in the Company's equity-based long-term incentive plan (GRO – see [Note 32](#)). The annual base salary of \$1,070 thousand was increased by 1.6% to \$1,088 thousand, effective at the start of 2020. The at-target payout under the annual cash incentive plan is 100% of base salary and is capped at 150% in the event of above-target performance. The at-target award under the equity-based long-term incentive plan is 235% of base salary. Furthermore, Kevin receives a housing allowance of up to \$7,500 net per month. Kevin was reappointed as a member of the Management Board for a term ending on the day of the annual General Meeting of Shareholders to be held in 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 and the Company have the option to end Kevin's assignment as per the annual General Meeting of Shareholders to be held in 2022. 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. Kevin participates in the Company's U.S. pension plan.

#### Wouter Kolk

In 2020, the Company provided Wouter Kolk with an annual base salary, participation in the annual cash incentive plan and participation in the Company's equity-based long-term incentive plan (GRO – see [Note 32](#)). The annual base salary of €649 thousand was increased by 10.6% to €718 thousand, effective at the start of 2020. The at-target payout under the annual cash incentive plan is 100% of base salary and is capped at 150% in the event of above-target performance. The at-target award

under the equity-based long-term incentive plan is 150% of base salary. Unless Wouter's service agreement is otherwise terminated, he will be eligible for reappointment at the annual General Meeting of Shareholders in April 2022. 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.

#### Jeff Carr

Jeff Carr, CFO Ahold Delhaize and member of the Management Board and Executive Committee, stepped down from the Management Board and Executive Committee after his term expired per the annual General Meeting of Shareholders in April 2020. His employment relationship with Ahold Delhaize terminated as of April 9, 2020, without any severance payment due. Performance shares awarded under the GRO plan will vest at the regular vesting dates. In 2020, the Company provided Jeff with an annual base salary of €769 thousand and participation in the annual cash incentive plan. The at-target amount under the annual cash incentive plan is 100% of base salary and the payout for 2020 is capped at 100%. No performance shares were granted to Jeff in 2020 under the Company's equity-based long-term incentive plan (GRO – see [Note 32](#)). Jeff received a housing allowance of €1,750 net per month. Furthermore, Jeff participated in the Company's Dutch pension plan.

## Compensation of key management personnel continued

### Remuneration of the Management Board by member

€ thousand	Direct remuneration				Deferred remuneration		Total remuneration
	Base salary	EIP <sup>1</sup>	Other <sup>2</sup>	Total direct remuneration	Share-based compensation <sup>3</sup>	Pensions <sup>4</sup>	
<b>Frans Muller</b>							
2020	1,102	1,653	257	3,012	2,935	77	6,024
2019	1,085	965	248	2,298	1,971	87	4,356
<b>Natalie Knight<sup>5</sup></b>							
2020	477	716	260	1,453	817	(1)	2,269
2019	—	—	—	—	—	—	—
<b>Kevin Holt</b>							
2020	954	1,431	406	2,791	2,259	220	5,270
2019	955	851	429	2,235	1,270	209	3,714
<b>Wouter Kolk</b>							
2020	718	1,077	182	1,977	1,129	36	3,142
2019	649	578	168	1,395	400	32	1,827
<b>Total 2020</b>	<b>3,251</b>	<b>4,877</b>	<b>1,105</b>	<b>9,233</b>	<b>7,140</b>	<b>332</b>	<b>16,705</b>
Total 2019	2,689	2,394	845	5,928	3,641	328	9,897

### Remuneration of the former members of the Management Board

€ thousand	Direct remuneration				Deferred remuneration		Total remuneration
	Base salary	EIP <sup>1</sup>	Other <sup>2</sup>	Total direct remuneration	Share-based compensation <sup>3</sup>	Pensions <sup>4</sup>	
<b>Jeff Carr<sup>6</sup></b>							
2020	216	216	73	505	861	44	1,410
2019	769	685	244	1,698	1,732	33	3,463
<b>Dick Boer<sup>7</sup></b>							
2020	—	—	—	—	—	—	—
2019	—	—	28	28	2,311	27	2,366
<b>Pierre Bouchut<sup>8</sup></b>							
2020	—	—	—	—	—	—	—
2019	—	—	—	—	79	—	79
<b>Total 2020</b>	<b>216</b>	<b>216</b>	<b>73</b>	<b>505</b>	<b>861</b>	<b>44</b>	<b>1,410</b>
Total 2019	769	685	272	1,726	4,122	60	5,908

### 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 as listed above, and the additional ExCo members who were not part of the Management Board.

€ thousand	2020	2019
Base salary	5,474	5,328
EIP <sup>1</sup>	8,275	4,744
Other <sup>2</sup>	3,235	2,461
Share-based compensation <sup>3</sup>	11,306	9,681
Pensions <sup>4</sup>	598	506
<b>Total remuneration</b>	<b>28,888</b>	<b>22,720</b>

- 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](#) section of this report. The overall 2020 performance multiplier was 150% (2019: 89%).
- 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.
- 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 2020 reflects this year's portion of the share grants over the previous four years (plans 2017 to 2020). For more information on the share-based compensation expenses see [Note 32](#).
- Pension costs are the total net periodic pension costs of the applicable pension plans.
- 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. Her 2020 remuneration reported as member of the Management Board reflects a partial year as of the date of her appointment as member of the Management Board. The table "Remuneration of the Executive Committee including Management Board" reflects the total year 2020, including the period that she was a member of the Executive Committee, but not a member of the Management Board. She received two additional performance share awards with a grant value of €600 thousand each, which will vest the day after the annual General Meeting of Shareholders of Ahold Delhaize in 2021 and 2022 respectively, subject to the terms and conditions of the long-term plan (including performance targets). The related expenses in the amount of €582 thousand were included in "Share-based compensation."
- Jeff Carr's employment relationship with Ahold Delhaize terminated as of April 9, 2020, without any severance payment due. Shares awarded under the GRO plan will vest at the regular vesting dates. An estimate of these costs in the amount of €921 thousand was recognized in 2019. The total remuneration as presented in the tables above excludes the accrual for estimated additional wage tax payable by the Company in accordance with Dutch tax laws (2019: estimated at €979 thousand; 2020: updated to €1,489 thousand)
- Dick Boer, President and CEO Ahold Delhaize and member of the Management Board and Executive Committee, stepped down from the Management Board and Executive Committee as of July 1, 2018, and remained available as an advisor to the Company until mid-2019. His employment relationship with Ahold Delhaize terminated as of July 1, 2019, after which he retired. The performance shares awarded under the GRO plan were settled on an accelerated basis upon the termination of his employment relationship in 2019. In 2019, adjustments to the estimate of the remuneration costs as a result of actual payments were included in Other and the expenses related to the equity-based long-term incentive were included in "Share-based compensation."
- Pierre Bouchut, Chief Operating Officer Europe and Indonesia and member of the Management Board and Executive Committee, stepped down from the Management Board and Executive Committee as of January 1, 2018, and remained available as an advisor and for specific initiatives until July 1, 2018. His employment relationship with Ahold Delhaize terminated as of August 31, 2018, after which he retired. Performance shares awarded under the GRO plan will vest at the regular vesting dates.

## Compensation of key management personnel continued

### Remuneration of the members of the Supervisory Board

The table below specifies the remuneration of the members of the Supervisory Board. The remuneration of the members of the Supervisory Board in 2019 and in 2020 up to April 8 was determined based on the annual remuneration as adopted by the extraordinary General Meeting of Shareholders on March 14, 2016. The remuneration of the members of the Supervisory Board from April 8, 2020, was determined in line with the Remuneration Policy for the Supervisory Board as adopted by the General Meeting of Shareholders on April 8, 2020.

€ thousand	2020	2019
Peter Agnefjäll (appointed in 2019) <sup>1</sup>	138	104
Bill McEwan (reappointed in 2020) <sup>2</sup>	150	208
René Hooft Graafland (reappointed in 2018)	129	143
Ben Noteboom (reappointed in 2017) <sup>3</sup>	109	125
Katie Doyle (appointed in 2019)	126	104
Mary Anne Citrino (reappointed in 2020)	119	130
Dominique Leroy (reappointed in 2020) <sup>4</sup>	116	118
Helen Weir (appointed in 2020)	88	—
Frank van Zanten (appointed in 2020)	83	—
Jan Hommen (retired in December 2020) <sup>5</sup>	223	243
Jacques de Vaucleroy (retired in April 2020) <sup>6</sup>	31	120
Rob van den Bergh (resigned in 2019)	—	39
Mark McGrath (resigned in 2019)	—	44
<b>Total</b> <sup>7,8,9</sup>	<b>1,312</b>	<b>1,378</b>

1 Peter Agnefjäll became Vice-Chair of the Supervisory Board and Chair of the Risk Committee, effective July 1, 2020, and received the fees for these roles as of that date. Since January 1, 2021, Peter Agnefjäll has acted as the Chair of the Supervisory Board, meaning he will receive the fee associated with this role as of this date.

2 Bill McEwan acted as Vice-Chair as of April 11, 2018, and received the Vice-Chair remuneration (formerly referred to as Vice-Chair and member of the presidium) from that date. For the period starting July 1, 2018, up and until the first quarter of 2020, Bill McEwan refrained from any remuneration for his role as Chairman of the Remuneration Committee. Effective July 1, 2020, Bill McEwan stepped down as Vice-Chair and per January 1, 2021, Bill McEwan was reinstated as Vice-Chair of the Supervisory Board and will receive the fee for this role going forward.

3 Ben Noteboom became Chair of the Governance and Nomination Committee, effective December 1, 2020, and received the fee for this role.

4 Dominique Leroy acted as Chair of the Governance and Nomination Committee as of April 1, 2020, up and until November 30, 2020, and received the fee for this role.

5 Jan Hommen was appointed Chair of the Supervisory Board, effective April 2018. He became Chair of the Governance and Nomination Committee as of July 1, 2018, and refrained from any remuneration for this role. Effective April 1, 2020, Jan Hommen stepped down as Chair of the Governance and Nomination Committee and he retired from the Supervisory Board, effective January 1, 2021.

6 As of July 1, 2018, Jacques de Vaucleroy refrained from any additional remuneration for his role as Vice-Chair. Jacques de Vaucleroy retired from the Supervisory Board after the annual General Meeting of Shareholders on April 8, 2020.

7 All members of the Supervisory Board were members of the Sustainability and Innovation Committee as of July 1, 2018, and refrained from any remuneration for this membership, except for the Chair(s) of this Committee. Up and until June 30, 2020, Katie Doyle and Peter Agnefjäll co-chaired the Committee and each received half of the remuneration for this role. As of July 1, 2020, Katie Doyle was the sole Chair of the Committee and received the fee for this role.

8 With the arrival and retirement of members of the Supervisory Board, the composition of the several Committees was reorganized, resulting in the composition as detailed in section *Governance – Our Supervisory Board* and became effective on July 1, 2020.

9 For the members who were appointed to or resigned from the Supervisory Board or one of its Committees in 2019 and 2020, the remuneration reflects a partial year.

### Shares and other interests in Ahold Delhaize

As of January 3, 2021, 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 <sup>1</sup>	Other common shares	Total common shares
Frans Muller <sup>2</sup>	79,498	165,359	244,857
Natalie Knight	—	—	—
Kevin Holt	62,885	—	62,885
Wouter Kolk	—	41,416	41,416
<b>Total</b>	<b>142,383</b>	<b>206,775</b>	<b>349,158</b>

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 retained for a period of at least five years after grant, except to finance tax payable at the vesting date, or at least until the date of resignation from the Management Board, if this period is shorter.

2 Additionally, 9,579 shares are held by Frans Muller in the form of American Depository Receipts.

As of January 3, 2021, Peter Agnefjäll held 7,200 Ahold Delhaize common shares, Bill McEwan held 7,125 Ahold Delhaize American Depository Receipts, and Ben Noteboom held 15,637 Ahold Delhaize common shares. None of the other Supervisory Board members held Ahold Delhaize shares.

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.

## Compensation key management personnel continued

### Share-based compensation

In 2020, Ahold Delhaize's share-based compensation program consisted of a share grant program called Global Reward Opportunity (GRO). Total 2020 GRO share-based compensation expenses were €59 million (2019: €51 million). Ahold Delhaize's share-based compensation programs are equity-settled.

The fair value of the performance shares granted under the GRO program in 2020 at grant date was €48 million, of which €6 million related to current and former Management Board members. The fair value is expensed over the vesting period of the grants, adjusted for expected annual forfeitures of 5% (2019: 5%) excluding Management Board members. For the share-based compensation expenses allocable to the individual Management Board members, see [Note 31](#).

#### GRO program

##### Main characteristics of performance shares granted in 2019 and 2020

A revised GRO program was introduced in 2019. The performance shares granted under this program vest on the day after the annual General Meeting of Shareholders in the third year after the grant, subject to certain performance conditions being met. The revised 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.

The total GRO award is comprised of 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.

Another 35% is linked to a three-year EPS growth target. 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 a peer group comprised of 12 companies (see the [Remuneration](#) section for the composition of the peer group). 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 on next page for the vesting percentages based on Ahold Delhaize's ranking within the peer group).

For the remaining 15% of the total GRO share award, the performance at vesting is measured using sustainability targets related to the Company's sustainability ambitions. 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 and 2020:

2019–2020 GRO program rank	All participants
1	150%
2	125%
3	110%
4	100%
5	75%
6	50%
7-12	0%

##### Main characteristics of performance shares granted in 2017 and 2018

The performance shares granted in 2017 and 2018 under the GRO program as introduced in 2016 vest on the day after the annual General Meeting of Shareholders in the third year after the grant, subject to certain performance conditions being met. This program employs two financial measures, RoC and TSR, as well as non-financial performance measures related to sustainability targets.

The first 40% of the total GRO share award 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.

Another 40% is linked to TSR (share price growth and dividends paid over the performance period), with performance at vesting benchmarked against the TSR performance of a peer group comprised of 14 companies (see table below for the composition of the TSR peer group). 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 175% 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 20% of the total GRO share award, the performance at vesting is measured using sustainability targets related to the Company's sustainability ambitions. The targets set under this non-financial performance measure are both qualitative and quantitative. 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.

## Compensation key management personnel continued

### Share-based compensation continued

The table below shows the composition of the TSR peer group for the performance shares granted in 2017 and 2018:

TSR performance peer group for performance shares granted in 2017 and 2018	
Tesco	Kroger
Carrefour	Costco
Metro Cash & Carry	Target
Casino Guichard Perrachon	Walgreens Boots Alliance
J Sainsbury	Best Buy
W M Morrison	Lowe's Companies
	Walmart

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 2017 and 2018:

2017-2018 GRO program rank	All participants
1	175%
2	150%
3	125%
4	110%
5	100%
6	80%
7	50%
8-14	0%

### Performance shares vesting in 2021

In 2021, the performance shares granted in 2018 will vest. The performance shares vesting will comprise performance shares based on the Company's TSR, RoC and sustainability performance. As of the end of 2020, Ahold Delhaize ranked 6th in the TSR peer group with respect to the 2018 grant. Based on this TSR ranking, the vesting percentage for the portion of the 2018 performance shares dependent on Ahold Delhaize's TSR performance was 80%.

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 2018 performance shares dependent on Ahold Delhaize's RoC and sustainability performance is 150% and 125% respectively.

On April 15, 2021, a maximum of 0.5 million performance shares granted in 2018 to current and former 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.

On April 15, 2021, a maximum of 2.5 million performance shares granted in 2018 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.

## Compensation key management personnel continued

### Share-based compensation continued

The following table summarizes the status of the GRO program during 2020 for the individual Management Board members and for all other employees in the aggregate.

	Grant date	Vesting date	End of retention period	Outstanding at the beginning of 2020	Granted	Performance adjustment <sup>1</sup>	Vested <sup>2</sup>	Forfeited	Outstanding at the end of 2020	Maximum number of shares <sup>3</sup>	Fair value per share at the grant date (€)
<b>Frans Muller</b>											
2017 TSR grant				41,152	—	(20,576)	20,576	—	—	N/A	9.57
2017 RoC grant	April 13, 2017	April 9, 2020	April 13, 2022	41,152	—	(14,404)	26,748	—	—	N/A	17.07
2017 Sustainability grant				20,576	—	2,057	22,633	—	—	N/A	17.07
2018 TSR grant				51,408	—	—	—	—	51,408	89,963	16.58
2018 RoC grant	April 12, 2018	April 15, 2021	April 12, 2023	51,408	—	—	—	—	51,408	77,112	17.89
2018 Sustainability grant				25,704	—	—	—	—	25,704	38,555	17.89
2019 TSR grant				17,304	—	—	—	—	17,304	25,956	14.47
2019 RoC grant	April 11, 2019	2022 AGM + 1 day	April 11, 2024	40,374	—	—	—	—	40,374	60,561	20.01
2019 EPS grant				40,374	—	—	—	—	40,374	60,561	20.01
2019 Sustainability grant				17,304	—	—	—	—	17,304	25,956	20.01
2020 TSR grant				—	17,261	—	—	—	17,261	25,891	14.51
2020 RoC grant	April 9, 2020	2023 AGM + 1 day	April 9, 2025	—	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
<b>Natalie Knight<sup>4</sup></b>											
2018 TSR grant				—	10,663	—	—	—	10,663	18,660	17.10
2018 RoC grant	April 9, 2020	April 15, 2021	April 9, 2025	—	10,663	—	—	—	10,663	15,994	18.45
2018 Sustainability grant				—	5,332	—	—	—	5,332	7,998	18.45
2019 TSR grant				—	3,999	—	—	—	3,999	5,998	13.40
2019 RoC grant	April 9, 2020	2022 AGM + 1 day	April 9, 2025	—	9,331	—	—	—	9,331	13,996	18.52
2019 EPS grant				—	9,331	—	—	—	9,331	13,996	18.52
2019 Sustainability grant				—	3,999	—	—	—	3,999	5,998	18.52
2020 TSR grant				—	7,698	—	—	—	7,698	11,547	14.51
2020 RoC grant	April 9, 2020	2023 AGM + 1 day	April 9, 2025	—	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

## Compensation key management personnel continued

### Share-based compensation continued

	Grant date	Vesting date	End of retention period	Outstanding at the beginning of 2020	Granted	Performance adjustment <sup>1</sup>	Vested <sup>2</sup>	Forfeited	Outstanding at the end of 2020	Maximum number of shares <sup>3</sup>	Fair value per share at the grant date (€)
<b>Kevin Holt</b>											
2017 TSR grant				34,563	—	(17,282)	17,281	—	—	N/A	9.57
2017 RoC grant	April 13, 2017	April 9, 2020	April 13, 2022	34,563	—	(12,098)	22,465	—	—	N/A	17.07
2017 Sustainability grant				17,282	—	1,728	19,010	—	—	N/A	17.07
2018 TSR grant				38,066	—	—	—	—	38,066	66,615	16.58
2018 RoC grant	April 12, 2018	April 15, 2021	April 12, 2023	38,066	—	—	—	—	38,066	57,099	17.89
2018 Sustainability grant				19,033	—	—	—	—	19,033	28,549	17.89
2019 TSR grant				12,766	—	—	—	—	12,766	19,149	14.47
2019 RoC grant	April 11, 2019	2022 AGM + 1 day	April 11, 2024	29,787	—	—	—	—	29,787	44,680	20.01
2019 EPS grant				29,787	—	—	—	—	29,787	44,680	20.01
2019 Sustainability grant				12,766	—	—	—	—	12,766	19,149	20.01
2020 TSR grant				—	15,412	—	—	—	15,412	23,118	14.51
2020 RoC grant	April 9, 2020	2023 AGM + 1 day	April 9, 2025	—	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
<b>Wouter Kolk<sup>5</sup></b>											
2017 TSR grant				15,020	—	(7,510)	7,510	—	—	N/A	9.57
2017 RoC grant	April 13, 2017	April 9, 2020	N/A	15,020	—	(5,257)	9,763	—	—	N/A	17.07
2017 Sustainability grant				7,510	—	751	8,261	—	—	N/A	17.07
2018 TSR grant				21,433	—	—	—	—	21,433	37,507	16.58
2018 RoC grant	April 12, 2018	April 15, 2021	April 12, 2023	21,433	—	—	—	—	21,433	32,149	17.89
2018 Sustainability grant				10,717	—	—	—	—	10,717	16,075	17.89
2019 TSR grant				6,607	—	—	—	—	6,607	9,910	14.47
2019 RoC grant	April 11, 2019	2022 AGM + 1 day	April 11, 2024	15,416	—	—	—	—	15,416	23,124	20.01
2019 EPS grant				15,416	—	—	—	—	15,416	23,124	20.01
2019 Sustainability grant				6,607	—	—	—	—	6,607	9,910	20.01
2020 TSR grant				—	7,175	—	—	—	7,175	10,762	14.51
2020 RoC grant	April 9, 2020	2023 AGM + 1 day	April 9, 2025	—	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



## Compensation key management personnel continued

### Share-based compensation continued

	Grant date	Vesting date	End of retention period	Outstanding at the beginning of 2020	Granted	Performance adjustment <sup>1</sup>	Vested <sup>2</sup>	Forfeited	Outstanding at the end of 2020	Maximum number of shares <sup>3</sup>	Fair value per share at the grant date (€)
<b>Jeff Carr<sup>6</sup></b>											
2017 TSR grant				25,662	—	(12,831)	12,831	—	—	N/A	9.57
2017 RoC grant	April 13, 2017	April 9, 2020	N/A	25,662	—	(8,982)	16,680	—	—	N/A	17.07
2017 Sustainability grant				12,831	—	1,283	14,114	—	—	N/A	17.07
2018 TSR grant				29,644	—	—	—	—	<b>29,644</b>	51,877	16.58
2018 RoC grant	April 12, 2018	April 15, 2021	N/A	29,644	—	—	—	—	<b>29,644</b>	44,466	17.89
2018 Sustainability grant				14,822	—	—	—	—	<b>14,822</b>	22,233	17.89
2019 TSR grant				9,139	—	—	—	—	<b>9,139</b>	13,708	14.47
2019 RoC grant	April 11, 2019	2022 AGM + 1 day	N/A	21,323	—	—	—	—	<b>21,323</b>	31,984	20.01
2019 EPS grant				21,323	—	—	—	—	<b>21,323</b>	31,984	20.01
2019 Sustainability grant				9,139	—	—	—	—	<b>9,139</b>	13,708	20.01
<b>Pierre Bouchut<sup>7</sup></b>											
2017 TSR grant				19,641	—	(9,821)	9,820	—	—	N/A	9.57
2017 RoC grant	April 13, 2017	April 9, 2020	N/A	19,641	—	(6,875)	12,766	—	—	N/A	17.07
2017 Sustainability grant				9,821	—	982	10,803	—	—	N/A	17.07
2018 TSR grant				22,244	—	—	—	—	<b>22,244</b>	38,927	16.58
2018 RoC grant	April 12, 2018	April 15, 2021	N/A	22,244	—	—	—	—	<b>22,244</b>	33,366	17.89
2018 Sustainability grant				11,122	—	—	—	—	<b>11,122</b>	16,683	17.89
<b>Subtotal Management Board members</b>				<b>1,052,516</b>	<b>370,284</b>	<b>(108,835)</b>	<b>231,261</b>	<b>—</b>	<b>1,082,704</b>	<b>1,667,406</b>	

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 2017 grant was April 9, 2020. The share price was €22.09 on April 9, 2020.

3 For the TSR performance grants, the maximum number of performance shares that could potentially vest equals 175% of outstanding performance shares, for the award granted in 2018, if Ahold Delhaize's ranking is one. For the TSR performance grants awarded in 2019 and 2020, 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 and 2020](#) and [Main characteristics of performance shares granted in 2017 and 2018](#) above). 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 and 2020](#) and [Main characteristics of performance shares granted in 2017 and 2018](#) above).

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. For more information see [Note 31](#).

5 Wouter Kolk, Chief Executive Officer Ahold Delhaize Europe and Indonesia has been a member of the Management Board since April 11, 2018.

6 Jeff Carr, Chief Financial Officer and member of the Management Board and Executive Committee stepped down from the Management Board and Executive Committee after his term expired per the annual General Meeting of Shareholders in April 2020. His employment relationship with Ahold Delhaize terminated as of April 9, 2020. Performance shares awarded under the GRO plan will vest at the regular vesting dates. No performance shares were granted to Jeff Carr in 2020.

7 Pierre Bouchut, Chief Operating Officer of Europe and Indonesia and member of the Management Board and Executive Committee, stepped down from the Management Board and Executive Committee as of January 1, 2018. His employment relationship with Ahold Delhaize was terminated as of August 31, 2018, after which he retired. Performance shares awarded under the GRO plan will vest at the regular vesting dates.

## Compensation key management personnel continued

### Share-based compensation continued

	Outstanding at the beginning of 2020	Granted	Performance adjustment <sup>1</sup>	Vested <sup>2</sup>	Forfeited	Outstanding at the end of 2020
<b>Other employees</b>						
2017 grant	3,371,569	—	(1,067,595)	2,260,116	43,858	—
2018 grant	2,199,548	10,256	—	2,201	93,777	<b>2,113,826</b>
2019 grant	2,009,120	10,930	—	1,976	115,616	<b>1,902,458</b>
2020 grant	—	2,168,716	—	1,212	54,870	<b>2,112,634</b>
Subtotal Management Board members	1,052,516	370,284	(108,835)	231,261	—	<b>1,082,704</b>
<b>Total number of shares</b>	<b>8,632,753</b>	<b>2,560,186</b>	<b>(1,176,430)</b>	<b>2,496,766</b>	<b>308,121</b>	<b>7,211,622</b>

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 2017 grant was April 9, 2020. The share price was €22.09 on April 9, 2020.

### Valuation model and input variables

The weighted average fair value of the performance shares granted in 2020, for all eligible participants including Management Board members, amounted to €14.54 per share for TSR performance shares and €20.02 per share for RoC performance shares, EPS performance shares and sustainability performance shares (2019: €14.43 per share for TSR performance shares and €19.96 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:

	2020	2019
Closing share price at grant date (€)	<b>22.42</b>	22.94
Risk-free interest rate	<b>(0.6)%</b>	(0.6)%
Volatility	<b>21.2%</b>	19.7%
Assumed dividend yield	<b>3.8%</b>	4.2%

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.