



Sustainability-Linked Bond Framework



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1. Introduction

Ahold Delhaize is one of the world's largest food retail groups, a leader in supermarkets and eCommerce, and a company at the forefront of sustainable retailing. Our family of local brands serves over 63 million customers each week, in Europe, the United States and Indonesia. Our Leading Together strategy provides a framework for success, leveraging both our scale and local connections. It guides our decisions and defines shared values and growth drivers, while giving our brands the flexibility to best serve their customers, associates and communities. Our strong and trusted brands are leaders in their markets and are at the heart of our businesses. They serve customers through more than 7,700 stores and 1,800 grocery pick-up points.

2. Health & Sustainability approach

We believe that what is healthy and sustainable should be accessible and available to all. We are working towards this through our “Grounded in Goodness” strategy, which focuses on healthier people and a healthier planet.

It is based on the idea that the world's health crisis and climate crisis are intrinsically linked. We believe that if we get it right for ourselves, we usually also get it right for the planet. And acting responsibly today is imperative to securing a better tomorrow for generations to come.

Healthier People

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

Customers and associates

Our brands continued to stay focused on making healthy and sustainable choices clear and accessible for customers and associates by providing relevant information and rewarding people for making better choices – both in stores and online. Our brands inform customers about healthier options in the stores through shelf tags, product label, dedicated health sections and health services such as instore dietitian consultations.

To identify healthier products, our brands use well-established nutritional navigation systems, such as Guiding Stars in the U.S. and Nutri-Score in Europe. These systems are continuously updated according to the latest knowledge.

Products

Our brands are making healthy and sustainable choices more accessible through their product assortments. They are reformulating products with less sugar, salt, and fats, so the average shopping basket is healthier and more sustainable, and developing and offering own-brand products that are kinder to both people and planet.

We continue to improve and reformulate healthy and sustainable products, and drive innovation in this space, such as healthy meal solutions and adding plant-based protein or locally sourced options in the assortment.

Communities

Our brand’s stores are more than just stores. They are meeting places that are central to the neighborhoods they inhabit. Our brands already support many causes that are important to local communities, for example, fighting hunger in communities through financial donations and by diverting surplus food to food banks and charities.

Healthier Planet

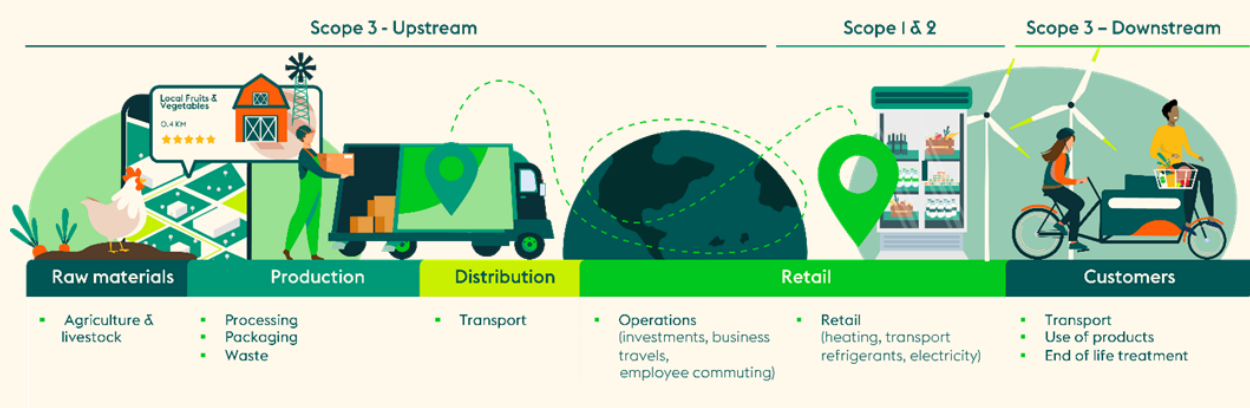
As part of our strategy to support a healthier planet, and informed by our materiality assessment, we measure and manage our company’s environmental impacts using three pillars: climate, circularity, and nature.

Climate

As food retailers, we are acutely aware of how climate change is impacting the way food is grown and will change our business both now and in the years to come – from how and where products are sourced to what our brands’ stores look like and how we heat or cool them. We aim to achieve our goal of a healthier planet by focusing both on our own operations and our overall value chain.

We launched our updated [Climate Plan](#) in December 2023 providing an overview of the key actions and targets we have identified to decarbonize our local brands’ operations and value chain.

In line with the latest climate science to limit global warming, we have established short-term (interim) and long-term (net-zero) climate targets across our own operations (scope 1 and 2) and across our value chain (scope 3), consistent with a pathway limiting temperature rise to 1.5°C. Our climate targets result from in-depth, long-term projects together with external expert parties to help us identify what our goals should be to reach net-zero by 2050. For this, we used the method of the Science Based Targets initiative (SBTi), which interprets the requirements of the Paris Agreement and makes them relevant for business. We are committed to reaching net-zero carbon emissions across our own operations by 2040 and becoming a net-zero business across our entire value chain by 2050. Our updated decarbonization targets have been submitted to SBTi and are pending validation.



Building on last year's Climate Plan, we have refined our decarbonization levers with quantified potential greenhouse gas (GHG) emission reductions. In our latest Climate Plan, we have further sharpened our approach to our decarbonization pathway with a better understanding of potential emissions-reduction opportunities. We also share the challenges we face and our position on carbon removals.

Own operations (scope 1 and 2)

Our first goal is to reduce emissions from our local brands' operations. This is a relatively small part of the emissions from our value chain, but these are the emissions over which we have a direct influence.

Our targets for reducing absolute scope 1 and 2 GHG emissions are:

- >38% by 2025 compared to our 2018 baseline, which is one of the Sustainability Performance Targets (SPTs) included in this updated Sustainability-Linked Bond Framework (the 'Framework');
- 50% by 2030 compared to a 2018 baseline, another target of this Framework; and
- net-zero by 2040, which corresponds to a 90% reduction and 10% removals compared to our 2018 baseline.

We are focusing primarily on four areas: transition to low-Global Warming Potential ('GWP') and natural refrigerants, renewable energy, transition from fossil fuels in heating and transportation and increased energy efficiency.

1. Transition to low-GWP and natural refrigerants

Our 2023 mix of refrigerant types and associated leakage accounts for 49.4% of our total scope 1 and 2 emissions. We are aiming to reduce refrigerant emissions to reach net-zero by 2040 compared to our baseline year by executing local brand climate plans. To achieve our net-zero plan, we need to replace or retrofit our refrigeration systems with low climate-impact alternatives that can use natural or low-GWP refrigerants, minimize leakage and consume less energy.

2. Transition to renewable energy

In 2023, 29.6% of our emissions (scope 1 and 2) were caused by electricity consumption. Our total electricity consumption is forecast to further increase because of the electrification of our transportation and heating systems. We plan to reduce electricity emissions to zero by 2035. A portion of this will be accomplished by generating our own electricity by installing solar panels in both the U.S. and Europe. In addition, we plan to source 100% renewable energy through Power Purchase Agreements (PPAs) and Renewable Energy Certificates (RECs).

3. Transition from fossil fuels in heating and transportation

Our fossil fuel-related emissions come mainly from two sources: transport and heating. Transport by our own fleet includes distribution between facilities, e-commerce services, delivery to customers and business trips, using both owned and leased vehicles. These activities account for 21% of our total scope 1 and 2 emissions based on our 2023 GHG emissions data. Our long-term vision is to achieve 100% fossil fuel-free transport in both Europe and the U.S. by 2040.

The natural gas and propane used for heating comprises 10.7% of our scope 1 and 2 emissions today. Our aim is to gradually electrify our heating systems to eliminate fossil fuel use in both the U.S. and Europe by 2040.

4. Increase energy efficiency

In addition to the switch to renewable energy and the electrification of transportation and heating, we are implementing energy efficiency measures across all our local brands, to reduce our total energy consumption. We are installing energy-efficient equipment, such as LED lights, doors on cabinets, heat recuperation, heat pumps, new refrigeration systems and improved insulation. When remodeling stores, taking measures like these is enabling us to create some of the most energy-efficient stores of the future.

Value chain (scope 3)

Our value chain climate plan focuses on our scope 3 emissions from the purchased goods and services category, as emissions from this category account for the largest proportion of total scope 3 emissions.

Our near-term targets for reducing scope 3 GHG emissions are:

- reducing absolute scope 3 FLAG GHG emissions by 30.3% (or 4.7 MtCO₂e) by 2030 from a 2020 baseline (for near-term target, 15.5 MtCO₂e¹); and
- reducing absolute scope 3 Energy & Industry (E&I) GHG emissions by 42.0% (or 12.4 MtCO₂e) by 2030 from a 2020 baseline (for near-term target, 29.5 MtCO₂e²).

Our scope 3 targets for the long-term are:

- reducing absolute scope 3 FLAG GHG emissions by at least 72% (or 15.0 MtCO₂e) by 2050 from a 2020 baseline (for long-term target, 20.8 MtCO₂e³); and
- reducing absolute scope 3 E&I GHG emissions by 90% (or 34.0 MtCO₂e) by 2050 from a 2020 baseline (for long-term target, 37.8 MtCO₂e⁴).

Please note that the SBTi validation is pending at time of issuing this Framework, but we are committed to the 1.5° C aligned scope 3 targets. Near-term targets' coverage that are relevant for the SPTs in this Framework are 100% of calculated emissions from GHG Protocol categories 3, 4, 5, 6, 7, 9, 11, 12 and 67% of calculated emissions from category 1. Long-term targets (not in scope of the SPTs of this Framework) cover calculated emissions from GHG Protocol categories 3, 4, 5, 6, 7, 9, 11, 12 and 90% of calculated emissions from category 1. Categories 14 and 15 are included in the scope 3 inventory but excluded from the targets' boundaries. These inclusions and exclusions are in line with SBTi guidance and are driven by the level of influence Ahold Delhaize has on reductions in each category.

¹ Based on the SBTi methodology

² Based on the SBTi methodology

³ Based on the SBTi methodology

⁴ Based on the SBTi methodology

We have identified three key priorities: engaging our suppliers and farmers, providing an assortment with a lower carbon footprint, and encouraging our customers to choose lower emission products.

1. Engaging suppliers to set science-based targets and implement sustainable practices

We engage our suppliers to set emissions-reduction targets in line with the latest science. These emissions reduction commitments will accelerate improvements in livestock farming, raw material sourcing, processing, transport, packaging, deforestation, and food waste reduction. These actions could address most of our scope 3 emissions by 2030. As of November 2022, over 50 of Ahold Delhaize's top 100 suppliers have either set science-based targets or are committed to doing so⁵.

2. Providing an assortment with a lower carbon footprint

Our local brands remain committed to empowering customers to make environmentally conscious choices. This strategy varies across our different local brands and can include promoting a health-focused and reduced GHG emissions product lineup, investing in product development, and transitioning from high emission protein sources to lower emission (e.g., moving from red meat to white meat or plant-based alternatives) ones. All our food retail brands in Europe have committed to baseline their current protein ratio (animal versus plant-based) and set protein ratio targets by the end of 2024.

3. Proactively engaging with customers

We actively encourage customers to shift towards lower emission products. Our local brands continue to help customers understand the impact of their buying decisions and make choices that fit their needs, their tastes, and their values. They do this by stimulating and rewarding sustainable choices through loyalty programs and discounts, increasing product transparency through navigation systems and product labelling, improving assortments and products with more vegan and vegetarian choices, and increasing knowledge about a healthy lifestyle by giving access to free dietitians and knowledge platforms.

Recognizing the challenges of behavior change, we focus on addressing customer-identified barriers. We aim to facilitate easier, informed choices through accessible information, inspiration, and incentives.

Our commitment includes continuous improvement of our product offerings, ensuring that affordable, healthy, and sustainable options remain accessible.

Circularity

Food waste

We have a three-pronged approach to reducing food waste:

- We reduce waste across our brands' operations, including stores, warehouses, and transport,

⁵ <https://sciencebasedtargets.org/companies-taking-action#dashboard>

- We divert surplus food to food banks, charities, and innovative operations such as restaurants that cook with unsold food,
- We divert food no longer suitable for human consumption from landfill to alternative recycling methods. These methods can include animal feed production, green energy facilities, or industrial uses.

Sustainable packaging

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

Nature

Nature relates to both sustainable products as well as animal welfare.

Sustainable Products

The global footprint of food value chains is significant, with food a major contributor to greenhouse gas emissions, water use, biodiversity loss and synthetic nitrogen and phosphorous use.

While these problems are complex, as a global food retailer, we want to contribute to provide input into how food production and sourcing will look now and, in the future, and how food can be produced sustainably, with respect for the environment and protecting biodiversity.

We know that food systems must change to reduce the negative impacts on nature and climate. With our own-brand products, we aim to make a real impact, directing what is offered and how and where it is produced. Central to this is progress in more sustainable production systems and consumption patterns.

We group our approach to nature and biodiversity around three pillars: sustainable sourcing of critical commodities (including deforestation), sustainable farming practices and multi-stakeholder partnerships.

In 2023, we started work on a new nature approach, and continued to build out our programs of work on sustainable and regenerative agriculture and the sustainable sourcing of critical commodities.

Animal welfare

At Ahold Delhaize, we believe supporting animal welfare is the right thing to do. We embrace the globally recognized five freedoms of animal welfare. These are freedoms from or to:

1. hunger and thirst
2. discomfort
3. pain, injury, or disease
4. express normal behavior
5. fear or distress

Ahold Delhaize's approach to animal welfare focuses on stronger animal welfare standards for own-brand whole- or single-ingredient products derived from farm animals globally.

Our global commitments on animal welfare include: (i) animal testing, (ii) growth promoters, (iii) live animal transport and slaughtering, (iv) antimicrobials, (v) routine mutilation and (vi) close confinement. Our local brands translate these global commitments into day-to-day decision making, considering local market conditions and local legislation.

3. Rationale

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

- 2019: Established our **Sustainability Bond program** with the issuance of a €600 million Sustainability Bond to support the increased consumption of sustainably sourced products, further reduce the company's climate impact and increase sales of healthier products,
- 2021: Launched a €600 million **Sustainability-Linked Bond** linked to (i) Carbon emissions within own operations (scope 1 & 2) and (ii) food waste reduction,
- 2022: Announced the closing of a €1.5 billion **Sustainability-linked Revolving Credit Facility ("RCF")** linked to (i) Carbon emissions within own operations (scope 1 & 2), (ii) food waste reduction, and (iii) helping customers make healthier choices
- 2023:
 - Published the **Green Finance Framework** in March and successfully priced a €500 million Green Bond, consistently showing a commitment to the transition toward sustainable food systems,
 - Structured a €1.5 billion **Sustainability Linked Commercial Paper Program**.

With this updated Framework, Ahold Delhaize aims to further reinforce its commitment to sustainability and considers Sustainability-Linked Bond instruments as a key contributor to support our efforts, particularly on climate transition.

4. Sustainability-Linked Bond Framework

The Framework has been developed under the 2023 ICMA Sustainability-Linked Bond Principles ("SLBP")⁶.

Through this Framework, Ahold Delhaize may issue different Sustainability-Linked Bonds instruments. The Framework is aligned with the five core components of the SLBP:

- Selection of Key Performance Indicators ("KPIs")
- Calibration of Sustainability Performance Targets ("SPTs")
- Bond characteristics
- Reporting
- Verification

The Framework is available on Ahold Delhaize's [website](#).

⁶ ICMA SLBP 2023: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-linked-bond-principles-slbp/>

a. Selection of Key Performance Indicators (KPIs) and Calibration of Sustainability Performance Targets (SPTs)

KPI 1:

Absolute scope 1 & 2 CO₂-equivalent emissions from our own emissions (market-based)

Rationale

Climate change is impacting how food is grown and will impact our business in the future. We are committed to supporting the well-being of the communities we serve and enabling a healthy, low-carbon food system that secures healthy and sustainable diets for future generations. In recognition of the urgency of climate change and to support Sustainable Development Goals 7 and 13, we adopted science-based climate targets in 2020, covering scopes 1, 2, and 3. Our 1.5°C aligned scope 1 and 2 targets have been validated by SBTi. Our first goal is to reduce the scope 1 and 2 emissions from our local brands. These represent a relatively small part of our total emissions, but these are the emissions we can directly influence.

Definition

As measured by percentage reduction of scope 1 and scope 2 CO₂ -equivalent emissions from our own operations, in line with the UN goal of limiting global warming to 1.5°C.

Scope

Includes all scope 1 GHG emissions as direct GHG emissions from owned or controlled sources, plus all scope 2 GHG emissions as indirect GHG emissions resulting from the generation of purchased energy.

Long-term Goal

Net-zero carbon emissions across our own operations by 2040, which corresponds to 90% reduction and 10% removals, compared to our 2018 baseline.

Methodology

We report our scope 1 and 2 GHG emissions data according to the GHG Protocol Corporate Standard. GHG emissions data comprises a calculated CO₂ equivalent (CO₂e), defined as actual CO₂ emitted plus equivalent emission from other GHGs such as methane (CH₄), nitrous oxide (N₂O) and various refrigeration blends, including HFCs.

The GHG emissions calculation methodology follows the guidelines of the World Business Council for Sustainable Development (WBCSD)/World Resources Institute (WRI) GHG Protocol regarding corporate greenhouse gas accounting and reporting.

Contribution to

- **EU Environmental Objective 1 – Climate Change Mitigation**
Reduce net greenhouse gas (GHG) emissions by at least 55% by 2030, compared to 1990 levels and make Europe climate neutral by 2050.
- **SDG 13 - Climate Action**
Target 13.2: by 2030, integrate climate change measures into



national policies, strategies, and planning.

- **SDG 7 – Affordable and Clean Energy**

Target 7.2: by 2030, increase substantially the share of renewable energy in the global energy mix.

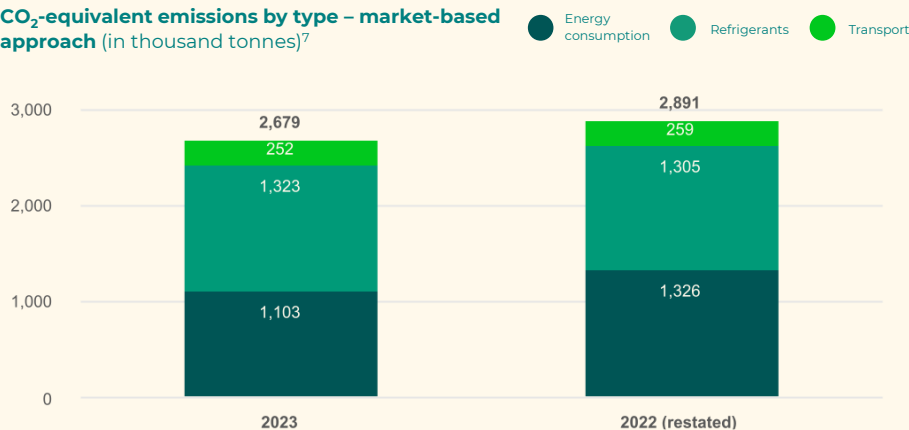
Target 7.3: by 2030, double the global rate of improvement in energy efficiency.



Sustainability Performance Targets (SPTs)

2018 Baseline	Historic data ⁷			Sustainability Performance Targets (SPTs)	
	2021	2022 restated	2023	2025	2030
4,095 (thousand tonnes) CO ₂ e	-31%	-29%	-35%	SPT 1a - Reduce absolute scope 1 and 2 GHG emissions by >38% by 2025 from a 2018 baseline (in line with the target submitted to SBTi)	SPT 1b- Reduce absolute scope 1 and 2 GHG emissions by 50% by 2030 from a 2018 baseline (in line with the target submitted to SBTi)

CO₂-equivalent emissions by type – market-based approach (in thousand tonnes)⁷



Sustainability Performance Target observation date: 28 December 2025 or 29 December 2030.

The determination of the applicable observation date for each Sustainability-Linked Bond will be established based on its respective maturity ensuring a tailored approach to monitoring and assessment.

Action plan to reach the SPTs:

To address the emissions in our brands' operations, we identified four key levers:

- **Transition to low emitting refrigerants:** This priority includes replacing or retrofitting refrigerator systems with lower-GHG alternatives, installing natural / hybrid systems (e.g., new CO₂ systems with GWP 1) and minimizing leakage from all our systems. It has the potential of reducing carbon emissions from using refrigeration equipment

⁷ The 2022 figures have been restated; for more information see "Restatement of prior year figures and adjustments to baseline" in "Scope 1 and 2 GHG emissions" section of the 2023 Annual Report. 2021 is not restated in this table.

by up to 95%. For example, Hannaford has pioneered the use of trans-critical CO₂ systems in stores and refrigerated warehouses.

- **Transition to renewable energy:** We are working on increasing onsite generation capacity and use of power purchase agreements (PPAs) and renewable energy credits (RECs). As part of this work, we are establishing long-term partnerships with local renewable energy producers. For example, The GIANT Company recently entered into a long-term agreement with a solar energy provider that will enable it to avoid more than 100,000 metric tonnes of scope 2 carbon emissions associated with its energy use annually.
- **Transition from fossil fuels in heating and transportation:** We are converting our heavy-duty vehicle fleets to battery electric vehicles and electrifying facility heating with heat pumps and by using waste heat and other heating solutions. Working with other logistics partners, bol.com is making progress on reducing delivery-related emissions. In addition, bol.com was the first e-commerce company in Belgium and the Netherlands to receive the Climate Neutral Certification mark. The brand has also increased shipments sent without outer boxes, to reduce packaging materials, and is exploring reusable packaging options. For the last few years, several Ahold Delhaize brands in Europe have reduced their reliance on fossil fuel heating from their operations. For example, all new Albert Heijn stores in the Netherlands are built with alternative ways of heating, including heat pumps and heat recuperation. In the next few years, Albert Heijn's operations in the Netherlands will be completely free from using natural gas.
- **Increased energy efficiency:** Our brands are building and remodeling stores in the most energy efficient way possible by installing energy-efficient equipment, such as LED lights, doors on refrigerator cabinets, heat recuperation, heat pumps, CO₂ refrigeration systems (which not only reduce emissions, but are more energy efficient than conventional refrigerators) and improved insulation. They are also installing sensors – for example, sensors that automate defrosting by sensing when it is needed and are more energy efficient than using a timer. Our brands continue to further reduce GHG emissions in our own operations. For example, Delhaize Serbia committed that it would use LED lighting in its entire store network by the end of 2024. In 2022, the brand also replaced existing fluorescent lighting in its DC with LED lighting, which is expected to cut power consumption by about 700 MWh per year. In 2022, more than 270 of the Ahold Delhaize USA brands' stores completed LED conversions and more than 20 stores retrofitted open refrigerated cases to have doors and improve operating efficiency.

Please refer to the above Section 2. *Health & Sustainability approach* and our *Climate Plan* [here](#) for further details on our action plan.

KPI 2:

Absolute scope 3 CO₂-equivalent emissions (FLAG⁸ and E&I⁹) from our value chain

Rationale

Highlighting our commitment to address climate change beyond our own emissions (KPI 1) and demonstrating our efforts towards our entire environmental impact, we have defined a scope 3 target to address the majority of our GHG emissions. Our updated 1.5°C aligned scope 3 targets are pending SBTi validation.

Our value chain consists of thousands of suppliers, producers and farmers who supply hundreds of thousands of products that are sold to millions of customers across the United States and Europe each day. Our scope 3 emissions are driven by purchased goods and services, use of sold products and other categories (e.g., business travel). The category “purchased goods and services” represented 90.1% of our scope 3 emissions in 2022.

Long-term Goal

Our scope 3 targets for the long-term are:

- reducing absolute scope 3 FLAG GHG emissions by at least 72% (or 15.0 MtCO₂e) by 2050 from a 2020 baseline (for long-term target, 20.8 MtCO₂e¹⁰); and
- reducing absolute scope 3 E&I GHG emissions by 90% (or 34.0 MtCO₂e) by 2050 from a 2020 baseline (for long-term target, 37.8 MtCO₂e¹¹).

Long-term targets (not in scope of the SPTs of this Framework) cover calculated emissions from GHG Protocol categories 3, 4, 5, 6, 7, 9, 11, 12 and 90% of calculated emissions from category 1. Categories 14 and 15 are included in the scope 3 inventory but excluded from the targets’ boundaries. These inclusions and exclusions are in line with SBTi guidance and are driven by the level of influence Ahold Delhaize has on reductions in each category.

Methodology

GHG emissions data consists of a calculated CO₂ equivalent, defined as actual CO₂ emitted plus equivalent emission from other GHGs such as methane (CH₄), nitrous oxide (N₂O) and various refrigeration blends, including HFCs.

Our GHG emission calculation methodology follows the guidelines of the World Business Council for Sustainable Development (WBCSD)/World Resources Institute (WRI) and GHG Protocol regarding corporate greenhouse gas accounting and reporting. To calculate carbon emission equivalents, we use emissions factors.

Calculating scope 3 emissions is complex. Our grocery retail brands have hundreds of thousands of products on their shelves supplied by more than 10,000 direct suppliers. All these direct suppliers source materials and ingredients from their own suppliers, resulting in

⁸ Forest, Land and Agriculture

⁹ Energy and Industry (non-FLAG)

¹⁰ Based on the SBTi methodology

¹¹ Based on the SBTi methodology

complex supply chains interdependencies across geographies. Because of this complexity, actual data on our scope 3 GHG emissions is currently not consistently available, and we continue to work to improve this. As our local brands continue to reach out to their suppliers, we expect increasing access to actual data, which will make our numbers more accurate. We currently rely on assumptions and estimations when calculating our scope 3 GHG emissions. We use two main calculation methods defined by the GHG Protocol: the average data and spend-based methods. We apply the method that is most suitable, based on the category.

Contribution to

- **EU Environmental Objective 1 – Climate Change Mitigation**
Reduce net greenhouse gas (GHG) emissions by at least 55% by 2030, compared to 1990 levels and make Europe climate neutral by 2050.
- **SDG 13 - Climate Action**
Target 13.2: by 2030, integrate climate change measures into policies, strategies, and planning.



KPI 2a:

Absolute scope 3 FLAG GHG emissions (MtCO₂e)

Definition

Scope 3 forest, land, and agriculture (FLAG) GHG emissions are measured in million tonnes of carbon dioxide equivalent expressed in MtCO₂e.

Scope

The KPI includes all relevant and calculated forest-, land- and agriculture-related indirect GHG emissions from the Company's value chain, as per the GHG Protocol category I, which is restricted to 67% of calculated GHG emissions from category I aligned to SBTi guidance.

KPI 2b:

Absolute scope 3 Energy and Industry (non-FLAG) GHG emissions (MtCO₂e)

Definition

Scope 3 energy and industry (non-FLAG) GHG emissions are measured in million tonnes of carbon dioxide equivalent expressed in MtCO₂e.

Scope

Near-term targets' coverage as relevant for the SPTs in this Framework are 100% of calculated emissions from GHG Protocol categories 3, 4, 5, 6, 7, 9, 11, 12, and 67% of calculated energy and industry GHG emissions from category I aligned with SBTi guidance.

Sustainability Performance Targets (SPTs)

The SPTs align with our 2030 targets vs the 2020 baseline. We selected 2020 as the baseline year for scope 3 given the improved quality and robustness of our local brands' purchasing and supply chain data for that year.

Historic data			Sustainability Performance Targets (SPTs)	
2020 Baseline	2021 ¹²	2022	2030	
KPI 2a	15.5 (MtCO ₂ e ¹³)	<i>n.a.</i>	<i>n.a.</i>	SPT 2a - Reduce absolute scope 3 FLAG GHG emissions by 30.3% by 2030 from a 2020 baseline <i>(in line with the target submitted to SBTi)</i>
KPI 2b	29.5 (MtCO ₂ e ¹⁴)	<i>n.a.</i>	<i>n.a.</i>	SPT 2b - Reduce absolute scope 3 E&I GHG emissions by 42% by 2030 from a 2020 baseline <i>(in line with the target submitted to SBTi)</i>

Sub-targets SPT 2a and 2b will be tested independently as per SBTi Methodology. However, both SPT 2a and 2b need to be achieved by the Sustainability Performance Targets observation date.

Our 2030 (near-term) scope 3 carbon emissions reduction targets are aligned with a 1.5°C trajectory. Scope of the target is 100% of calculated emissions from GHG Protocol categories 3, 4, 5, 6, 7, 9, 11, 12 and 67% of calculated emissions from category 1. Categories 14 and 15 are included in the scope 3 inventory but excluded from the target boundary.

The land and agriculture-related emissions comprise 34% of our scope 3 GHG footprint and align with the SBTi FLAG Standard, with a linear annual reduction of 3.03%. For the non-land related emissions target (E&I), we consider SBTi's 4.2% annual reduction to be aligned with a 1.5°C trajectory.

The reduction trajectory includes a business-as-usual situation, which considers our expected growth, and deducts results unrelated to any effort by Ahold Delhaize, such as suppliers committing to SBTi, greening of the grid and the impact of legislation. We have submitted our updated scope 3 reduction targets for approval to the SBTi.

Sustainability Performance Targets observation date: 28 December 2031¹⁵.

Action plan to reach the SPTs:

We have identified three key priorities, and within that there are seven decarbonization levers that are expected to have the most significant impact on our value chain emissions:

- **Accelerating supplier and farmer implementation of science-based targets:** An important way we work towards the decarbonization of our value chain is by

¹² The split FLAG vs E&I historic data for 2021 and 2022 is not available.

¹³ Based on SBTi methodology

¹⁴ Based on SBTi methodology

¹⁵ Due to data availability and resource requirements, we will report scope 3 emissions on a one-year delay and the SPTs' observation date will hence be on 28 December 2031.

encouraging and supporting our suppliers to set their own emissions reduction targets in line with the latest scientific evidence and sign up to the SBTi. As they commit to emissions reduction, this will accelerate improvements in livestock farming, raw material sourcing, deforestation reduction, processing, food waste reduction, packaging, and transport. We are proactively engaging with our supplier base and are leveraging our position in the world of food retail to create a positive movement toward the reduction of GHG emissions. Our brands contribute by supporting their suppliers and farmer partners with concrete environmental actions. For example, the suppliers and farmers can help reduce GHG emissions from livestock through new technologies and practices, such as enteric fermentation (methane reduction through genetic selection or feed additives) and manure management (biogas from liquid manure and the addition of sulfuric acid to shift the pH value of manure). Of Ahold Delhaize's top 100 suppliers, more than 50 have already set or are committed to setting GHG emissions-reduction targets in line with the SBTi.

- **Investing in low-carbon products offering:** Our brands are driving the improvement of their existing assortments and the development of new assortments with fewer embedded emissions. They continue to introduce more plant-based protein products, the production of which creates fewer emissions than animal-based products, and support customers in making more sustainable choices. For example, our Dutch brand Albert Heijn is committed to achieving a distribution of 60% plant-based and 40% animal-based protein sales by 2030. Delhaize Belgium is taking important steps to support the protein transition and announced in 2022 that it aims to double its plant-based assortment by 2025. All our brands in Europe will commit to baseline their current protein ratios and set protein ratio targets.
- **Encouraging customers to choose lower emission products:** Our brands are helping customers understand the impact of their buying decisions and make choices that fit their needs, their tastes, and their values. It includes stimulating and rewarding sustainable choices through loyalty programs and discounts, increasing product transparency through navigation systems and product labeling, improving assortments and products with more vegan and vegetarian products, and increasing knowledge about a healthy lifestyle by giving customers access to free dieticians and knowledge platforms. For example, Delhaize continued to support customers' purchasing power through its SuperPlus loyalty program, which offers discounts on its entire range of products with a Nutri-Score of A and B.

Please refer to the above Section 2. *Health & Sustainability approach* and our *Climate Plan* [here](#) for further details on our action plan and identified challenges.

KPI 3:

Food Waste in tonnes of food waste per food sales

Rationale

Every year, around one-third of all food produced for human consumption is lost or wasted, fueling carbon emissions. Food loss and waste negatively impact food security worldwide and negatively affects climate. Our brands, together with customers and suppliers, are reducing waste across the value chain. Reducing food waste provides multiple benefits to reach environmental and societal objectives associated with biodiversity, climate change, and help reduce hunger and poverty.

IOx2Ox3O Food Loss and Waste Initiative

As a founding member of the IOx2Ox3O Food Loss and Waste Initiative, all our brands are partnering with key suppliers to tackle the challenge of food waste across the supply chain.

Definition

As measured by percentage reduction in tonnes of food waste per million Euro food sales. Food waste means any food not eaten by people: any food that is not (i) sold, (ii) donated to hunger relief charities, or (iii) otherwise stays within a system to feed people, and is including unsold food sent to animal feed, composting, anaerobic digestion, and bio-based materials, controlled combustion, and landfill.

Scope:

Ahold Delhaize Operations includes all owned stores (integrated stores and in the food sales to franchises / affiliates), warehouses, distribution centers, and transport where Ahold Delhaize manages the waste stream.

Long-term Goal

Reduce food waste by 50% by 2030, compared to our 2016 baseline.

Methodology

We measure food waste according to the Food Loss and Waste Protocol (FLW protocol)¹⁶. FLW Protocol is a multi-stakeholder effort to develop the global accounting and reporting standard (known as the FLW Standard) for quantifying food and associated inedible parts removed from the food supply chain (referred to for simplicity's sake as "food loss and waste"). For more information, see www.flwprotocol.org.

Contribution to

- **EU Environmental Objective 4 – Transition to a circular economy**
An economic activity can also contribute substantially to the environmental objective of transitioning to a circular economy by reducing food waste in the production, processing, manufacturing, or distribution of food.
- **SDG 2 – Zero Hunger**
Target 2.1: by 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.



¹⁶ We measure Food Waste according to the Food Loss & Waste (FLW) Standard.

- SDG 12 – Responsible Production and Consumption**
 Target 12.3: by 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.
 
- SDG 13 – Climate Action**
 Target 13.2: by 2030, integrate climate change measures into policies, strategies, and planning.
 
- Global Biodiversity Framework – Target 16**
 Enable Sustainable Consumption Choices to Reduce Waste and overconsumption. By 2030, reduce the global footprint of consumption in an equitable manner, including through halving global food waste.

Sustainability Performance Targets (SPTs)

The SPTs align with our 2025 and 2030 Goal to Reduce food waste by >40% by 2025 and by 50% by 2030, expressed as tonnes of food waste per food sales (t/MEUR) respectively.

Historic data ¹⁷				Sustainability Performance Targets (SPTs)	
2016 Baseline	2021	2022 restated	2023	2025	2030
4.99 tonnes of food waste per food sales (t/MEUR)	-21%	-34%	-37%	Reduce food waste by >40%, by 2025 from the 2016 baseline	Reduce food waste by 50%, by 2030 from the 2016 baseline

Sustainability Performance Targets observation date: 28 December 2025 or 29 December 2030.

The determination of the applicable observation date for each Sustainability-Linked Bond will be established based on its respective maturity ensuring a tailored approach to monitoring and assessment.

Action plan to reach the SPTs:

- Reduce waste across our brands' operations, including stores, warehouses, and transport:** Maximizing product utilization (e.g., through upcycling), refining product management (e.g., through enhanced demand planning) or enhancing product distribution (e.g., through decreased transit times or optimized routes). For example, Albert Heijn is reducing food waste through the “yesterday’s bread” initiative by selling any bread left over from the day before at extra low prices.
- Divert surplus food to food banks, charities, and innovative operations such as restaurants that cook with unsold food:** For example, Food Lion set up the Food Lion Feeds program with a target to donate 1.5 billion meals by 2025. Since the start of

¹⁷ The 2022 figures have been restated; for more information see “Restatement of prior year figures and adjustments to baseline” in “Food waste” section of the 2023 Annual Report. 2021 is not restated in this table.

the program, Food Lion has donated over 800 million meals. In 2021, our brands continued to find innovative ways to reduce food waste. For example, The GIANT Company's chain-wide rollout of Flashfood – an app-based digital marketplace giving shoppers savings on foods approaching their expiration dates – contributed to the brand's waste reduction strategy.

- **Send food no longer suitable for human consumption to other recycling methods, to divert it from landfill:** These methods can include animal feed production, green energy facilities or industrial uses. Hannaford became the first large-scale grocery retailer across its New England and New York markets to donate or divert all food waste, completely avoiding disposing of food in landfills.
- **Partnering with key suppliers to tackle the challenge of food waste across the supply chain:** Ahold Delhaize brands have so far partnered with fourteen major suppliers to root out food loss and waste in the food supply chain. Arla Foods, Barba Stathis, Cargill, Chobani, Delta, General Mills, Hilton Foods Holland, Hoogesteger, Kellogg's, La Linea Verde d.o.o., Mars Incorporated, PepsiCo, Vezet and Yuhor have committed to reduce food waste by 50% in their own operations by 2030.

Please refer to the above Section 2. *Health & Sustainability approach*, our Climate Plan [here](#) and our 2023 Annual Report [here](#) for further details on our action plan.

b. Bond Characteristics

Our Sustainability-Linked Bonds have a sustainability-linked feature that will result in a financial impact such as a coupon step-up if the performance of the KPI does not meet all the selected SPT(s). The selection of the SPTs for any bond issued under the Framework may depend on the maturity of the bond. The relevant KPI(s), SPT(s) and financial impact, if applicable, would be specified in the terms and conditions of the relevant SLBs prospectuses, or final terms, as applicable.

c. Reporting

We will publish annually, and for any date/period relevant for assessing the trigger of the SPT performance leading to a potential coupon adjustment, a Sustainability-Linked Bond update on our website as part of our Annual Report including:

- Up-to-date information on the performance of the selected KPIs, including the baseline where relevant;
- A verification assurance report relative to the KPIs outlining the performance against the SPTs and the related impact, and timing of such impact, on a bond's financial performance; and
- Any relevant information enabling investors to monitor the progress of the SPTs.

Information may also include whenever workable:

- Qualitative or quantitative explanation details on the factors, including M&A activities, that materially impact the evolution of the performance/KPIs.

- Illustration of the positive sustainability impacts of the performance improvement;
- Any re-assessments of KPIs and/or restatement of the SPTs and/or pro-forma adjustments of baselines or scope of the KPIs in line with the recalculation policy as defined in this Framework.

d. External Verification

Pre-issuance external verification

Ahold Delhaize has retained Sustainalytics to provide a Second Party Opinion (“SPO”) on the sustainability benefit of this Framework as well as the alignment to the SLBP. The SPO is available on our website [here](#).

Post-issuance external verification

We will seek independent and limited assurance external verification of our performance against the specified SPTs for the selected KPIs. We will do so every year, or for any date/period relevant for assessing the SPTs performance leading to a potential financial impact, such as a coupon adjustment, until after the SPT trigger event of an instrument has been reached. For this, we use a qualified external reviewer with relevant expertise. Our Annual Report and website will provide access to the verification of the performance against the SPT.

Amendments to this Framework

Ahold Delhaize will review this Framework from time to time, including its alignment to updated versions of the relevant principles as and when they are released, with the aim of adhering to best practices in the market. Ahold Delhaize will also review this Framework in case of material changes to the perimeter, methodology, and the calibration of the KPIs and/or SPTs. Such review may cause this Framework being updated and amended. The updates, if not minor, will be presented for approval to Sustainalytics or any such other qualified provider of second party opinion. The Framework does not apply to Sustainability-Linked Bonds issued under previous frameworks. Instruments issued under the Framework are not affected by any updates of new iterations of this document, unless explicitly stated by Ahold Delhaize.

Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external verifier. The updated Framework, if any, will be published on Ahold Delhaize’s website and will replace this Framework.

Recalculation policy

The KPI baseline(s), the baseline date(s) and/or the SPTs may be recalculated or redefined in good faith by Ahold Delhaize and applied to existing Sustainability-Linked Bond instruments issued out of this Framework, based on specific circumstances such as changes in:

- i. the 2030 Scope 3 FLAG and E&I targets, which were submitted to the SBTi and are pending validation and that are referred to as the 2030 Scope 3 SPTs under this Framework; or
- ii. Ahold Delhaize's perimeter as a result of, but not limited to, acquisitions, amalgamations, demergers, mergers, corporate reconstructions, divestitures or disposals, large capital projects or force majeure events; or
- iii. any applicable laws, regulations, rules, guidelines, and policies relating to the business of Ahold Delhaize; or
- iv. the methodology for calculating one or more KPIs to reflect changes in market practice or standards, which, individually or in aggregate, have a significant impact on an SPT or KPI baseline; or
- v. Ahold Delhaize's ability and autonomy to calculate one or more KPIs, for example as a result of data accessibility, data quality, data error, or several cumulative errors that together are significant. In other cases, a proxy can be used.

Ahold Delhaize will endeavor, if feasible, that any recalculation to the extent possible is: (i) consistent with Ahold Delhaize's sustainability strategy; and (ii) in line with the initial level of ambition of the relevant SPT. Ahold Delhaize will, in good faith, make any changes to align with any re-assessments of KPIs, and/or restatement of the SPTs, and/or pro-forma adjustments of baselines or scope of the KPIs disclosed in the Annual Report.

Changes are significant if the changes drive an increase or decrease of the KPI(s) baseline and/or SPT(s), individually or in aggregate, of 5% or more. Ahold Delhaize may also choose to recalculate the KPI baseline(s) and/or SPT(s) for changes of less than 5%.

In the event of such changes, to ensure that full and accurate data is available, recalculation will be performed as soon as possible after one full financial year following the change.

Adjustments to the KPI baseline(s), the baseline date(s) and/or the SPT(s) will be communicated as soon as reasonably feasible by Ahold Delhaize in accordance with the conditions outlined in the specific documentation of each Sustainability-Linked Bond instrument.

Disclaimer

The information and opinions contained in this Ahold Delhaize Sustainability-Linked Financing Framework (the “Framework”) are provided as at the date of this Framework and are subject to change without notice. None of Ahold Delhaize or any of its affiliates (the “**Ahold Delhaize Group**”) assume any responsibility or obligation to update or revise such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Framework represents current Ahold Delhaize Group policy and intent, is subject to change and is not intended to, nor can it be relied on, to create legal relations, rights, or obligations. This Framework is intended to provide non-exhaustive, general information. This Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by the Ahold Delhaize Group and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Ahold Delhaize Group as to the fairness, accuracy, reasonableness, or completeness of such information. This Framework may contain statements about future events and expectations that are “forward-looking statements”. All statements other than statements of historical facts may be forward-looking statements. Words and expressions such as commitment, ambition, expect(ed)/(s), will, further, growth, throughout, strategy, plan to, aims, reduction, ensure, position, could, can, supporting, aim, believe, drive, estimate, expect, goal, may, plan, project, strategy, target, should, opportunities, continue(d)/(ing), leading, working towards, future, accelerate, potentially), assumptions, progress, remain, stay, ensure, continuity, reach or other similar words or expressions are typically used to identify forward-looking statements. Forward-looking statements are subject to risks, uncertainties and other factors that are difficult to predict and that may cause the actual results of Ahold Delhaize to differ materially from future results expressed or implied by such forward-looking statements. Forward-looking statements reflect the current views of Ahold Delhaize’s management and assumptions based on information currently available to Ahold Delhaize’s management. Forward-looking statements speak only as of the date they are made, and Ahold Delhaize does not assume any obligation to update such statements, except as required by law. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the Framework. No representation is made as to the suitability of any sustainability-linked bonds (“SLBs”) to fulfil environmental and sustainability criteria required by prospective investors. Each potential purchaser of SLBs should determine for itself the relevance of the information contained or referred to in this Framework or the relevant SLBs documentation for such SLBs, including, but not limited to, the relevant prospectus. However, nothing in this Framework is intended to modify or add to any covenant or other contractual obligation undertaken by Ahold Delhaize in any SLBs that may be issued in accordance with this Framework. This Framework does not create any legally enforceable obligations against Ahold Delhaize; any such legally enforceable obligations relating to any SLBs are limited to those expressly set forth in the indenture and notes governing such SLBs. Therefore, unless expressly set forth in the terms and conditions governing such SLBs, it will not be an event of default or breach of contractual obligations under the terms and conditions of any such bonds if Ahold Delhaize fails to adhere to this Framework, whether by failing to meet SPTs described in this Frameworks, or by failing (due to a lack of reliable information and/or data or otherwise) to provide investors with reports on such SPTs. In addition, it should be noted that all of the expected benefits of the SPTs as described in this Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in government policy (whether with a continuity of the government or on a change in the composition of the government), changes in laws, rules or regulations, could limit the ability to achieve some or all of the expected benefits of these initiatives. Each environmentally focused potential investor should be aware that SPTs may not deliver the environmental or sustainability benefits anticipated and may result in adverse impacts. This Framework does not constitute a recommendation regarding any securities of Ahold Delhaize or any member of the Ahold Delhaize Group. This Framework is not, does not contain and may not be intended as an offer to sell or a solicitation of any offer to buy any securities issued by Ahold Delhaize or any member of the Ahold Delhaize Group. In particular, neither this document nor any other related material may be distributed or published in any jurisdiction in which it is unlawful to do so, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession such documents may come must inform themselves about, and observe, any applicable restrictions on distribution. Any decision to purchase or otherwise invest in any SLBs should be made solely on the basis of the information to be contained in any offering document provided in connection with the offering of such SLBs. Prospective investors are required to make their own independent investment decisions.