1 Strategic report

OUR BUSINESS

LOCAL MATTERS

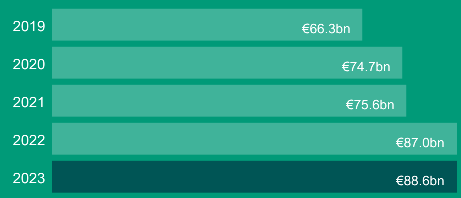
Albert Heijn
The Netherlands

GROUP HIGHLIGHTS

NET SALES[1]

€88.6bn ^ 1.9%

2022: €87.0bn
(+3.8% at constant rates)



NET CONSUMER ONLINE SALES

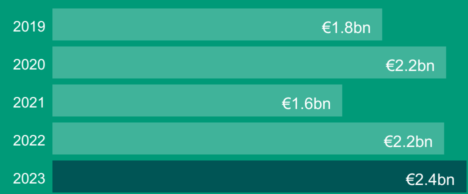
€11.9bn ^ 4.8%

2022: €11.3bn
(+5.9% at constant rates)

FREE CASH FLOW[2]

€2.4bn ^ 0.2bn

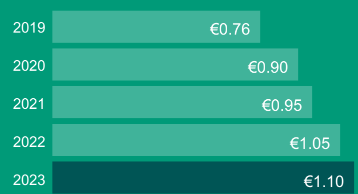
2022: €2.2bn



DIVIDEND PER COMMON SHARE

€1.10 ^ €0.05

2022: €1.05
(43% of net profit)



NET INCOME

€1.9bn ˅ (26.4)%

2022: €2.5bn

UNDERLYING OPERATING INCOME

€3.6bn ˅ (3.3)%

2022: €3.7bn

UNDERLYING OPERATING INCOME MARGIN

4.1% ˅ (0.2)pp

2022: 4.3%

DILUTED INCOME PER SHARE FROM CONTINUING OPERATIONS

€1.94 ˅ (23.7)%

2022: €2.54

DILUTED UNDERLYING INCOME PER SHARE FROM CONTINUING OPERATIONS

€2.54 ˅ (0.4)%

2022: €2.55

OWN-BRAND FOOD SALES FROM HEALTHY PRODUCTS

54.8% ^ 0.4 pp

2022: 54.4%

REDUCTION IN FOOD WASTE (T/€ MILLION)[3]

37% ^ 2 pp

2022: 34%
2023: 3.17 t/€ million

REDUCTION IN ABSOLUTE CO_2-EQUIVALENT EMISSIONS (SCOPE 1 AND 2)[4,5]

35% ^ 5 pp

2022: 29%
2023: 2,679 kt

ASSOCIATE ENGAGEMENT

78% ˅ 1 pp

2022: 79%
Industry benchmark: 78%

MSCI INDEX

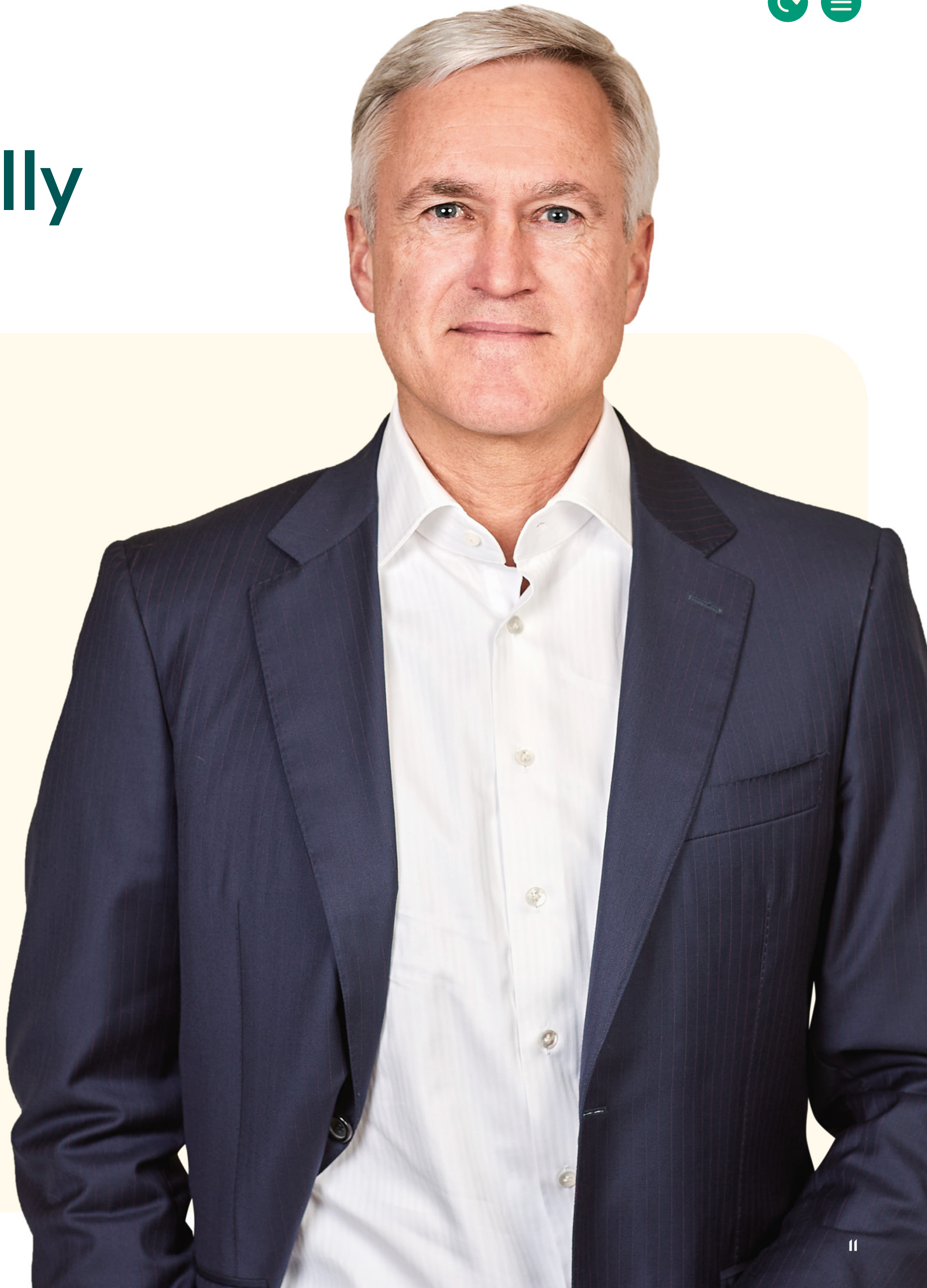
AAA ^ 1 rating

2022: AA

1 Ahold Delhaize's 2019, 2021, 2022 and 2023 fiscal year consisted of 52 weeks, while 2020 consisted of 53 weeks.
2 In 2023, after €2.4 billion cash capital expenditure (2022: after €2.5 billion cash capital expenditure).
3 The reduction is measured against the restated 2016 baseline: 4.99 t/€ million. See *ESG statements* for more information.
4 The 2022 number was restated; see *ESG statements* for more information.
5 The reduction is measured against the restated 2018 baseline: 4,095 thousand tonnes CO_2-equivalent emissions. See *ESG statements* for more information.

Making a difference locally

FRANS MULLER, PRESIDENT AND CEO OF AHOLD DELHAIZE



Frans Muller shares a message about how being a family of great local brands enabled us to continue to meet the needs of customers, communities, associates, partners and shareholders during another challenging year.

Dear readers,

Our stores and associates are at the center of their communities, which means they are also directly impacted by the ups and downs of whatever is happening in society. I was reminded of this last fall, while visiting one of The GIANT Company's stores in Philadelphia, as Store Manager Jessica Fischer shared with me the highlights of her work. These included coaching her team to serve every customer well, offering good value for money and making people feel at home. A center store display with great products from local entrepreneurs certainly helped! She also shared her challenges – in particular, about how running a store in this day and age also means that the team is coping with the need to increasingly support customers and communities during difficult times, and dealing with issues like organized retail theft.

We had to tackle many such challenges during a year characterized by constant change: including war, political and social unrest, inflation, natural disasters and increasing polarization in society. Let me start by saying I'm very proud as I reflect on the remarkable achievements by associates throughout 2023. In the face of adversity, teams across all the brands showed unwavering resilience and agility, adapting to the evolving landscape and consistently going above and beyond to assist customers and communities in navigating these complex times.

Helping customers manage their budgets

Our brands worked hard to provide the relevant, convenient "shop anytime, anywhere" experience we pledge to offer – and customers expect.

One key focus area during this period of high inflation was helping customers manage their household budgets. Our brands did this by keeping prices as low as possible, expanding own-brand assortments of affordable and healthy products and offering more promotions and inspiration to make budget-friendly meals.

MESSAGE FROM OUR CEO

Our local brands also leveraged their digital capabilities to provide customers with highly personalized discounts tailored to their needs. Our sourcing teams in Europe continued to gain efficiencies by sourcing and developing own-brand products together. We left no stone unturned and significantly exceeded our Save for Our Customers goal, generating over €1.25 billion in cost savings, which is over €250 million more than we had originally planned. This enabled the brands to keep prices as low as possible for customers. We also joined retail alliance EURELEC, which negotiates with large international suppliers to help tackle purchase price differences between European markets.

Transforming the company for the future

During these volatile times, Ahold Delhaize and our great local brands not only adapted to change to serve customers today, but took key steps to simplify our business for the future. These included making important – and sometimes difficult – strategic and operational decisions aimed at sustainable, long-term value creation.

For example, we continued to invest in our local brand strategy. This year, we agreed to acquire Romanian supermarket chain Profi Rom Food SRL (Profi), subject to regulatory approval. This will more than double the size of our business in Romania, expanding our existing footprint there to better serve both urban and rural areas and allow Profi and Mega Image to more effectively serve customers and drive sales growth and profitability.

In Belgium, the Delhaize team continued to make strong progress in executing their plan to simplify the organization by bringing all Delhaize stores under one business model, with affiliated stores only. Delhaize is well on its way to completing the transition to independent entrepreneurs. This plan is helping the brand strengthen its position in the competitive Belgian market and build deeper connections to local customers and communities.

Meeting our financial goals

All of this hard work helped our brands maintain customers' trust and loyalty, which was reflected in increasing market shares. Looking to our results, we met all of our key financial goals for the year. For example, our free cash flow was €2.4 billion, finishing at the higher end of our guidance range, reflecting growth in net cash flows from our operating activities.

Our CapEx goal for 2023 was to invest €2.5 billion in areas such as store remodeling, including innovations and improvements to support our ESG agenda. And we continued to modernize our infrastructure. This also has a trickle-down effect in the local economies – for example, when we build a new Home Shop Center (HSC), remodel a store, or develop new features in our apps, it creates work for construction companies, painters, and logistics and IT companies. And as we pursue our ESG strategy, it generates business for companies providing electric transportation, environmentally friendly refrigerants and AI technology, to name a few.

Key developments in our strategy

Our strategy has four pillars that guide our work and determine where we invest. I want to share some highlights from the year that stood out to me, but, of course, this Annual Report will give you all the details.

Driving omnichannel growth

We firmly believe our strength lies in the seamless mix of in-store and online shopping: our omnichannel strategy. In 2023, we continued to drive omnichannel growth and invest in our omnichannel ecosystems, which offer customers the flexibility of shopping whenever and however they want. As an example, Food Lion continued to elevate its fleet of stores to our best-in-class omnichannel format. In 2023 alone, the brand remodeled more than 10% of its store fleet. These investments are creating a better shopping experience for customers and more sustainable operations. In the Netherlands, bol showed a resilient performance. In a tougher online e-commerce market, it continued to gain market share and strongly increased its value-added services, such as advertising and logistics.

As customers' shopping preferences evolve in the U.S., we concluded that we need to orient our online fulfilment capabilities towards more efficient, less asset-intense same-day delivery models, such as click-and-collect and pick-from-store order fulfillment. To achieve this, we determined it was best to close the U.S. Jersey City, New Jersey, and Hanover, Maryland, fulfillment centers, and made the difficult decision to divest our FreshDirect brand.

Elevating healthy and sustainable

Even in the face of economic pressures and other challenges, we continued to advance our health and sustainability agenda. We achieved a triple A rating from MSCI in August, an important benchmark for investors, indicating Ahold Delhaize is an industry leader in managing the most significant ESG challenges and opportunities. Another significant milestone was bol's B Corp certification. We are proud that an e-commerce platform of its size has been able to achieve this, and excited that Albert Heijn is working toward joining them.

Local teams across our brands focused on reducing energy consumption, refrigerant leakage and transport in their own operations; partnering with suppliers to support and incentivize sustainable change; and investing in sustainable agriculture. We also saw improved performance on our food waste reduction targets.

You can learn more about our performance this year in our *Environmental, social and governance* section, which we've expanded with more details, including a new overview of the UN Sustainable Development Goals and how we're striving to help fulfill them and details about our journey to comply with the Corporate Sustainability Reporting Directive.

We understand how important it is to work together within the supply chain to tackle the challenges that face people and our planet today. That is why my appointment as Co-Chair of the Consumer Goods Forum (CGF) has been an honor. I'm committed to supporting the collaboration between suppliers and retailers in the forum to accelerate change in a number of areas, including the challenge of net zero. Furthermore, Ahold Delhaize published an updated Climate Plan in 2023. It outlines the actions we are taking and targets we have set to help us decarbonize both our own brands' operations and also our supply chain, in line with the UN's goal to limit global warming to 1.5°C.

> During these volatile times, Ahold Delhaize and our great local brands not only adapted to change to serve customers today, but took key steps to simplify our business for the future.

MESSAGE FROM OUR CEO

Cultivating best talent

We clearly work in a people business, built on the relationships our colleagues develop with partners across the supply chain, customers that shop online and in the stores, and local communities. This is why it is so important for us to continue to cultivate the best talent in the industry. We recognize the great responsibility we have as an employer with 402 thousand associates around the world – all our brands and businesses strive to create workplaces where associates are engaged and feel that their contributions are valued and they can truly be who they are.

In 2023, we remained focused on associate well-being and supporting mental health in an environment of continuous change and challenges. Our brands have started business resource groups (BRGs) focused on well-being and mental health, and we are training leaders to help create a culture of psychological safety and belonging. We are also investing in development, to offer associates the opportunity to grow in their careers with our brands and businesses.

> All our brands and businesses strive to create workplaces where associates are engaged and feel that their contributions are valued and they can truly be who they are.

Strengthening operational excellence

Our work on operational excellence has positioned us well to support customers and maintain a steady performance even in the midst of challenging economic circumstances. Teams at our brands work tirelessly to improve how they operate stores, distribution centers (DCs) and HSCs.

For example, in 2023, our brands opened new, state-of-the-art DCs to help us provide a seamless omnichannel offering. These included a new, mechanized Albert Heijn HSC and the first HSC for online food distribution in Serbia, both in support of our European model of home delivery, as well as a new facility in Chester, New York, to support pick from store and click and collect at our U.S. businesses.

In the U.S., the completion of the self-distribution network is putting our brands fully in control of their own operations, so they can keep costs down and partner more closely with suppliers to improve product availability and freshness. And we have a similar project in Europe, where our brands are taking learnings from the rollout of our online proposition and HSC in the Netherlands and implementing them in Belgium and Central and Southeastern Europe (CSE).

We continued to invest in PRISM, our own proprietary e-commerce platform, across the U.S. brands. It enables us to fully own the customer digital experience and provides a unique opportunity for our brands to continue to learn about customers and make changes to meet their needs.

Entering a phase of new momentum

As we reflect on the five years since we kicked off our Leading Together strategy, we are taking stock of what we have learned so far and refreshing our priorities to adapt to changes in the macro and competitive environment. This will require some shifts in focus, and we are excited to explain more about our future plans to build the next phase of growth and value creation for our company during our Strategy Day in May.

For 2024, while we expect the economic backdrop to remain challenging, we do see real opportunities for our brands to kick off a phase of new momentum. The investments we have made in group-wide capabilities – in areas like technology, digital and loyalty – will pay off and be further enhanced by the opportunities data and AI offer.

We will elaborate more on this in May, but here are a few things you can already count on: a relentless focus on the customer, further simplification of our organization to sustain growth, and refinements to how we plan to deploy capital to capture our biggest opportunities. With regard to our short-term goals for 2024, we expect a relatively consistent performance year over year.

Our role in society

The theme of this report is “local matters” – and, in 2023, we proved that once again. Our brands remain intensely focused on ensuring customers and communities have access to affordable, sustainable and healthy products. And at the same time, we are wholeheartedly committed to playing our part as an industry leader to ensure we can build a more sustainable supply chain that is healthier for the planet. Please take the time to dive into this Annual Report, as it contains a wealth of examples of our work and how we view our role in society.

On behalf of the Executive Committee, I want to thank colleagues at all our brands, who work hard every day to help people in their communities eat well, save time and live better. We’re grateful to customers for their loyalty, and our partners across the supply chain for helping us achieve our shared goals. And we’d like to thank our shareholders for their continued support.

Frans Muller

President and CEO

FIRST QUARTER

JANUARY, FEBRUARY, MARCH

Convenient shopping

Hannaford reaches a major e-commerce milestone with more than 90% of the brand's 185 stores offering Hannaford To Go pickup and delivery.

90%

offering Hannaford To Go pickup and delivery

Loyalty program kudos

Food Lion, Giant Food and Stop & Shop are named in Newsweek's 2023 list of Best Loyalty Programs.

Transitioning Belgian supermarkets

Delhaize announces the intention to align all its stores under one operating model by transitioning its 128 integrated Belgian supermarkets into independent affiliated Delhaize stores.

Expanding Better for Nature and Farmer

Albert Heijn welcomes third parties to its Better for Nature and Farmer Program. By making the program and accompanying product label widely accessible, and carried by Milieu Centraal, the brand is actively contributing to a new food system in the Netherlands.

Inaugural Green Bond

Ahold Delhaize successfully prices its inaugural Green Bond at €500 million. The transaction follows three previous ESG-labelled financings, which together reinforce the continued alignment of our funding strategy to our sustainability strategy and overall ESG ambitions.

€500 MILLION

inaugural Green Bond

SECOND QUARTER

APRIL, MAY, JUNE

Supply chain changes to support U.S. growth

The ADUSA Supply Chain network converts its largest yet 1.2-million square foot automation-filled distribution center in York, Pennsylvania, into the self-managed network. This is part of its three-year journey to establish an integrated, self-distributed supply chain to support the U.S. brands' omnichannel growth and brings the total number of network facilities to 22.

1.2 M SQFT

automation-filled distribution center in York, Pennsylvania

The GIANT Company turns 100

The GIANT Company kicks off its 100th anniversary with celebrations rooted in its purpose of connecting families for a better future and thanking team members, customers and communities.

100 YEARS

Helping lead the industry

Frans Muller is appointed co-chair of CGF, where he will work to mobilize even greater progress among members, focusing on key topics such as deforestation, plastics, human rights in the supply chain and net zero emissions.

Providing budget-friendly options

Halfway through 2023, Ahold Delhaize's European brands increase their Price Favorites assortment to include a total of 6,500 own-brand products at entry-level prices, with the goal to raise this by 20% in 2024.

TIMELINE CONTINUES ON NEXT PAGE

THIRD QUARTER
JULY, AUGUST, SEPTEMBER

Plant-based progress
Albert Heijn launches AH Terra, an own-brand product line with around 200 plant-based products.

+200
plant-based products

Outperforming expectations
Food Lion's remodeled omnichannel stores out perform expectations, and the brand completes 47 more store remodels.

+47
additional store remodels

Bol achieves B Corp Certification.

Ahold Delhaize achieves an AAA MSCI ESG rating

Ahold Delhaize announces the intention to join EURELEC
The European retail alliance joint venture is helping tackle prices differences between European markets.

FOURTH QUARTER
OCTOBER, NOVEMBER, DECEMBER

Expanding the Romanian business
Ahold Delhaize announces the acquisition of Profi Rom Food SRL in Romania.

Poised for omnichannel growth
During the year, Albert Heijn opens a new fully automated HSC, Mega Image opens its first HSC, bol opens a new logistics center to support distribution of its largest products, and Delhaize Belgium announces it will open a new HSC in 2024.

Climate Plan update
Ahold Delhaize launches its Climate Plan update.

Divesting FreshDirect
Ahold Delhaize USA enters into an agreement to sell FreshDirect.

freshdirect

Supporting communities
In 2023, our brands continue to go above and beyond to serve communities, engaging in volunteer efforts and donating food, products and cash to various organizations. For example, Giant Food sets up free food markets, packs boxes for those in need, and supports families during the holidays. Delhaize Serbia's "Food for All" program reduces waste by distributing surplus food. Food Lion's store remodels include a mobile kitchen supporting low-income diabetes patients.

AD Retail Media
AD Retail Media ranks fifth-best overall U.S. retail media network and second in omni-channel advertising sales.

OUR GREAT LOCAL BRANDS

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

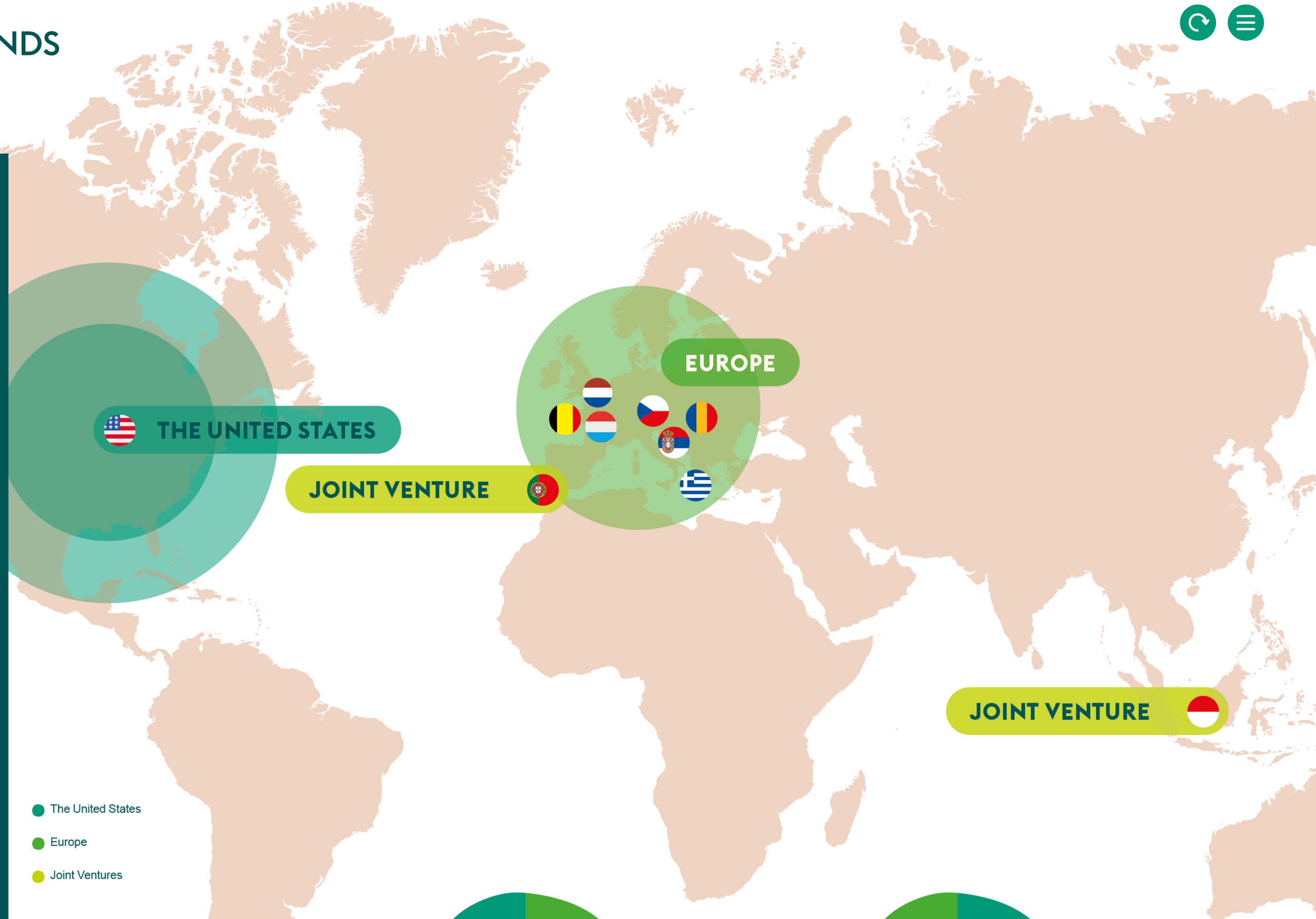
402,000
associates[1]

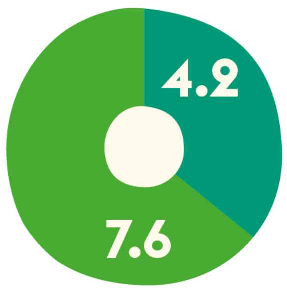
63 million
customers served every week, both in stores and online

19
great local consumer-facing brands[2,3]

7,716
stores serving local communities in Europe and the United States[4]

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





OUR GREAT LOCAL BRANDS

THE UNITED STATES

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

STORES

2,048 -3

2022: 2,051

PICK-UP POINTS

1,564 +15

2022: 1,549

EUROPE

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

STORES

5,668 +60

2022: 5,608

PICK-UP POINTS

269 +6

2022: 263

JOINT VENTURES

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

OUR GREAT LOCAL BRANDS

THE UNITED STATES

FOOD LION

Food Lion is an omnichannel grocery retailer committed to nourishing its neighbors with fresh food at affordable prices. Through its "Count on me" culture, Food Lion fosters a sense of belonging for all associates and customers. Its 80,000 associates are passionate about caring for the towns and cities they serve.

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

STORES
1,108 –

PICK-UP POINTS
664 +9

STOP&SHOP

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

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

STORES
395 -5

PICK-UP POINTS
378 +3

The GIANT Company

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

Market area: Maryland, Pennsylvania, Virginia and West Virginia

STORES
193 –

PICK-UP POINTS
189 +2

Hannaford

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

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

STORES
187 +2

PICK-UP POINTS
171 +1

Giant

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

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

STORES
165 –

PICK-UP POINTS
162 –

freshdirect

FreshDirect is a leading online grocer committed to delivering the highest quality, freshest food. The company creates food experiences and drives simple, healthy solutions to make every day better for customers. By working directly with growers, producers and local food innovators, FreshDirect provides the best in culinary exploration. As a homegrown New York City brand, FreshDirect is integral to the fabric of food culture in the city.[1]

GROCERY ITEMS DELIVERED TO CUSTOMERS EVERY WEEK
3m

1 As of December 6, 2023, Ahold Delhaize USA completed the divestment of FreshDirect, and FreshDirect is no longer part of the Ahold Delhaize brands.

OUR GREAT LOCAL BRANDS

THE UNITED STATES CONTINUED

Peapod Digital Labs

Peapod Digital Labs is the digital and commercial engine of leading grocery retail group Ahold Delhaize USA. As the innovation lab for the U.S. brands, which include Food Lion, Giant Food, The GIANT Company, Hannaford and Stop & Shop, Peapod Digital Labs promotes digital and e-commerce innovation, technology and experience to meet the changing needs of each Ahold Delhaize USA local brand's customers, regardless of when, where and how they choose to shop.

SUPPORT ORGANIZATION

Retail Business Services

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

SUPPORT ORGANIZATION

ADUSA Distribution / ADUSA Transportation

ADUSA Distribution and ADUSA Transportation are the supply chain operations companies of Ahold Delhaize USA, providing distribution and transportation services to one of the largest grocery retail supply chains in the nation. ADUSA Distribution fosters a culture that inspires and empowers associates to always deliver exceptional service and value. The team is supporting the supply chain network evolution to an integrated self-distribution model of the future, serving leading omnichannel grocery brands – Food Lion, Giant Food, The GIANT Company, Hannaford and Stop & Shop.

SUPPORT ORGANIZATION

OUR GREAT LOCAL BRANDS

EUROPE

Albert Heijn

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

Market area: The Netherlands and Belgium

STORES
1,268 +40

PICK-UP POINTS
59 –

bol.

With 37 million unique products offered, bol customers have a wide range of choices. That's why 13.5 million Dutch and Belgians shop on its online retail platform. Bol also works with approximately 51,000 local entrepreneurs who sell through its platform.

Market area: The Netherlands and Belgium

NUMBER OF PARTNERS
Approximately
51,000

Etos

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

Market area: The Netherlands

STORES
523 +1

Gall & Gall

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

Market area: The Netherlands

STORES
628 +25

Delhaize

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

Market area: Belgium and Luxembourg

STORES
818 -12

PICK-UP POINTS
120 –

albert

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

Market area: Czech Republic

STORES
340 +5

OUR GREAT LOCAL BRANDS

EUROPE CONTINUED

AB Βασιλόπουλος
...και του πουλιού το γάλα!

With a network of almost 600 stores, we give our best to make a difference in people's lives. That is the reason we have rightfully earned a place at the table of every Greek household. Every day, our more than 13,000 associates provide curated and inspiring choices of great-quality products to all customers who care about food.

Market area: Greece

STORES
585 -47

PICK-UP POINTS
90 +6

Mega Image

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

Market area: Romania

STORES
977 +21

PICK-UP POINTS
0 –

Delhaize Serbia

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

Market area: Serbia

STORES
529 +27

PICK-UP POINTS
0 –

European Business Services

SUPPORT ORGANIZATION

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

JOINT VENTURES

Super Indo

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

Market area: Indonesia

ESTABLISHED
1997

Pingo Doce
sabe bem pagar tão pouco

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

Market area: Portugal

ESTABLISHED
1992

OUR LEADING TOGETHER STRATEGY

LOCAL MATTERS

Food Lion
United States

EVOLVING MARKET TRENDS

Our Leading Together strategy continues to drive Ahold Delhaize and our brands as we navigate ever-changing market trends. In this section, we describe some of the most relevant trends, and what they mean for our business. For more details, see *Our growth drivers*.

Drive omnichannel growth

Elevate healthy and sustainable

Cultivate best talent

Strengthen operational excellence

GROWING ECONOMIC, SOCIAL AND POLITICAL UNCERTAINTY

Inflation, social unrest and a changing workforce continue to pressure the food retail industry and consumers, contributing to higher costs for everything from products to store remodels. While inflation seems to have peaked in 2022, prices remain higher than pre-pandemic levels, especially on commodities. A tight labor market and wage inflation in the U.S. and Europe are affecting food prices by driving wages up.

Historically low unemployment and a shortage of in-demand skills are increasing competition among employers to attract and retain top talent. For example, in Europe, total compensation packages, flexible work, and a greater emphasis on diversity, equity and inclusion have all become essential to a strong employer value proposition.

Organized retail theft and violence are more frequently impacting stores and communities. In the U.S., this has been cited as a key reason for store closures by some major retail brands.

The global geopolitical situation remains uncertain. Conflicts in Ukraine and Israel/Gaza are having a devastating affect on human life; disrupting global food and energy markets; and impacting prices, product availability and supply chains.

What it means for us

In uncertain times, our brands continue to support communities and give aid to people in need. Driven by the Save for Our Customers program (see *Strengthen operational excellence*), we are relentlessly focused on keeping prices as low as possible for our customers. We are also looking at additional measures to boost efficiency and scale, such as moving to a 100% affiliate model in Belgium, announcing the planned acquisition of the Profi chain in Romania, and working on joint sourcing initiatives, including the harmonization of 200 more products in the Benelux.

ONGOING DIGITAL AND OMNICHANNEL TRANSFORMATION

Retail operations and the customer experience continued to undergo a digital transformation in 2023. Digital tools are making food shopping faster, more personalized and more efficient. Digital innovation is also driving the transformation of delivery, automated operations and digital payments.

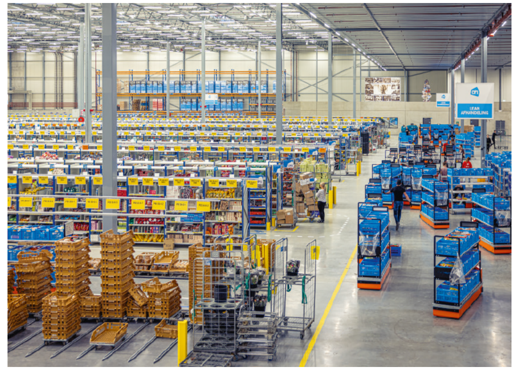
Artificial intelligence, specifically generative AI, has major implications, making it easier for brands to interact with customers on social media platforms, chat with customers online, and send out personalized recommendations and promotions.

Retailers remain strongly focused on omnichannel solutions; key themes include the customer experience, shoppable content, e-commerce profitability, loyalty, personalization and operational consistency. As customers continue to turn to online shopping to satisfy their needs for convenience and speed, we see sustained e-commerce penetration and growth in the U.S. and Europe.

What it means for us

Our brands are driving more engaging omnichannel experiences for customers. See *Drive omnichannel growth* for more information. Stop & Shop is investing in an improved customer experience in-store and online and continuing with its successful store remodeling program. Albert expanded its online services to two more cities and now offers same-day delivery.

As a company, we are contributing to the development of technology that impacts the retail sector. For example, Ahold Delhaize hosted its first Machine Learning Operations Conference to share knowledge across different industries and find new solutions to common problems.



We continue to contribute to the Kickstart AI foundation, dedicated to strengthening the Dutch data science community while tackling commercial challenges and even food insecurity. Albert Heijn launched Gen AI Labs in 2023, its own AI start-up, to improve both the customer experience and associates' work experience.

We are also using technology to automate the value chain. Albert Heijn's new mechanized HSC can rapidly collect ordered groceries and fill crates for customers.

See *Strengthen operational excellence* for more information.

EVOLVING MARKET TRENDS

SUSTAINED DEMAND FOR VALUE

Value for money remains a crucial driver of consumer behavior in 2023, with 66% of consumers in North America seeking out less-expensive alternatives, a four-point increase from 2022. This trend is even more pronounced for low-to-middle-income consumers. With price inflation still at a higher-than-usual level, price-sensitive consumers are increasingly focused on how to cut spending without sacrificing quality. Private-label product lines and discounters are benefiting most from this shift, gaining significant market share over the past two years.

What it means for us

Our local brands continue to expand their healthy, affordable, high-quality own-brand offerings and own-brand Price Favorites program, which makes top-quality products available at affordable prices. Our European brands had 6,959 own-brand Price Favorite items at the end of the year and plan significant growth in the near term.

Our brands also continue to develop their loyalty programs, to provide personalized offers to customers. The programs at Food Lion, Stop & Shop, and Giant Food were named among America's Best Loyalty Programs 2023 by *Newsweek*. Albert Heijn's Bonus Card program marked its 25-year anniversary, with a total of 41 million cards issued since it started and more than 1,300 discounts now offered per week. The GIANT Company celebrated its 100th anniversary by thanking customers with special sales and promotions.

CONTINUED FOCUS ON HEALTH AND SUSTAINABILITY

Consumers are increasingly interested in making more healthy and sustainable choices. They are more aware than ever of the links between sustainable consumption, health and the environment. While the cost-of-living crisis has led to slightly lower demand for sustainable products, nearly half of European consumers surveyed are still willing to pay more for them.[1]

Governments are supporting this shift as well. For example, the European Green Deal aims to set Europe on the path to climate neutrality by 2050, and the EU's Farm to Fork Strategy seeks to make food systems more sustainable. In the U.S., the regulatory landscape is poised to bring in stronger requirements by 2030 for food waste reduction, single-use plastics and more.

In the U.S. and several European countries, overweight and obesity rates remain a key public health concern, according to the Organization for Economic Co-operation and Development (OECD), spurring many to promote healthier eating in a number of ways. Eating healthy food is strongly linked to better health outcomes, making access and affordability crucial.

What it means for us

Our brands continued to offer a fresh and healthy assortment to our customers. Albert Heijn launched a new line of plant-based products, AH Terra, to expand more sustainable offerings in the Dutch market. In the U.S., The GIANT Company and a local health system are piloting biweekly vouchers for fresh produce for low-income households that struggle to get healthy and fresh food on the table, yet are not eligible for government support programs. See *Social* for more information.

We're also continuing to drive our ESG transformation. Ahold Delhaize was named one of the 10 most sustainable grocers by *Progressive Grocer*, partly due to our ambitious emissions-reduction targets. In 2023, our MSCI ESG rating was upgraded to AAA and ISS-ESG upgraded our rating to "Prime." Ahold Delhaize also announced that it successfully priced a €500 million Green Bond, the proceeds of which will be used to finance and re-finance environmentally friendly assets.

Our brands show their commitment to ESG in locally relevant ways. The Ahold Delhaize USA brands launched a reusable plastic container program to eliminate single-use packaging from our U.S. supply chain. With more than 900 stores ENERGY STAR certified, Food Lion was named ENERGY STAR Partner of the Year for the 22nd year. The GIANT Company partnered with Keep Pennsylvania Beautiful to award grants to address food waste reduction.

In Europe, bol completed its B Corp certification and Alfa Beta won three "Green Brand Awards" for contributions to ecological education and green strategic planning. Mega Image achieved a total 83% of energy usage from green energy and Albert Heijn reached 100% emissions-free home and store delivery in four major Dutch cities.

See *Environmental* for more information.

GROWTH OF COMPLEMENTARY REVENUES

With grocery sector margins under pressure, retail media and other sources of supplementary revenue gained importance in 2023. The retail media market in Europe was less than a quarter of that in the U.S. last year. However, it is expected to grow to €21 billion in 2025 as European food retailers continue to invest in and expand retail media networks to profit from targeted advertising opportunities. In the U.S., grocery stores are expanding into a variety of services beyond food retail, such as healthcare and meal delivery partnerships. U.S. retailers are updating their sourcing strategies, entering new categories and using e-marketplaces to expand their store assortments beyond what was previously possible.

What it means for us

Ahold Delhaize grew complementary revenue by 13% in 2023 through our retail media and consumer insights practices. This additional revenue source keeps food prices low in an era of persistently high inflation. To help us get there, AD Retail Media launched a new service in the U.S. with Citrus Ad and Epsilon that provides one platform for buying media and measurement. We are also focused on continuing to build out our ad tech ecosystem.

1 IPSOS Survey December 2022 on behalf of Yara

You can find more on the macroeconomic trends impacting our business in **Macroeconomic trends** under **Targets and results.**

OUR LEADING TOGETHER STRATEGY

Our Leading Together strategy has provided a solid framework as we continue to evolve our business model to serve customers' omnichannel shopping journeys and achieve strong results. The core values we share across Ahold Delhaize guide us in our day-to-day work and help us create healthy, engaged and inclusive workplaces reflective of the communities our brands serve.

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

Overall, our strategy has served us well. As our brands look to continue to remain relevant for customers and deeply embedded within communities, we are refreshing our strategy and priorities for the future. We are excited to share more during our Strategy Day in May 2024.

OUR PURPOSE

Read more on **page 26.**

Eat well. Save time. Live better.

OUR VALUES

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

Integrity
We do the right thing and earn customers' trust

Teamwork
Together, we take ownership, collaborate and win

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

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

OUR VISION

Read more on **page 26.**

Create the leading local food shopping experience.

OUR GROWTH DRIVERS

Read more on **page 28.**

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

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

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

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

OUR PURPOSE AND OUR VISION

OUR PURPOSE

Eat well. Save time. Live better.

The three things everyone deserves from us.

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

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

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

OUR VISION

Create the leading local food shopping experience

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

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

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

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

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

OUR INTEGRATED APPROACH

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

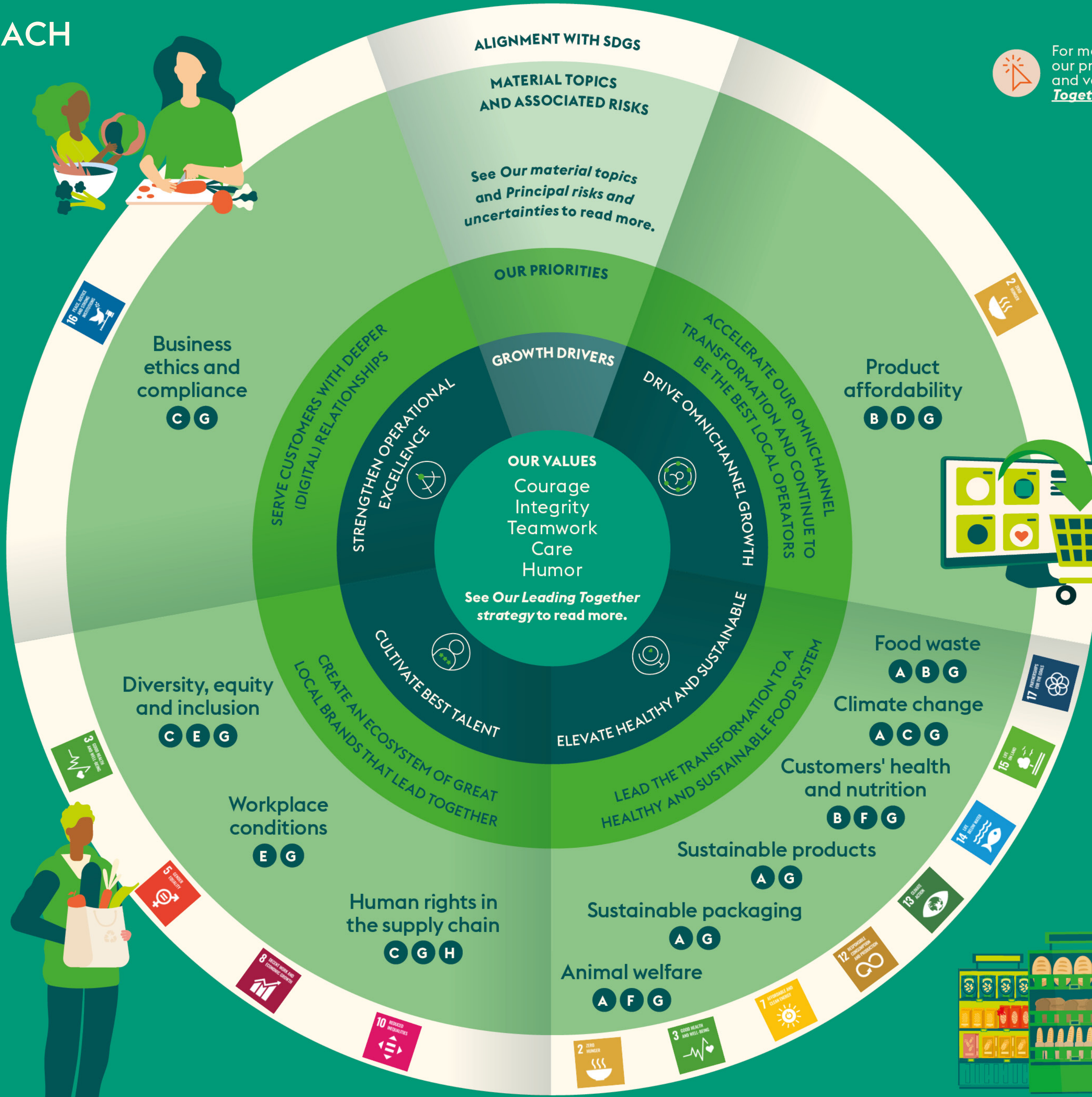
We link our strategy, values and priorities to our material ESG topics, principal risks, underlying KPIs, targets and our contribution to the Sustainable Development Goals (SDGs) to get an integrated overview of our business and contribution to food systems as a whole. Our KPIs and targets for ESG topics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

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

See page 109 for an overview of KPIs and targets.

PRINCIPAL RISKS

- A Climate and nature-related risks
- B Competitive environment
- C Legislative environment
- D Macroeconomic and sociopolitical developments
- E People
- F Product safety
- G Stakeholder expectations on material topics
- H Supply chain and business continuity



OUR GROWTH DRIVERS

Drive omni-channel growth

96%
2023 net sales from markets where our brands have a #1 or #2 position

5.9%
2023 net online consumer sales growth (at constant rates)

1,833
pick-up points by the end of 2023

18.1 mln
monthly active mobile app users

OUR AMBITION

Customers engage with our great local brands at many moments throughout their busy lives – we strive to make this journey as seamless as possible. Through our omnichannel offering, our brands aim to deliver the leading local shopping experience across all our online and offline channels – one that is personalized for each customer and provides the right offers at just the right moment.

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

Our omnichannel customer value proposition outlines the seven areas our brands focus on during this customer journey. Among these are three where our brands really stand out: fresh and healthy, local and trusted, and personalized offerings.

A typical customer journey

While planning for their weekly shopping trip in a custom brand app, a customer adds items from a “favorites” list to their in-app shopping basket and receives a personal offer for fish fillets. The app suggests a recipe for a rice bowl and the customer taps to add the needed ingredients to their basket – planning a healthy dinner in moments.

Pressed for time on a busy workday, the customer places a click-and-collect order, which will be ready for pickup when they get to the store.

During a day off, the customer stops by the store again to browse the new assortment of own-brand plant-based appetizers and fresh, ready-to-eat meals, checking out quickly and seamlessly with self-scan.

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

DRIVE OMNICHANNEL GROWTH

STRATEGIC CHOICES AND CHALLENGES

Personalizing the customer experience and growing complementary revenues while protecting data security

Today, data is a core part of food retail – it enhances everything we do for customers. Our omnichannel strength enables our brands to collect valuable data across channels on a wide range of shopping behaviors. Analyzing this data helps our brands personalize and streamline their digital and in-store services and generate revenue through advertising and insights to help us power our omnichannel ambitions.

In Europe, thanks to our strategic partnership with Belgian adtech company Adhese, we achieved a major milestone with the expansion of our self-service platform to include display campaigns. Now advertisers can set up banner campaigns directly on the Albert Heijn website and app, monitor performance and optimize their campaigns.

Meanwhile, in the U.S., the AD Retail Media network launched in 2022 by Peapod Digital Labs (PDL) has already been ranked as the fifth best overall U.S. retail media network. In only one year, the Ahold Delhaize USA brands – that together make up the largest grocery retail group on the East Coast – simplified how they engage with omnichannel customers across their local markets. For example, by offering shoppable content, such as ads and recipes that let customers add products to a shopping basket within the brands' apps and websites, they create a seamless shopping experience and shorten the customer journey.

While these revenue opportunities help us grow our businesses and enhance the shopping experience, we must always balance these benefits with customer expectations on how we use their data, also taking into account ever-evolving legislation on data privacy. Our brands are committed to gathering and using customer data in keeping with our ethical principles, and will continue to do this while constantly working to provide a better customer experience.

OUR PROGRESS AND FUTURE PLANS

Driving omnichannel growth is centered around four areas:

Drive seamless omnichannel engagement

Customers today have grown accustomed to both online and offline channels, often combining them in a single shopping experience. Our biggest strength is the true omnichannel experience our brands can provide by leveraging their local expertise along with the scale benefits of our global footprint.

Regardless of the channel, customers expect a seamless shopping experience. They continue to embrace self-service technology for speed and convenience. For example, the use of apps has grown enormously in recent years. Our brands work to make the omnichannel experience as customer-friendly and efficient as possible by fulfilling these expectations through easy-to-use technology and a wide range of pick-up and delivery options.

For example, PDL rolled out new native apps this year to four of our U.S. brands: The GIANT Company, Giant Food, Stop & Shop and Food Lion. The new apps boost speed and performance and offer personalized recommendations, along with other features. They also scaled PRISM, our proprietary e-commerce platform, and Spectrum, our proprietary fulfillment and picking platform, to a fourth U.S. brand and launched pilot stores. Maxi opened its first HSC – the first warehouse for online food distribution for any organization in Serbia – to enable faster and more efficient delivery of products to customers. In the Czech Republic, Albert expanded its online service coverage to two more cities, introduced same-day delivery and launched a new e-commerce website that leverages its strong brand heritage.

Grow e-commerce, personalization and loyalty

Every month, millions of customers use our brands' websites and apps to do their shopping. We're seeing a significant rise in online sales and our online penetration has nearly doubled across our regions since 2019. For this reason, we continue to invest in e-commerce growth and profitability, and in improving the digital customer experience across our brands.

After an extensive review of our U.S. online operations as part of the Accelerate initiative (See *GSO* for more information), we decided to divest our pure-play e-commerce brand, FreshDirect. By realigning toward our core strength as an omnichannel grocery retailer, we will leverage our high store density, leading market share and online presence. In this way, we believe we can better deliver a sustainable return on investment.

We continue to expand our online delivery and pick-up business. In the U.S., the brands now operate 1,564 click-and-collect and pick-up points. In Europe, at bol, gross merchandise value (GMV) was €5.75 billion, an increase of 4.9% compared to the prior year. Bol's GMV sales from third-party sellers increased by 5.4%, and represented 63% of sales.

Our popular loyalty programs help us engage with customers and provide them with personalized offers. Delhaize Serbia's "My Maxi" loyalty app celebrated its one-year anniversary in 2023 and reached one million downloads. Giant Food introduced a pharmacy-based rewards program that allows customers to earn loyalty points from qualifying pharmacy purchases. The GIANT Company increased customer engagement on its digital platforms through a successful rollout of its Click & Clip program, which allows customers to digitally save coupons.

Top image: Food Lion associate gathering products for an online order

Bottom image: Alfa Beta associate packing up a home delivery

DRIVE OMNICHANNEL GROWTH

Albert Heijn continues to build My Albert Heijn Premium, a paid subscription program that gives customers extra benefits for an annual fee. Approximately 950,000 customers have already joined. My Albert Heijn Premium subscribers also receive discounts on premium subscriptions at two of our other brands in the Netherlands – Gall & Gall Premium and Select from bol – creating more synergy for Ahold Delhaize and more benefits for customers.

Enhance our brick-and-mortar footprint

Our brands continue to invest in new, vibrant, modern store formats and experiences that are powered by technology and more sustainable to operate.

Our overall store remodeling program is moving ahead strongly. During 2023, Stop & Shop completed 19 remodels and, in Q4, celebrated the grand re-openings of three renovated locations with events that highlighted the brand's connection with shoppers in each local community.

Food Lion completed omnichannel renovations in 76 stores to create a smoother shopping experience. The brand is introducing enhancements, including pickup and home delivery options across all stores, energy-efficient overhead LED lighting, refrigerated cases with doors and self-checkout. This is in addition to updating 53 stores acquired in Georgia and the Carolinas. The brand has also focused on training and developing associates to provide the best customer experience.

Drive price, value and assortment

Supporting customer choice by providing easy access to affordable and healthy food options is at the center of the customer value proposition at all of our great local brands. Customers are facing intense pressure on their household budgets; in the face of increasing price pressures, our brands are doing their utmost to keep shopping as affordable as possible.

Our brands have introduced more initiatives that ensure access to healthy, quality foods. For example, Albert Heijn expanded its Price Favorites program to 2,000 items, including more fruits and vegetables, and launched its AH Terra own-brand product line with around 200 plant-based products.

Our European brands offered a total of 6,972 everyday low-price SKUs in 2023, and aim to increase this to 10,500 in the near term. In Europe, our joint sourcing efforts harmonized an additional 200 products in the Benelux and 100 products in the CSE region. Giant Food customers made over 500,000 own-brand redemptions through the brand's Flexible Rewards value program focused on eggs, milk and other staples.

Local upgrades

Investing in the store experience

As part of a transformative omnichannel effort, Food Lion revitalized 76 North Carolina stores in 2023 to elevate the customer experience.

The upgraded stores offer Food Lion To Go service for seamless pickup and delivery and integrate the self-checkout kiosks that customers requested. Energy-efficient LED lighting and doors on refrigerated cases enhance freshness while reducing energy costs. Food Lion is expanding the product assortment in the refreshed stores to include more organic, gluten-free and plant-based items, along with its Local Goodness program highlighting regional products.

See **our website** for more information.

$150,000

Food Lion's donation, made as part of the remodel program, provides essential resources for local uninsured, low-income diabetes patients.

LOCAL MATTERS

OUR GROWTH DRIVERS

Elevate healthy and sustainable

54.8%
of total own-brand food sales from healthy products in 2023

37%
food waste reduction in 2023 compared to our 2016 baseline[1]

35%
reduction in absolute scope 1 and 2 CO2-equivalent emissions in 2023 compared to our 2018 baseline[2]

10.3%
reduction in primary virgin plastic in own-brand product packaging compared to our 2021 baseline[3]

1 The reduction is measured against the restated 2016 baseline: 4.99 t/€ million. See ESG statements.
2 The reduction is measured against the restated 2018 baseline: 4,095 thousand tonnes CO_2-equivalent emissions. See ESG statements.
3 The change is shown against the restated 2021 baseline of 163 thousand tonnes.

OUR AMBITION

Our “Grounded in Goodness” approach is centered around our belief that what is healthy and sustainable should be accessible and available to all. Our approach has a dual focus on healthier people and a healthier planet, based on the idea that the two are intrinsically linked.

We believe that if we get it right for people, we also get it right for the planet. Acting responsibly today is imperative to securing a better tomorrow for generations to come.

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

We collaborate closely with our partners and brands to inspire customers to join this journey and to make healthy and sustainable choices clear and accessible for everyone. Our brands contribute in many ways – for example, through their marketing, reward programs and store design. They innovate to make products healthier and more sustainably produced. They aim to source locally, help farmers get a fair deal and work to continuously improve the food supply chain. Along the way, we are transparent in highlighting progress and making better choices clear and accessible.

STRATEGIC CHOICES AND CHALLENGES

Healthier people and planet

We see interdependencies between health and climate. It is not always easy to make decisions that provide mutual benefits across health and sustainability, but we always strive to accentuate the benefits and reduce any adverse impacts. For example, dietary decisions may impact individual health but may also have implications for the environment. Diets rich in plant-based foods can contribute to lower greenhouse gas (GHG) emissions, reduced land and water usage and mitigated deforestation. We aim to make food that is both healthy and sustainable affordable and accessible for all customers.

For more information on climate interdependencies with circularity and nature, please refer to our updated *Climate Plan*.

Aligning to improve the food system

Our brands operate as part of a complex value chain comprising thousands of producers that help them provide products and services to customers. We have many stakeholders who are impacted by the global food system. To transition to a healthier and more sustainable food system requires the whole value chain to work together.

We are pioneering in this area through initiatives like Albert Heijn’s renowned “Better for Nature and Farmer” program, which is contributing to the development of a more sustainable food system in the Netherlands. Albert Heijn recently open-sourced this trustmark to third parties. To date, 1,200 farmers and growers are participating in the program, working with Albert Heijn to improve animal welfare, nature and farmers’ earning capacity. The program is independently audited each year by certification institutes and tested for ambition, reliability and transparency by Milieu Centraal.

We make healthy and sustainable choices easy for everyone

ELEVATE HEALTHY AND SUSTAINABLE

OUR PROGRESS AND FUTURE PLANS

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

Healthier people

We deliver on our commitment to healthier people by empowering customers and associates, working to develop healthier and more sustainable product assortments, and supporting resilient communities, everywhere our brands operate.

Customers and associates

Our brands continue to find more ways to help customers and associates make healthy and sustainable choices through useful information and valuable incentives and rewards, such as through loyalty programs. In the stores, our brands inform customers about healthier options through shelf tags, product labels and prominently positioned health sections. Several brands have in-store nutritionists to help customers gain insight into their diets. Through their online platforms, some brands enable customers to apply filters when shopping, so they only see healthier, organic or vegetarian products.

Our brands use well-established nutritional navigation systems to identify “healthier” products, such as Guiding Stars in the U.S. and Nutri-Score in some of our European brands. These systems are continuously updated to reflect the latest scientific advice and guidance.

Products

Another way our brands make healthy and sustainable choices more accessible is through their product assortments. One example is Stop & Shop’s “Our Dietitians’ Picks” program, through which suppliers can apply to have better-for-you products elected by the brand’s dietitians and showcased. Products that make the cut, and have at least one Guiding Star, are highlighted through enhanced program marketing and become known by customers as healthy and trusted choices.

In addition, The GIANT Company, Giant Food and Stop & Shop continued to show ratings by external party HowGood for products sold online, helping customers easily identify items that meet rigorous environmental and social benchmarks through simple one-, two- or three-leaf ratings. The HowGood methodology aligns with international standards on concerns like GHG emissions and labor risk. Giant Food also added HowGood ratings on shelf tags at all of its stores.

An example of how our brands’ customer loyalty programs enhance product affordability and promote healthier customer choices is our Belgian brand Delhaize’s SuperPlus program. This program enables customers to earn points to spend on discounted products or gift cards, while, at the same time, its Nutri-Boost feature gives every customer spending a minimum amount per month, a 10% discount on fresh products such as vegetables, fruit, bread and refrigerated products with Nutri-Scores A or B.

Communities

The role of our brands’ stores in their communities goes beyond shopping. They provide social centers and places where neighbors can come together. Our brands support causes that are important to local communities, such as fighting hunger through financial donations and by diverting surplus food to food banks and charities.

Another example of how our brands contribute to their communities is through the dietitian program at Hannaford. Each year, registered dietitians lead more than 1,000 in-store classes, tours and online seminars focused on healthy and sustainable topics such as heart-healthy eating, meal planning and healthy nutrition for kids, using the Guiding Stars nutrition navigation system. The dietitians also provide nutrition education at 300 community events held at schools, libraries and healthcare facilities. These efforts support more than 200,000 shoppers annually.

Healthier planet

We contribute to a healthier planet through targeted initiatives on climate, biodiversity, sustainable packaging and food waste, in both our own operations and our supply chain.

Own operations

The greatest planetary impacts in our brands’ own operations happen through food and plastic waste, and GHG emissions. Our 1.5º C-aligned and Science Based Targets initiative (SBTi)-validated targets to reduce scope 1 and 2 emissions related to our own operations are over 38% reduction by 2025 and 50% reduction by 2030, respectively, compared to our 2018 baseline, with the aim to be net zero across our own operations by 2040. GHG emissions in our own operations mainly stem from energy consumption, refrigerant leakage and transport emissions. Our brands work to mitigate these impacts in many different ways, with carbon pricing and sustainable refrigerant upgrades included in internal investment proposals.

Energy consumption

One way our brands reduce energy use is by building and remodeling stores in the most energy-efficient way possible, and, in addition, we aim to decarbonize the electricity we still need to use through green power purchase agreements (PPAs) and renewable energy certificates (RECs). An example of our use of PPA’s is Albert Heijn’s entrance into a long-term partnership for the purchase of green energy from a new wind farm being built in the Netherlands.

ELEVATE HEALTHY AND SUSTAINABLE

Refrigerants

During store remodels, our brands install refrigeration systems that have a lower global warming potential or, where possible, use natural refrigerants.

Transport

The brands use low-emission transportation methods, such as electric vehicles or vehicles that use low-carbon-emissions fuels, wherever they can, along with technology that improves route optimization and reduces last-mile fuel and energy consumption.

Food waste

Since food loss and waste negatively impacts food security worldwide and has an adverse impact on climate change as well as our financial performance, it is an important priority for us. In 2023, we continued to work toward our ambition to reduce food waste by 50% by 2030 compared to our 2016 baseline.

Our brands try to prevent food waste before it happens, sometimes engaging customers to help. For example, The GIANT Company and Stop & Shop offer the Flashfood app, which gives customers access to fresh products nearing their best-by date at discounts of up to 50% off.

We also share the insights we have obtained through various initiatives to be used for the common good. For example, the results of a food waste study by Alfa Beta are being used by the Ministry of the Environment and Energy as the baseline measurement for food waste in Greece, and have also been submitted to the European Commission for a similar purpose.

Our brands divert unsold food to help feed people in their communities. For example, Delhaize Serbia cooperates with local food banks to distribute food packages to those in need, every day. Each food donation package contains a wide range of foods, including pastries, fruits, vegetables, near-expiry dry foods, or products with damaged packaging.

When food cannot be repurposed or donated, we strive to retrieve as much value as possible from it for the food system, by supplying it for animal feed or renewable energy generation. For example, Giant Food partners with impact technology firm Divert to recycle wasted food and recoup its value by processing it into renewable energy.

Sustainable packaging

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

Our brands work toward these goals in innovative ways. For example, Ahold Delhaize's European brands joined forces to launch an EU-wide tender for the trays used in stores to pack delicatessen products such as olives, salads, cheeses and pastries. This tender was initially set up to harmonize the assortment and save costs, but, along the way, the team also managed to take a big step towards sustainability. This demonstrates the potential impact of our great local brands joining forces, and how economic and sustainability considerations can go hand in hand.

For more information, see *Environmental*.

Value chain

Sustainable agriculture and products

Food value chains can impact nature and biodiversity – for example, through land conversion, soil degradation, overfishing and water use. Many of these impacts occur deep within the value chain, during early production stages such as cultivation and harvesting.

Unsustainable practices compromise the production capacity of the land and sea, put pressure on the affordability of food and availability of land, and negatively affect both biodiversity and the many people and communities who value and rely on it. Our brands' aim is to mitigate potential impacts on biodiversity through a focus on sustainable sourcing of critical commodities and programs supporting sustainable and regenerative agriculture.

We have identified seven critical commodities in our supply chains with elevated social and environmental risks. We utilize certification to manage these risks, and our brands aim to have 100% of own-brand tea, coffee, cocoa, palm oil, soy, wood fiber and seafood certified against an acceptable standard by 2025.

Our brands have several initiatives in place to improve farming practices. For example, Ahold Delhaize USA developed a science-based regenerative agriculture strategy for the U.S. brands based on feedback and information provided by The Nature Conservancy during a year-long collaboration. It includes four focus areas: regenerative land management, regenerative landscapes and local networks, thriving communities and farmer livelihoods, and credible and transparent reporting. This strategy will guide the brands' future work on regenerative agriculture within the U.S. value chains.

This year we also started to review and update our approach to biodiversity, and developed a broader plan around nature that will guide our global approach until the end of 2025. This plan has been approved by our Executive Committee. For more information on this process and our next steps, see *Environmental*.

Decarbonizing our value chain

Approximately 96% of our total direct and indirect carbon footprint comprises scope 3 GHG emissions, which are indirect emissions across our value chain. These include those emissions generated through the production and manufacture of the products we sell and when customers use those products.

Ahold Delhaize and its local brands have been committed to reducing scope 3 emissions in line with SBTi guidance since 2020. In 2020, our 2º C-aligned targets, with 2018 as the baseline year, were approved by SBTi. As part of our ongoing efforts to improve our plans, data and actions based on the latest available insights, we re-submitted scope 3 targets to SBTi in early 2023 on the basis of our refined emissions calculations and updated 2020 baseline figures (based on the availability of new SBTi guidance on net-zero and agriculture-related emissions), and to align with the 1.5º C scenario. In May 2023, while we were awaiting SBTi validation, new SBTi guidance was released on emissions related to forest, land, and agriculture (FLAG) and non-FLAG emissions, referred to as Energy and Industrial sector (E&I) emissions. As a result, we updated our 1.5º C-aligned scope 3 SBTi submission in October to incorporate this latest guidance, and have been in the process of SBTi validation since then.

OUR GROWTH DRIVERS

ELEVATE HEALTHY AND SUSTAINABLE

In our updated Climate Plan, published in December 2023, we based our ambitions on the 1.5º C-aligned commitments, as submitted to SBTi in October 2023. They include an interim 37% reduction target for 2030 and net-zero by 2050, based on the FLAG and E&I emissions guidance available then. During the validation process in early 2024, Ahold Delhaize learned from SBTi that an explicit split of FLAG and E&I targets – rather than a weighted consolidated target (i.e., our 37%) – is required in all corporate communication going forward. With the latest SBTi instructions incorporated, the submitted 1.5º C-aligned targets pending validation when this Annual Report was released were, for the near term:

- Reducing absolute scope 3 FLAG GHG emissions by 30.3% (or 4.7 $MtCO_2e$) by 2030 from the 2020 baseline (for near-term target, 15.5 $MtCO_2e$[1]).
- Reducing absolute scope 3 E&I GHG emissions by 42.0% (or 12.4 $MtCO_2e$) by 2030 from the 2020 baseline (for near-term target, 29.5 $MtCO_2$[1]).

And the submitted targets for the long term were:

- Reducing absolute scope 3 FLAG GHG emissions by at least 72% (or 15.0 $MtCO_2e$) by 2050 from the 2020 baseline (for long-term target, 20.8 $MtCO_2e$[1]).
- Reducing absolute scope 3 E&I GHG emissions by 90% (or 34.0 $MtCO_2e$) by 2050 from the 2020 baseline (for long-term target, 37.8 $MtCO_2e$[1]).
- We commit to reach net-zero GHG emissions across our own operations and the value chain by 2050.

See also *Environmental* and our *Climate Plan*.

1 Based on the SBTi methodology

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

Accelerating supplier implementation of science-based targets

Our brands support suppliers in setting their own emissions-reduction targets in line with the latest science, to accelerate improvements in livestock farming, raw material sourcing, deforestation reduction, processing, food waste reduction, packaging and transport. The brands provide open-source platforms with instructional videos and links to external resources, such as SBTi and the GHG Protocol. By the end of 2023, all the European food retail brands – including Albert, Albert Heijn, Alfa Beta, Delhaize Belgium, Etos, Gall & Gall, Maxi and Mega Image – had launched climate hubs.

Investing in developing low-carbon products

We partner with suppliers to improve our brands' existing assortments and develop new assortments with less embedded emissions.

Proactively engaging with customers

With the help of our brands, customers better understand the impact of their buying decisions so they can make choices that fit their needs, their tastes and their values. Our brands encourage and reward sustainable choices through loyalty programs and discounts, increase transparency through navigation systems and product labeling, and improve their assortments and products with more vegan and vegetarian products.

For a more detailed explanation of the calculations and further background on our climate commitments and levers to work on progress, see *Environmental* and *ESG statements* in this report and our *Climate Plan*.

Recycling matters

Taking a leap forward for a greener world

Mega Image rolled out state-of-the-art return vending machines for beverage bottles in 800 stores across Romania. This is in line with Romania's decision to launch a deposit return system for drink containers. The country is set to become the world's largest centralized national system by volume of containers. The new system allows Romanians to pay a small fee when they buy a beverage and return the empty container for a refund on the deposit. Now, Mega Image will not only sell eligible products but also enable customers to conveniently return the packaging for recycling, helping build a greener, better future.

See **our website** for more information.

LOCAL MATTERS

OUR GROWTH DRIVERS

Cultivate best talent

78%
Associate engagement score 2023

75%
Associate growth score[1] 2023

81%
Inclusive workplace score[1] 2023

1 New indices for 2023.

OUR AMBITION

Our brands, together with our 402 thousand associates, are committed to making a meaningful contribution and bringing positive change to the communities they serve. Our aim is to help associates thrive while doing this.

We create a caring place to work, inspiring growth and collaboration, where everyone is heard and valued and finds purpose in serving our brands' communities. We are united in our shared values of care, courage, integrity, teamwork and humor, while empowered to do things locally in the best interests of our brands' customers and communities.

Our motto, "Dare to care," best describes what differentiates us. We always have the courage to care for each other, customers and communities as we fulfil our company purpose to help people eat well, save time and live better.

STRATEGIC CHOICES AND CHALLENGES

Daring to care in difficult times

It was another challenging year, for associates and people across our brands' operating areas. The economic, geopolitical and social challenges we faced in 2023 put increased pressure on associate health, safety and well-being, and undermined mental health. In particular, we saw an alarming increase in store-based violence and violent theft across both the U.S. and European brands, which necessitated an increased focus on both physical and psychological safety. At Ahold Delhaize, we believe that supporting well-being is critical to ensuring associates and our business can thrive. So, we have introduced and strengthened programs that improve associate safety, help associates build resilience in the face of change, reinforce positive coping mechanisms and work to eliminate any stigma or marginalization around mental health issues.

It starts with asking what associates want and measuring the mental health and workplace factors that affect them. To this end, we have added questions on well-being and safety to our annual associate engagement survey (AES). The data we receive is helping us see where we stand today and what areas we still need to address.

We strive for a culture of both physical and psychological safety, where associate health is protected and prioritized. The GIANT Company, for example, is advancing associate safety by leveraging technology to deter crime at scale, including passive prevention, technology that blocks the wheels of shopping carts with unpaid product and deters pushout theft without associate interaction and AI technology to detect weapons and potentially hazardous conditions. They have also implemented a crisis management team to respond to incidents when they do happen. For more information, see *Fair and safe workplace: Working conditions (own operations)*.

To improve psychological safety, one important step is getting leaders to share their mental health journeys. In October, our top 300 leaders came together on a webinar to share their experiences with mental health and learn how they can support their teams and help them open up.

Our brands are also building BRGs and networks focused on mental health and well-being. For example, associates in our Global Support Office (GSO) in the Netherlands have started "Well-being friends," a group that leads activities – such as inclusive leadership training, early morning meditation sessions and lunch and learns – to raise awareness and build skills to support well-being. At PDL in the U.S., the Minds over Matter associate network aims to break the stigma around mental health challenges in the workplace by organizing events and learning sessions.

Giant Food has a Social Justice Committee – comprising the brand president; top leadership in HR, Marketing, Communications and DE&I, and BRG members – that supports associates when new social events and trends arise that cause distress.

Another way we are creating cultural change and raising awareness is through training. Starting with our most senior leaders, we have now engaged more than 1,000 leaders in psychological safety learning sessions and created a scalable solution for our director and manager groups that can be leveraged by brands based on their local needs. Mega Image, Maxi, Albert and Alfa Beta have already leveraged the scalable training for directors and are planning to share it with managers starting in 2024. Food Lion and The GIANT Company plan on launching the scalable offering in 2024.

The topic was also addressed in our various leadership programs, including our Retail Academy, Gearing up for Growth leadership program, and a CSE Leadership meeting, and we have dedicated a learning module in our newly designed Leading with Purpose program to psychological safety.

During Mental Health Month and Safety Week in October, we worked to create awareness, develop ideas and practice new habits for positive mental health, well-being and safety at our Zaandam head office. We offered a full program of events and challenges, including early morning walks, information sessions, panel discussions and mindfulness experiences.

As we work to foster a culture of safety, autonomy and belonging, we are also maintaining our deep focus on diversity, equity and inclusion (DE&I). In particular, we believe inclusion and belonging are fundamental to associate well-being. We continuously evolve our DE&I strategy to ensure we keep making progress. For more information, see *Diversity, equity & inclusion*.

CULTIVATE BEST TALENT

OUR PROGRESS AND FUTURE PLANS

Our cultivate best talent people strategy has been in place since 2018. While it has served us well, the expectations and needs of associates, customers and communities have evolved and continue to evolve. Within our brands and businesses, we are seeing an increased social consciousness, focus on well-being and (mental) health, and search for stronger balance in work and life. Our people tell us they would like further opportunities to develop, grow and contribute. Hybrid working and flexibility are now expectations, not a unique selling point, for associates. In the external environment, our people strategy is impacted by economic recession and inflation, the emergence of AI, increased sustainability focus and reporting standards, ongoing social unrest and critical skills shortages in meeting work demands of the future.

To continue growing and become more adaptable and resilient in the face of these ever-changing conditions, we have worked together with our great local brands to evolve our Ahold Delhaize people strategy. Our new people strategy centers around four pillars:

Everybody grows

At Ahold Delhaize, we aspire to offer a space where associates can learn and grow within and beyond their current roles and to ensure the depth and diversity of our talent pipelines. We invest in skills and capabilities needed to exceed customers' expectations. We provided learning opportunities to associates in 2023 through many programs within our brands and support offices. For example, Stop & Shop hosted leadership academies for store managers and assistant store managers that aimed to build leadership mindsets, skills and language and accelerate business results. Our International Traineeship Program welcomed its third cohort of seven associates in Europe for both HR and Finance, bringing us to a total of 31 trainees currently participating in the program.

We foster an environment of mentoring and coaching to unleash future leaders. Cross-geography or cross-functional assignments are one of many ways we support development. They provide associates with the opportunity to increase their expertise, support their career development, and gain broader experience within Ahold Delhaize's local brands. For example, we exchanged our senior vice presidents of Operations & Supply Chain for Albert and Alfa Beta as part of our evolving CSE growth strategy. We also launched mentoring programs in Europe and in our HR and Legal functions. For both mentors and mentees, the program fosters professional and personal growth and provides an opportunity to grow their networks within the company.

We want to enable associates at all our brands to create and chart their own authentic pathways for growth. For example, bol introduced a job family framework to enable people to keep growing in the fast-changing e-commerce environment, along with a development lab that gives associates more clarity on the brand's job structure, insight into development routes, and support and tools to help them map out and pursue their career paths. We also implemented Degreed at Ahold Delhaize's Global Support Office (GSO), Retail Business Services, PDL, Ahold Delhaize USA, The GIANT Company, Albert Heijn and European Business Services. Degreed is a learning experience platform, where associates can access a wide variety of e-learning content from a suite of different vendors. This platform focuses on skills development and allows associates to design bespoke learning plans for their needs but also their interests.

Teams collaborate

We passionately nurture belonging and inclusion and continuously evolve our "Dare to care" Employer Value Proposition (EVP) to attract, inspire and retain people who are empowered to collaborate and committed to living our values. We launched a new Ahold Delhaize career website that offers a career launching platform for our local brands and focuses on people stories to showcase our EVP along with events, webinars and blogs. We also launched new career websites for eight of our European brands, along with a new Ahold Delhaize Instagram careers page.

We cultivate a growth mindset and culture of feedback. At Ahold Delhaize, we believe feedback is critical to creating transparency, developing new skills and optimizing not only how we work together but what results we can achieve. We work to foster two-way, open dialogue. In 2023, we introduced a series of informal "Ask Me Anything" forums, enabling associates to have a conversation with the Executive Committee, sharing their thoughts and concerns while getting their "burning" questions answered.

We develop and recognize leaders who put the interests of Ahold Delhaize and customers first. For example, in June, we announced the winners of our 2022 Leadership awards, recognizing leaders and teams across four categories relating to performance, our values, our purpose and our EVP.

We build strong teams empowered to collaborate within and across our brands to share knowledge and shape ideas. An example of how we did this in 2023 was through bol's Spaces Summit, an annual internal tech conference in which every session was led by bol associates, covering a diverse range of topics ranging from personal leadership journeys to in-depth tech sessions. In the HR function, best practices are shared using Growth Talks, one-hour presentations hosted every two months by members of the brands. In 2023, Hannaford, Albert Heijn, Food Lion, Mega Image, PDL and Etos and Gall & Gall each had the opportunity to share successful initiatives implemented at their brands ranging from how to enhance associate experience, to volunteer and employee engagement programs.

Top image: Albert Heijn associates in a store

Bottom image: Super Indo associate and customer

OUR GROWTH DRIVERS

CULTIVATE BEST TALENT

We nurture psychological safety in teams to ensure we are truly inclusive and great partners to customers and communities – you can read more about this in the *Daring to Care* section. And we contribute to a truly diverse and inclusive community fostering creativity, innovation and collaboration.

Culture thrives

We foster a culture where everyone feels safe, cares for themselves and others and collaborates to better serve our brands' communities and build a sustainable future. Our DE&I ambition and our BRGs enable us to listen to all voices, foster belonging and connect to communities. An example of how we listen is our AES, which gives associates across the company the chance each year to share their feelings about working for Ahold Delhaize and our brands and help shape our future. In 2023, 81% of associates completed the survey and we had an associate inclusion score of 81%, which is higher than the global retail norm of 77%.

Community outreach is an important part of our culture. For example, Food Lion associates embrace volunteering as part of Food Lion Feeds, which aims to donate 1.5 billion meals by 2025. Food Lion also supported customers impacted by six natural disasters. Mega Image has a powerful internal volunteer program called 12 Acts of Kindness. Each associate can recommend initiatives – from hair donation to selling products in a charity fair – for the program and volunteer either time or money. Since 2019, they have supported 72 causes with 27 NGO partners and more than 1,800 volunteers.

We commit to healthy living on a healthy planet by engaging everyone in building a sustainable future. To ensure our leadership teams can create a culture of innovation and lead the company into a sustainable future, we developed a "Grounded in Goodness" program with the Cambridge Institute for Sustainability Leadership, exploring topics focused on climate science, sustainable developments in the food sector, systems thinking, bio-dynamic farming, business model transformation and more. The aim is for all senior executives to complete the program by February of 2024; in 2023, three cohorts of leaders participated.

As part of our caring culture, we provide tools and resources to support mental health and well-being, ensure associates know we are open for everyone, and adopt inclusive practices, such as balanced slates and transparent talent plans, that promote equitable opportunities for people. For more information, see *Diversity, equity & inclusion*.

Organization evolves

We develop, build and organize key core and future retail capabilities through functional academies and other programs to ensure organizational agility and associate success. We regularly evaluate our ways of working to ensure they are the best fit to enable our strategy. For example, Gall & Gall and Etos launched new EVPs and associate listening programs to improve the associate experience based on the feedback received.

We build capabilities for business change and agility for transformation. After successfully implementing the first wave of SAP SuccessFactors in 2022, we closed the deployment program successfully in Q2 of 2023 by adding Mega Image, Alfa Beta and the remainder of our U.S. brands. A total of around 400,000 associates now have an improved HR experience through this digital, safe, compliant and mobile HR platform that is accessible 24/7.

We shape the future of work in retail by advancing flexibility and the speed of re-skilling. At the end of 2022, we launched a new, more flexible remote working from abroad policy for our Netherlands-based GSO and European Business Services associates, enabling them to get inspired and energized by working from a different country. Our brands are also testing different models for flexibility at work, including hybrid office models, improved schedules and flex options in the stores and DCs. Maxi currently has over 1,900 people engaged in its flexible working program and hopes to increase this to 5-10% of the workforce.

We rely on digital tools and data to strengthen our efficiency and forward-looking insight. Albert Heijn hosted a Food & Tech week with over 300 colleagues participating in a program that included tech talks, workshops and the brand's fourth 24-hour AH Technology Hackathon. They also launched Gen AI Labs, where they rapidly develop, test and roll out new ideas, such as a scanner that turns a recipe photo into a shopping list and a private internal ChatGPT environment.

Local recognition.

Getting noticed for our approach to DE&I

Food Lion was recognized by Newsweek as one of America's greatest workplaces for diversity. The ranking scored 1,000 companies across the U.S. on how they value diversity in their workplaces, using publicly available data, interviews with HR professionals and a large-scale employee study to develop the list.

Food Lion has long received recognition for being a diverse, equitable and inclusive employer, including earning a perfect 100 on the Human Rights Campaign Foundation's Corporate Equality Index for the past 13 years, and being named a Top 50 Best-of-the-Best Corporation for inclusion by the National Business Inclusion Consortium for the past five years.

See **our website** for more information.

LOCAL MATTERS

OUR GROWTH DRIVERS

Strengthen operational excellence

€1.3bn
Save for Our Customers savings in 2023

2.7%
Total cash CapEx as a percentage of net sales in 2023

2,906
Number of stores offering self-scanning solutions in 2023

OUR AMBITION

Our group-level commitment to operational excellence is represented by our business wheel. At Ahold Delhaize, we strive to save for our brands' customers, drive same-store sales and invest to fund growth. Our operational excellence growth driver is focused on making this wheel turn faster and better all the time.

The teams running our local brands are skilled operators, with decades of experience in retail and the ability to maintain a steady performance even in the midst of challenging economic circumstances. They work tirelessly to improve how they operate stores, DCs and HSCs.

Our strong operating model is key to enabling their success: our network of leading local brands supported by service companies that operate at scale and leverage their best capabilities regionally and globally. This is an important component of our competitive advantage, and crucial to how we deliver our omnichannel customer value proposition.

This operating model enables us to transform quickly and leverage our scale to support our brands as they adapt to the unique demands of customers across their local markets. In this way, we have developed a repeatable formula for continued global growth.

OUR "SAVE FOR OUR CUSTOMERS" BUSINESS WHEEL

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

Delivering a relevant digital and in-store experience

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

Optimizing our supply chain, operations and merchandising

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

Unlocking the power of data

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

STRENGTHEN OPERATIONAL EXCELLENCE

STRATEGIC CHOICES AND CHALLENGES

Achieving e-commerce profitability as customer expectations continue to change

Ahold Delhaize's online penetration keeps growing, more than doubling in the past four years. As a result, the need to service this channel in an efficient way is an obvious and important contributor to our overall profitability.

Consumers have become used to the convenience of – ever-quicker – delivery and collection. U.S. consumers remain partial to click and collect or same-day delivery, while Europeans prefer same or next-day delivery. The pressure to meet these growing and ever-changing expectations is only getting stronger, and, at the same time, our brands feel the pressure of having to mitigate online grocery's dramatic impact on order economics and the adverse effect of home delivery on margins.

To keep serving this ever-growing online demand without significantly cutting into margins or raising prices, we continue to focus our investments on the following four levers:

1. Deliver sales density and, ultimately, scale – which is just as essential in e-commerce as it is everywhere else in food retail.
2. Ensure our brands test and implement customer value proposition models to meet the rapidly changing demands of local customers to maintain a competitive or leading position everywhere they operate.
3. Optimize fulfillment and last-mile operations. In the past few years, we have been experimenting with various strategies, technologies, and third-party providers to reduce picking and delivery costs across our brands and regions. We are working together and sharing best practices to find the optimal model in every region, in line with our great local brand philosophy.
4. Build complementary revenue streams, including using the data we capture across our diverse brands to help fuel investments that can enhance the customer journey going forward. See Data privacy under Principal risks and uncertainties for more information.

OUR PROGRESS AND FUTURE PLANS

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

Save for Our Customers

Teams at our brands continue to work hard to help customers manage their spending and get more value for their money. Supported by our €1.3 billion Save for Our Customers cost savings program, our brands are partnering with suppliers to alleviate cost increases for customers, introducing more entry-priced products, expanding their assortments of high-quality own-brand products and delivering personalized value through their omnichannel loyalty programs.

Improve our supply chain

In recent years, we've learned how important an efficient supply chain is to providing a seamless omnichannel offering, especially as demand for online shopping continues to grow. Therefore, we continue to invest in improving our supply chain.

For example, Albert Heijn opened a new, mechanized HSC in Barendrecht, the Netherlands, in November, where robots do the shopping. Around 300 robots with a total of 45,000 bins collect non-perishable groceries to fulfill customer orders, working hand in hand with associates who are completing the orders, including by adding fresh products. Ahold Delhaize USA also added two new facilities to its self-distribution network – a DC in Chester, New York, and a fully automated freezer in Mountville, Pennsylvania.

Top image: Albert Heijn associates in a DC

Bottom image: Stop & Shop's loyalty program, offering high-quality products for low prices, to help customers save money

STRENGTHEN OPERATIONAL EXCELLENCE

Enhance store and e-commerce operations

Our brands are working to make their stores more efficient and sustainable to operate, and to enhance their e-commerce offerings so more customers can access this convenient way of shopping.

During 2023, after a thorough review of our businesses, we started to refocus our online fulfillment capabilities in the U.S. to meet changing customer needs and the growing preference for speedier delivery and pickup. We began to shift from centralized distribution to a localized, more efficient fulfilment model. As part of this, Giant Food made several changes to the logistics network behind its Giant Delivers service, increasing its focus on picking products from stores and third-party partners. It opened a second e-commerce DC to enable faster, more frequent delivery options and expand delivery access for customers. At the same time, it also closed one regional fulfillment center in Hanover, Maryland and an associated cross-dock facility in Milford, Delaware. Stop & Shop also decided to close a facility in Jersey City, New Jersey, effective March 2024, and instead utilize its existing store network and partners to service customers.

Ahold Delhaize USA's announced divestment of FreshDirect was another part of this refocus. This move enables our strategy to focus on omnichannel businesses with strong density and online presences.

Strengthen internal operations across all functions

One of our greatest strengths is the combination of our local brands with our global scale. Our brands develop and execute local strategies and commercial plans that connect with customers. And our regional support businesses provide the brands with the scale, platforms, capabilities and services that enable them to create a great omnichannel customer experience and win in their marketplaces.

Our U.S. support businesses include PDL, Retail Business Services and ADUSA Supply Chain. In Europe, European Business Services drives synergies across brands and provides expertise in HR, finance, and not-for-resale sourcing.

For example, our European brands work together to drive sourcing efficiencies on own-brand products. In 2023, they harmonized an additional 100 products in the CSE region through joint product development and sourcing.

Delhaize is transforming all 128 of its integrated supermarkets into independently operated Delhaize stores to strengthen its position in the competitive Belgian retail market. With this change, all Delhaize stores will be brought in line under one model, which, in turn, will stimulate investment in a sustainable future for Delhaize. The adapted model also presents local entrepreneurs with a unique opportunity to join Delhaize and develop the brand's future, together with our experienced, skilled supermarket employees. In 2023, 33 stores were transitioned to affiliated stores.

Convenience matters

Enhancing the digital shopping experience with a new mobile app

Peapod Digital Labs developed a new mobile app for our U.S. brands that significantly boosts speed and performance, simplifying how customers track and modify orders, allowing easier reordering and providing personalized recommendations and digital coupons. The native app makes a typically transactional experience more vibrant and engaging.

And it goes beyond online shopping with an "in-store" mode that users can activate for convenient scanning, payment and deli orders. The new app is now in use at Giant Food, The GIANT Company, Stop & Shop and Food Lion.

See **our website** for more information.

18%

Average increase of monthly active users (year over year) across the five brands.

LOCAL MATTERS

OUR VALUE CREATION MODEL

1 2 3 Inputs

Ahold Delhaize has a proud history of serving local customers, communities and associates with care. Our brands are an integral part of the communities they serve. And they work side by side with suppliers and other partners to serve customers and communities more sustainably. Our brands strive to provide healthy and affordable food, so that it's easier for customers to make healthy choices.

FINANCIAL CAPITAL

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

€89 billion

net sales

€2.4 billion

free cash flow

RAW MATERIALS

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

by 2040

reach net-zero emissions across our own operations

by 2050

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

PRODUCTION AND TRANSPORT

Own brand

Our brands develop, brand and market own-brand lines in-house to offer great value across different price points and a relevant local assortment. They partner to have them produced and packaged for sale. All our brands are reformulating own-brand recipes to reduce sugar, salt, colorants and additives while safeguarding product integrity and safety. Of our own-brand food production sites, 98% are Global Food Safety Initiative (GFSI)-certified or comply with an acceptable level of assurance standard. We aim to achieve 52.3% of own-brand sales from healthy products by 2025. Our brands are also working to reduce plastic and increase recyclable materials in own-brand packaging.

Consumer packaged goods (CPGs)

Various suppliers manufacture branded products that are delivered to our brands' DCs. These suppliers benefit from the unique customer insights our brands develop through their strong local presence and long experience in grocery retail. We also share expertise and scale with other food retailers through the Coopernic European Buying Alliance and AMS. In 2023, Ahold Delhaize joined EURELEC to address price differences between European markets.

OUR VALUE CREATION MODEL

1 2 3 Inputs continued

WAREHOUSE AND DISTRIBUTION

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

85

hubs / DCs operated by our brands

1,833

pick-up points operated by our brands

7.2%

online grocery penetration

5.9%

net consumer online sales growth (at constant rates)

RETAIL

Our well-known local brands serve 63 million customers weekly in more than 7,716 grocery, small-format and specialty stores and online, through our own and third-party apps and websites. Our brands include the top online retailer in the Benelux, bol. While the majority of our revenue comes from selling products to customers, growing complementary revenue streams driven by digital and in-store media allows us to save and reinvest across the value chain.

Our brands and businesses employ, in aggregate, 402 thousand associates worldwide, with 59% under collective labor agreements. These motivated and talented associates are key to our brands' success; they are committed to not only providing the best shopping experience, but also reducing its environmental impact – for example, by building and remodeling energy-efficient stores and replacing or retrofitting refrigerator systems with lower-GHG alternatives. Several of our brands already use renewable sources for a portion of their energy needs, and have plans to increase their renewable electricity use even further.

CUSTOMERS

Our value chain begins and ends with the customer. Ahold Delhaize has grown from two family-run grocery stores into an international family of local omnichannel brands. For over 150 years, our brands have been helping people eat well, and have remained grounded in service to customers and communities – which extend far beyond their own neighborhoods to families all around the world. As these communities have grown, so has our responsibility to protect people and the planet. Our brands are empowering customers to make better choices and help create a better world by providing more and more options, access to information on healthy living and well-being, making donations and partnering with others to create a better world. We aim to achieve a 5% reduction in primary virgin plastic in own-brand product packaging compared to our 2021 baseline by 2025 and to reduce food waste by 50% from 2016 to 2030.

71%

of net sales are generated by loyalty card members

~26.3 million

active loyalty card holders (4.2% decrease from 2022)

OUR VALUE CREATION MODEL

1 2 3 Impacts across our value chain

Material topics linked to our value chain

Tier 1
- 1 Climate change
- 2 Food Waste
- 3 Customers' health and nutrition

Tier 2
- 4 Sustainable products
- 5 Sustainable packaging
- 6 Animal welfare
- 7 Product affordability
- 8 Human rights in the supply chain
- 9 Workplace conditions
- 10 Diversity, equity and inclusion
- 11 Business ethics and compliance

Upstream

Upstream and Own operations*

Own operations*

Own operations

Downstream

RAW MATERIALS 1 2 4 6 8

Our brands source products from producers near and far, who grow and cultivate raw materials or raise livestock for commodity production.

We partner across the industry to create a more sustainable value chain.

PRODUCTION AND TRANSPORT 1 2 3 4 5 6 8 9

Raw materials are harvested, and ingredients assembled, prepared and packaged before products are transported to our brands' warehouses.

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

WAREHOUSE AND DISTRIBUTION 1 2 5 9 10 11

Products are delivered to our brands' DCs and prepared for transport to stores, e-commerce fulfilment centers, HSCs, pick-up points and customers' homes.

We are adapting our supply chain to better serve customers and contribute to a healthier planet.

RETAIL (IN STORE AND E-COMMERCE) 1 2 3 5 7 9 10 11

Our well-known local brands, supported by 402,000 associates, serve 63 million customers each week, providing a leading local food shopping experience in stores and online.

We are also increasing our media and data insights sales activities, which include digital advertising opportunities for B2B partners that create more tailored and relevant customer experiences.

CUSTOMERS 1 2 3 5 7

Products make their way to customers' homes through stores, pick-up points or online delivery. Our brands' customers enjoy safe food produced with respect for people, animals and the climate.

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

Value chain

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

1 In certain brands, we outsource our distribution and warehouse activities, which implies they are upstream instead of own operations.

2 Both tier 1 and 2 topics are materially important to Ahold Delhaize and our stakeholders, but tier 1 topics are also strategically important to Ahold Delhaize and linked to our remuneration incentives.

OUR VALUE CREATION MODEL

1 2 3 Value and impact created

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

OUR CUSTOMERS

Output

96%

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

5.9%

of net consumer online sales growth in 2023 (at constant rates)

Outcomes

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

OUR ASSOCIATES

Output

78%

2023 associate engagement score (2022: 79%)

€13 billion

wages in 2023

52%

women in the workforce

5.2%

reduction in workplace injury absenteeism rate (number of injuries that result in lost days per 200,000 hours worked)

Outcomes

- Diverse, engaged and skilled workforce
- Safe place to work

OUR COMMUNITIES

Output

76 thousand

tonnes of food donated in 2023

2.7 million

tonnes CO_2-equivalent scope 1 and 2 emissions (reduction of 212 thousand tonnes compared to 2022)

225 thousand

tonnes of food waste (2 percentage points decrease compared to 2022)

78%

of production sites of own-brand products in high-risk countries audited against an acceptable standard with a valid audit report or certificate and no noncompliance on deal-breakers in 2023

Outcomes

- Food donations
- Acting to reduce environmental footprint and waste

OUR SHAREHOLDERS

Output

€1.10

per share dividend for 2023

€1 billion

returned to shareholders via share buyback program in 2023

Outcomes

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

ENGAGING WITH OUR STAKEHOLDERS

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

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

They make us better by challenging us, sharing insights into their concerns, offering feedback on how we are doing and collaborating with us to solve problems. This helps us understand which topics are most material and of greatest significance to stakeholders, to ensure that our strategy and reporting are in line with their expectations and our most significant impacts while focused on adding short-, medium-, and long-term value.

We proactively manage relationships to foster open dialogue with, and capture feedback from, our stakeholders in both formal and informal ways throughout the year. To enhance transparency on how we do this and to comply with the Dutch Corporate Governance Code, we have published our *Policy on Stakeholder Engagement*. The following table details the expectations, the means of engagement with each stakeholder group and what we discuss.

CUSTOMERS

EXPECTATIONS

- A seamless and easy shopping experience, enabled by technology
- High-quality products that are healthier, tasty and affordable
- Empowered customer choice through great value and easy access to affordable and healthy food options

HOW WE ENGAGE WITH THEM

- Customer service in stores, on the telephone and online
- Direct feedback to our brands' associates, websites and social media
- Customer surveys, studies and focus groups. We, for example, proactively engage with customers and support them in making low-emission choices.
- Communications campaigns to support customers in making local, affordable, healthy and sustainable food choices. For example, Hannaford introduced its Planet Hannaford initiative to help customers make local, eco-friendly shopping choices. Albert Heijn's free My Lifestyle Coach app helps participants eat better, exercise more, relax well and sleep better.

WHAT THEY TELL US

- Customers value products that are made with respect for people, animals and the planet, and they share our concerns about food and plastic waste. Key social and environmental topics that customers talk to us about include human rights, animal welfare and deforestation.
- Convenient online shopping with pick-up or delivery options became even more important to customers due to the pandemic, and remain important.

ASSOCIATES

EXPECTATIONS

- An inclusive and caring workplace, where everyone is heard, valued, finds purpose, feels a sense of belonging and has equitable access to opportunities
- The space to grow and develop both personally and professionally
- A safe and supportive environment with a focus on well-being

HOW WE ENGAGE WITH THEM

- Annual AES and pulse surveys. See *Cultivate best talent* for results.
- Continuous dialogue in stores, warehouses and support offices
- Frequent touchpoints, including performance review processes, recognition, rewards and benefits programs and training
- (Virtual) town halls, expert sessions and other meetings and events to facilitate connections
- Associate mental health initiatives
- Sponsorship and support of BRGs
- Community work
- Works councils

WHAT THEY TELL US

- Associates take pride in working for Ahold Delhaize and its brands and have access to support, resources and training to maximize their growth.
- Associates make their voices heard, and this helps us progress toward our 100/100/100 DE&I aspiration to be 100% gender balanced, 100% representative of the communities we serve and 100% inclusive, every day.

SHAREHOLDERS

EXPECTATIONS

- Delivery of consistent, stable earnings growth, strong free cash flow, dividends and share repurchase programs
- Being a sustainable food retailer through a best-in-class approach to minimize the material impacts on the business from environmental and social issues and through solid governance

HOW WE ENGAGE WITH THEM

- Annual and extraordinary General Meetings of Shareholders
- Quarterly disclosures on financial performance briefings and presentations
- Individual or group meetings with analysts and shareholders
- Regular regional roadshows and conferences
- Other meetings, such as our upcoming Strategy Day in May 2024. See our website at *www.aholddelhaize.com* for more details.
- Sustainability expert sessions

WHAT THEY TELL US

- We are transparent about our progress on our Leading Together strategy, including performance against our targets to build a more sustainable business.
- We engage on numerous topics impacting the food retail industry, including the growth of the online food channel, competitive market dynamics and the role of sustainability within our business model.

ENGAGING WITH OUR STAKEHOLDERS

COMMUNITIES

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

• Partnerships with local community organizations and charities. For example, Hannaford donates to local non-profit organizations such as the Simmering Pot, which provides 150 meals per week to those experiencing food insecurity. Another example, that kicked off in December 2023, is Alfa Beta's partnership to send products close to expiration from their HSCs to a local NGO restaurant in Athens.
• The GIANT Company partners with the Rodale Institute, global leader in regenerative organic agriculture, to create a more sustainable food chain through education, research and training.
• Brand-owned foundations. For example, bol's Bright Sparks ("bollebozen") initiative, contributes to creating equal opportunities for children in the Netherlands and Belgium by encouraging them to enjoy reading stories and helping them develop digital skills. Bertík Helps, the largest grant campaign of the Albert Foundation, supports 80-100 charity projects per year.
• Sponsorships. For example, Albert Heijn works with the Dutch Food Bank, and donated more than four million products in 2023.
	• Engaging with public policymakers through industry associations, face-to-face meetings, written contact, information on our website and participation in public hearings or conferences
	• Ahold Delhaize cosigned an open letter from business to EU policymakers in support of the proposed EU Nature Restoration Regulation.
	• Advocating for Nutri-Score as an EU-wide food nutrition label and for completion of the EU internal market for food retail operators
	• Discussing efforts toward a more sustainable agricultural supply chain with the European Commission
	• The U.S. brands made commitments in service of the White House Challenge to End Hunger and Build Healthy Communities.
	• Albert Heijn held a meeting for industry associations, NGOs, scientists, government officials and business partners to launch its Sustainability Report.
		• Responding to requests from and reaching out to NGOs
		• Individual and group meetings as well as written communication and contact with NGOs
		• Being a founding partner and member of various ESG-related networks and institutions – for example:
		  • Founding partner of the LEAD network, which aims to attract, retain and advance women in Europe's Consumer Goods and Retail sector.
		  • Member of Network for Executive Women.
		  • Founding partner of the World Resources Institute's 10x20x30 initiative.
		  • Member of the Ellen MacArthur Foundation to mitigate the impact of plastics.
		  • Signatory of the UN Global Compact.
		  • Partner with WWF to support, for example, reducing our environmental footprint or improving a local fishery.
		• Providing input for and discussing results of benchmarks on ESG topics
			• Individual meetings and online communication. For example, we are working closely with our extensive supply chain to reduce GHG emissions.
			• Surveys: In 2023, for example, Albert Heijn conducted independent impact studies in high-risk chains, speaking to local workers and stakeholders and creating action plans with suppliers to improve conditions.
			• Supplier events
			• Partnerships, including the "Better for Nature and Farmer Program," Albert Heijn's cooperation with more than 1,200 farmers and growers, through which it makes agreements about sustainability, innovations and earning capacity within the food chain
			• ADvantage, ADUSA Supply Chain's industry-leading supplier collaboration program. One year after its launch, the program now includes more than 200 CPG suppliers partnering with Ahold Delhaize USA brands to innovate supply chain management practices and ensure customers can access the products they need, when they need them, through their channel of choice.

WHAT THEY TELL US			
• Community stakeholders provide valuable feedback – for example, on how our brands can be stronger partners in creating healthier communities.	• We (are invited to) engage with public policymakers to share our views, strengthen the reputation of Ahold Delhaize and the brands and, where deemed appropriate, of our sector, and to create a favorable policy and regulatory framework for the company and society, the brands, and our sector in the long term. Our Ahold Delhaize strategy is central to our efforts in engaging with public policymakers.	• Opportunities to improve our performance and transparency on topics including human rights, climate change, deforestation and animal welfare • In some cases, NGOs expect us to change policies or work with our brands' suppliers to improve their ESG performance.	• Input on how our brands can create healthier and more sustainable products for customers • Finding new ways to reduce food waste and increase economic, social and environmental value for the communities our brands' suppliers source from throughout the supply chain • Discussing the impact of climate change on the supply chain and ways to mitigate the risks

ENGAGING WITH OUR STAKEHOLDERS

COMMUNITIES CONTINUED

	FRANCHISEES AND AFFILIATES	INDUSTRY ASSOCIATIONS	SCHOOLS AND RESEARCH INSTITUTES
EXPECTATIONS	• The opportunity to build a profitable business • Reliable supply of high-quality products at a competitive price • The ability to offer customers store options that rely on proximity and fast shopping • Community support	• Commitment by Ahold Delhaize and the brands to jointly address industry challenges, establish coalitions of action and drive implementation • Cooperation in shaping operational standards • Engagement with industry peers and external stakeholders	• Funding, (customer) insights and sponsorship for joint research projects
HOW WE ENGAGE WITH THEM	• Individual meetings. For example, in Belgium, store visits are made on a weekly basis by a Delhaize consultant and regularly by a representative of the Delhaize Affiliate Partnership department • Strategic business reviews • Simplification and acceleration of the store opening process • Joint meetings, including training sessions and product discovery days • Training courses specifically on sustainability, in different forums, including stand-up meetings, bilateral talks and classroom-like training • Best-practice sharing: We put forward affiliates that are best-in-class so they can share their experience with others	• Pre-competitive forums: Roundtable on Sustainable Palm Oil, Roundtable on Sustainable Soy, Retail Soy Group, Retailer Cocoa Collaboration, GLOBALG.A.P., Global Sustainable Seafood Initiative, Global Tuna Alliance, North Atlantic Pelagic Advisory Group, Palm Oil Transparency Coalition, Global Roundtable on Sustainable Beef, Sustainable Agriculture Initiative, Sustainable Rice Platform, Retailers Palm Oil Group • Industry association memberships, Chambers of Commerce and national retail federations: CGF(Global), Business association, VNO-NCW (Netherlands), Eurocommerce (European Union (EU)), FMI: The Food Industry Association (U.S.), National Retail Federation (U.S.), Dutch Food Retail Association, CBL (Netherlands), The Federation for Commerce and Services, Comeos (Belgium), The Association of Commerce and Tourism, SOCR CR (Czech Republic), The Association of Large Commercial Networks, AMRCR (Romania), Confédération Luxembourgeoise du Commerce – Fédération de l'Alimentation et de la Distribution, CLC-FLAD (Luxembourg)	• Responses to academic surveys • Joint industry labs with academic institutions, such as AIRLab, which drives innovation at the intersection of retail, AI and robotics • Sponsorships and scholarships. For example, Ahold Delhaize supports the Rotterdam Philharmonic Orchestra Academy, which offers young musicians an extensive orchestral program in a leading symphony orchestra • Educational initiatives. For example, in 2023, The GIANT Company committed to support agricultural education programs developing future food and agriculture leaders. Hannaford donated to The Ecology School in Saco, an environmental learning and living center that provides immersive education for students, schools and community groups. And lastly, the Albert Foundation organizes sustainable cooking courses for children through a new project linked to the company's zero-waste strategy
WHAT THEY TELL US	• Input on operating stores and engaging with local communities • Strategy around healthy products and sustainability • Competition in the brands' markets • Sustainable solutions, such as remodeling stores to shift to natural refrigerants, EV charging stations, ability to choose to have stores audited for energy efficiency, smart in-store metering	• Key industry challenges around climate, waste, health, human rights, supply chains and safety • The belief that change needs to be driven globally and top-down in order to be successful • Anticipating and understanding local, national and regional public policy developments – for example, the credit card network routing market in the U.S. and the role of supermarkets in making Dutch fresh food chains more sustainable	• Academic research on topics such as robotics is often very specific and theoretical. Collaboration with Ahold Delhaize helps universities find real-life use cases for their technologies and co-create scalable solutions

Top image: Robot, "Pepper," greeting customers at Alfa Beta

Bottom image: Associate from The GIANT Company talking to CEO Frans Muller during a local visit

PERFORMANCE REVIEW

LOCAL MATTERS

Tempo Serbia

Driving long-term value creation

JOLANDA POOTS-BIJL, CHIEF FINANCIAL OFFICER; MEMBER MANAGEMENT BOARD AND EXECUTIVE COMMITTEE

We are pleased that Jolanda Poots-Bijl joined Ahold Delhaize as CFO in 2023. With over 20 years of executive and supervisory board experience, Jolanda is a leader focused on making things better and helping colleagues succeed, as well as driving financial success. We talked to her about her first impressions, leadership philosophy and ambitions for Ahold Delhaize.

Q Jolanda, can you share some insights into your onboarding at Ahold Delhaize. What were your first impressions and learnings?

I had the pleasure of starting my time at Ahold Delhaize with an extensive six-week induction program. This gave me the opportunity to dive into the business and visit almost all of our great local brands, learning about what makes them unique and their histories and ambitions going forward. And, most importantly, meet many wonderful colleagues across the company.

I was struck by how many customers stopped us to share how positive they are about the role our brands' stores and associates play in their daily lives and their communities.

During these first months with the company, I have been impressed by my colleagues' dedication and passion, their agility in managing dynamic times and their pride in the strong results our businesses continue to deliver. We are a true people-for-people business, well positioned in the heart of society. I have found that the Ahold Delhaize team is not afraid to tackle challenges head on, take on difficult projects and make tough choices where they see benefits for the customer and the potential of sustainable long-term value creation – for example, with the transformation in Belgium and the divestment of FreshDirect.

Q&A WITH OUR CFO

As an experienced business leader, you bring a fresh, new perspective to Ahold Delhaize. What opportunities and challenges do you see for the business in the next few years?

At Ahold Delhaize, we have many things to be proud of. We are a robust company with a strong international presence, an industry-leading position, a strong balance sheet, many talented associates and a family of great local brands that are often number one or two in their countries or regions. This enables us to successfully navigate both the challenges and opportunities ahead.

Having said that, many of the markets we operate in are faced with geopolitical and macroeconomic uncertainty. While inflation has passed its peak, consumers' household budgets remain under pressure.

This requires our brands to be agile and adaptable to meet and exceed customer needs. Our brands are constantly looking for opportunities to further improve their Customer Value Propositions (CVP) and keep their assortments affordable and healthy.

> **While our strategy and financial strength are important for our future success, it is our people who make the real difference.**

We want to be a leader in ESG, invest in our people and be responsible operators, while also delivering a good performance for our shareholders. We will further invest in our technology landscape so we can continue to be a digital leader. The fast rate of change in tech provides many opportunities to serve customers, and, by leveraging our scale through smart convergence, we will be able to save as we innovate.

To structurally realize these ambitions and build a long-term, future-proof organization for all stakeholders, growth is important. Balancing all these topics is both our challenge and our opportunity going forward.

How can the Finance function support the company's sustainability ambitions?

Sustainability is embedded in Ahold Delhaize's DNA; we are one of the front runners in our industry. I am passionate about maintaining this position and proud of the commitments we have made around, for example, the reduction of GHG emissions and food waste.

I see an important role for the Finance function to help us realize these commitments by providing the focus and transparency that is needed to drive our sustainability journey. In 2023, we further increased the quality and accuracy of our ESG data – and will continue to improve it. We also made great strides to prepare for the implementation of the Corporate Sustainability Reporting Directive (CSRD). We also work closely together with our sustainability, commercial and operational teams to turn our long-term sustainability ambitions into detailed roadmaps. We must also continuously collaborate with our external partners across the value chain and use our scale to positively influence the food industry.

And even though we have already incorporated sustainability considerations into our investment decisions – for example, through the implementation of a carbon pricing model – we continue to enhance how we evaluate the cost, scope and phasing choices of sustainability investments. One concrete example of how we secure the necessary funds for our sustainability plans has been through our sustainable financing, such as the issuance of our Green Bond in March 2023 and our Sustainability-Linked Commercial Paper Program in September 2023.

What will be your key focus areas for 2024?

Optimizing and nurturing Ahold Delhaize's sustainable long-term value creation will be one of my top priorities, and I look forward to sharing more about our plans during our upcoming Strategy Day in May 2024. We are a well-invested company, and we continue to look for opportunities as we leverage our scale; optimize our supply chain; and innovate using new data capabilities, AI and machine learning.

Our brands are strong operators, well positioned to manage the volatility of today's world. The economic and geopolitical backdrop remains dynamic; therefore, another focus area will be to look for opportunities to further strengthen our brands' competitive positions and to operate even more efficiently. Our strong and consistent financial performance gives us a great platform to unlock the necessary funds to reinvest in our CVP, new growth areas and our priorities in technology and sustainability.

While our strategy and financial strength are important for our future success, it is our people who make the real difference, so we will also continue to invest in our great people.

> **Optimizing and nurturing Ahold Delhaize's sustainable long-term value creation will be one of my top priorities.**

TARGETS AND RESULTS

KEY FINANCIAL TARGETS[1]	TARGET 2023	RESULTS IN 2023
Group underlying operating margin	≥ 4.0%	4.1%
Diluted underlying EPS growth[2]	Around 2022 levels	(0.4)%
Net capital expenditures	Around €2.5 billion	€2.3 billion
Free cash flow[3]	Around €2.0 billion	€2.4 billion
Dividend payout ratio[4]	Absolute increase in dividend per share 40-50% payout ratio	€0.05 increase in dividend per share 43% payout ratio
Share buyback[5]	€1 billion	€1 billion

1 Targets 2023 based on original guidance as per Annual Report 2022; For definitions on KPIs, see *Definitions and abbreviations*.
2 At current rates
3 Target excludes M&A.
4 The dividend payout ratio for results in 2023 is calculated as a percentage of underlying income from continuing operations on a 52-week basis.
5 Management remains committed to the share buyback and dividend program, however the program is subject to material macroeconomic changes or changes in corporate activities, such as material M&A activity.

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

PERFORMANCE REVIEW

TARGETS AND RESULTS

DRIVE OMNICHANNEL GROWTH	TARGET 2023	RESULTS IN 2023
Net consumer online sales growth	High single-digit growth	+5.9%
Loyalty sales growth[1]	Double-digit growth	+2%
Complementary revenue streams growth	≥ 20%	+13%
ELEVATE HEALTHY AND SUSTAINABLE	**TARGET 2023**	**RESULTS IN 2023**
Healthy own-brand sales[2]	54.6%	54.8%
Food waste reduction[3]	34%	37%
GHG-emissions reduction scope 1 & 2[4]	Further reduction	35% (5pp improvement vs. LY)
CULTIVATE BEST TALENT	**ASPIRATIONS 2023**	**RESULTS IN 2023**
Associate engagement score	≥ 79%	78%
Inclusive workplace score	≥ 80%	81%
Associate growth[5]	New index, no aspiration set for 2023	75%
STRENGTHEN OPERATIONAL EXCELLENCE	**TARGET 2023**	**RESULTS IN 2023**
Save for Our Customers	≥ €1 billion	€1.3 billion
Supply chain initiatives	Two fully automated frozen facilities in the U.S. during 2023	Frozen facility in Mountville, Pennsylvania, in test mode; Plainville, Connecticut, facility planned to go live in H1 2024
Improving online productivity	Opening of the first mechanized HSC in Barendrecht in the Netherlands	Opened the first mechanized HSC in Barendrecht in the Netherlands in Q4 2023

1 Loyalty sales measures the sales generated by active addressable loyalty card holders. See *Definitions and abbreviations* for more information.
2 The 2023 target is restated due to the Guiding Stars algorithm change, which had -0.4pp impact on group level, changing the target from 55.0% per Annual Report 2022 to 54.6%.
3 The reduction is measured against the restated 2016 baseline: 4.99 t/€ million. See *ESG statements* for more information.
4 The reduction is measured against the restated 2018 baseline: 4,095 thousand tonnes CO2-equivalent emissions. See *ESG statements* for more information.
5 The associate growth index is driven by: perception of opportunity for personal development and growth, opportunities for career growth, feeling their job makes good use of their skills and abilities, and support from their manager for skill and career development. See *Definitions and abbreviations* for more information.

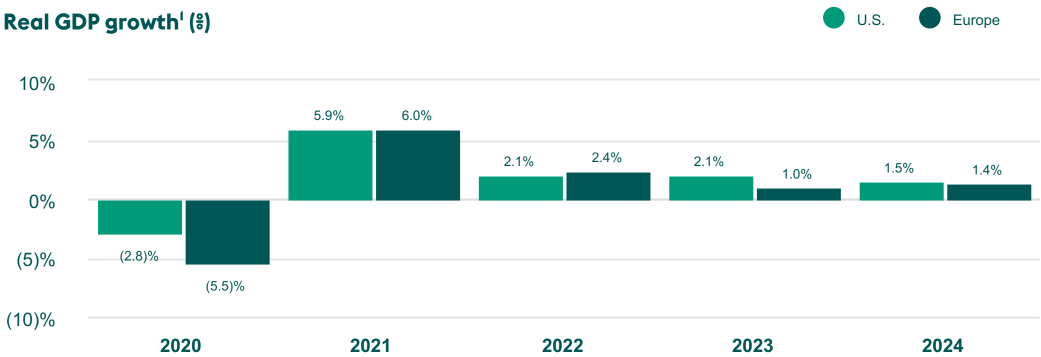
MACROECONOMIC TRENDS

Ahold Delhaize navigating through rising global tensions and economic pressure in 2023

GDP GROWTH STABILIZING IN U.S. AND SLOWING DOWN IN EUROPE

In 2023, the global economy continued to be challenged by persistent inflation and modest growth prospects. Gross domestic product (GDP) growth stabilized in the U.S. and slowed down in Europe versus the prior year, as it was impacted by tighter financial conditions, weaker trade growth and lower business confidence. GDP growth is projected to be mild in 2024, while various risks remain, such as potential disruptions to commodity markets and trade from growing geopolitical tensions, uncertainty around inflation and lower household savings (source: "Economic Outlook," OECD). GDP reached 3.0% globally in 2023: the U.S. showed growth of 2.1% and the Euro area growth of 1.0% (source: "Data mapper," International Monetary Fund (IMF)).

Real GDP growth[1] **(%)**

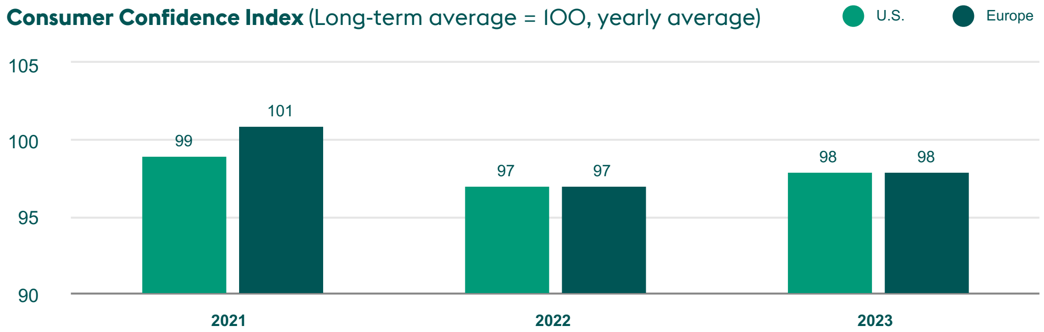


1 GDP (Gross Domestic Product) represents the total value at constant prices of final goods and services produced within a country within a specific time period.
Source: IMF (GDP reports: Annual percentage change, 2023)

CONSUMER CONFIDENCE SLIGHTLY INCREASING

Consumer confidence only slightly increased in 2023, as concerns about inflation diminished somewhat compared to 2022, but remained high. Confidence went up by 1 percentage point to 98% in both segments. Nonetheless, it was pressured, as consumers' concern about the overall economic outlook grew. In addition to inflation, consumers were faced with higher interest rates and ongoing geopolitical instability. In the United States, the resumption of student loan payments largely negatively influenced consumers' economic outlook in a largely negative way (source: "Main Economic Indicators," OECD). In Europe, the desire to save money increased as the abovementioned concerns were further pressured by the conflicts in Ukraine and Israel/Gaza.

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



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

HIGH LEVELS OF INFLATION MODERATING

Consumer Price Index (CPI) inflation in 2023 was still at elevated levels, reaching 8.6% for the OECD countries in Q1, but moderated toward the end of the year, mostly driven by lower energy prices, with OECD CPI rates below 6% in Q4. Food prices grew above historical-average rates in 2023, but at lower rates than in 2022. In order to control elevated inflation rates, central banks increased interest rates up until September 2023 to the highest levels in more than 20 years. After September, central banks maintained constant rates when they saw inflation moderating toward the end of the year (source: Statista and International Monetary Fund (IMF), various reports in December 2023).

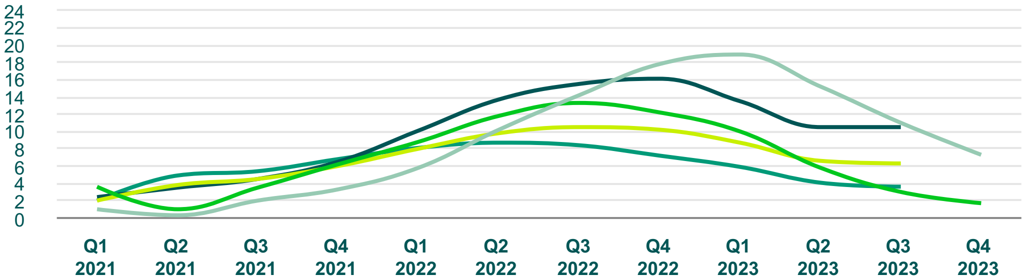
In the U.S., food inflation rates, similar to CPI rates, declined in the second half of 2023. Where food inflation was substantially higher compared to CPI in the beginning of 2023 (9.9% in Q1), this gap narrowed in the last quarter to 1.6%. The annual CPI rate amounted to 4.1% in 2023, a steep decrease versus 2022 (8.0%).

Inflation was especially persistent in Europe, and remained elevated there until Q4. With food inflation rates of 18.8% at the beginning of the year, European consumers continued to change their shopping habits. To alleviate the ongoing pressure on household income, European consumers started to focus on more value for money, including buying cheaper products and delaying purchases (source: "An update on European Consumer Sentiment," McKinsey). In Q4, European food inflation was down to 7.4%. In 2023, the annual CPI rate for the European Union went down from 9.2% in 2022 to 6.4% in 2023.

TARGETS AND RESULTS

MACROECONOMIC TRENDS

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



Source: OECD (Consumer Price Indices – Complete Database, 2023); the data for Europe Is not available yet for Q4 2023

GROCERY SPENDING CONTINUES TO GROW

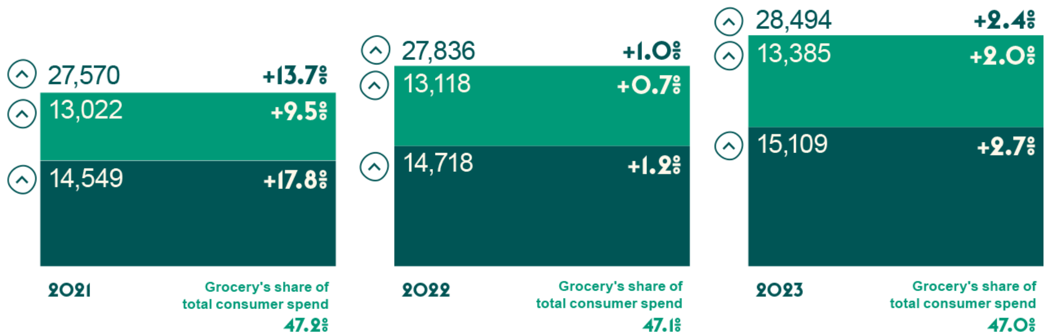
Grocery spending globally recovered to some extent in 2023, growing 2.0%, which was 1.3 pp higher than in 2022. Grocery spending increased by 4.4% in the U.S., while in Europe it rose modestly by 1.8%. Grocery share as a percentage of consumer spending in 2023 remained roughly stable at 34.5% in the U.S. and 42.7% in Europe (source: Flywheel Retail Insights – former Ascential).

CONSUMER SPENDING SPLIT 2023-2021	2023	2022	2021
World			
Growth in grocery spending	**2.0%**	0.7%	9.5%
Grocery as a % of total consumer spending	**47.0%**	47.1%	47.2%
United States			
Growth in grocery spending	**4.4%**	6.5%	7.3%
Grocery as a % of total consumer spending	**34.5%**	34.3%	34.4%
Europe			
Growth in grocery spending	**1.8%**	7.7%	5.8%
Grocery as a % of total consumer spending	**42.7%**	42.8%	42.7%

Source: Flywheel Retail Insights (various reports in 2023; the data for 2021-2023 has been restated by Flywheel; new methodology excludes services and B2B)

Overall consumer spending increased in 2023, although consumer behavior is diverging and somewhat ambiguous. One segment of consumers is looking to cut costs by saving more money on food and other categories. Another segment is shifting to higher-end options in categories such as travel and grocery. A similar trend can be observed in consumer preferences. While some consumers are increasingly focused on buying sustainable products, at the same time, the inflationary environment is leading other consumers to worry that these products will become unaffordable for them in the near future (source: McKinsey). In addition, Deloitte's Financial Well-being Index, published annually to track consumers' financial health and spending intentions, demonstrates a positive trend for retailers this year, compared to last year. The index reached 102.8 in December 2023 compared to 100.2 in 2022 (Source: Deloitte).

Global consumer spending development (grocery and non-grocery)

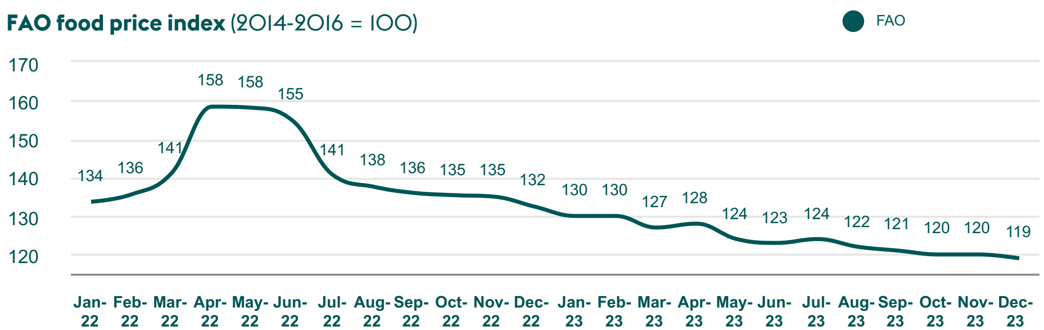


Source: Flywheel Retail Insights (Market – Global Consumer Trends in USD at 2023 exchange rate; the values for 2021-2023 have been restated by Flywheel; new methodology excludes services and B2B)

STABILIZATION OF PRODUCT COSTS; MAIN COMMODITIES DECREASING

Food commodity prices dropped gradually throughout 2023. The Food and Agriculture Organization of the United Nations (FAO) food price index is a good representation of this trend, showing that the prices for five main commodities (sugar, meat, dairy, vegetable oils and cereals) decreased by 12% on average in 2023 versus the prior year, reaching 118.5 in December 2023.

FAO food price index (2014-2016 = 100)



Source: Food and Agriculture Organization of the United Nations (2022-2023); FAO food price index consists of the average of five commodity group price indices: meat, dairy, cereals, vegetable oils and sugar.

MACROECONOMIC TRENDS

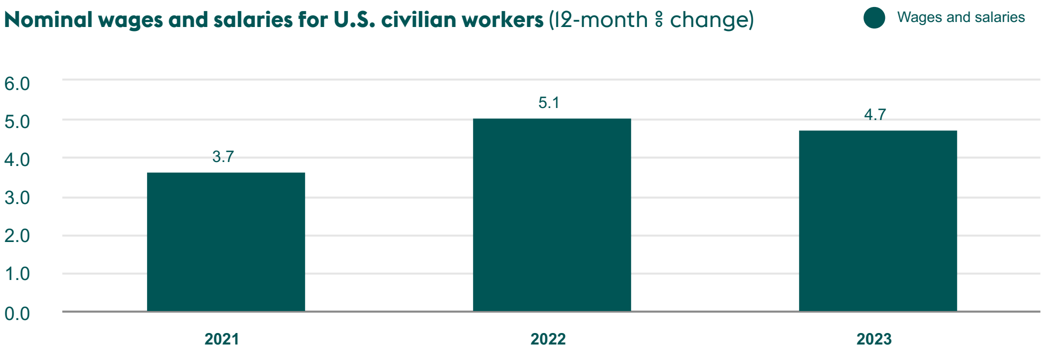
NOMINAL WAGES CONTINUE TO INCREASE SIGNIFICANTLY

Despite the fact that inflation rates moderated towards the second half of the year, nominal wages continued to increase in both segments.

The U.S. experienced a significant rise in wages and salaries, which grew by 4.7% in 2023. This was lower than in 2022 but significantly surpassed levels seen in previous years (source: U.S. Bureau of Labor Statistics, news release on Employment Cost Index, November 2023). Real wages started to increase as inflation declined from its peak in 2022, and workers received robust nominal wage gains. Seasonally adjusted, there was a 0.8% increase in real average hourly earnings from December 2022 to December 2023 (source: U.S. Bureau of Labor Statistics).

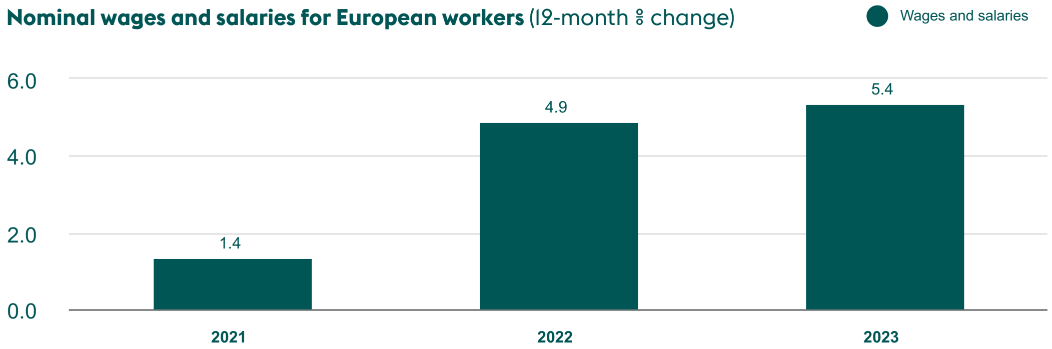
Wages and salaries also rose substantially in Europe, reaching a record high of 5.4% growth in 2023 (source: "Euro indicators," Eurostat). While wage growth has been strong in Europe, it has not been adequate to offset high inflation. Nominal compensation per employee increased by a significantly lower rate than inflation, resulting in a decline in real terms (source: "Labour market and wage developments in Europe 2023," Eurostat – EU commission).

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



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

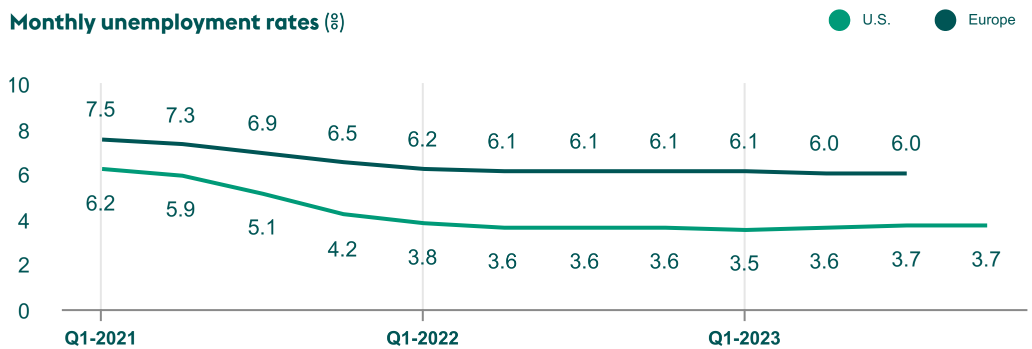
Nominal wages and salaries for European workers (12-month % change)



Source: Eurostat (Labor cost index), data for prior years has been restated by the Eurostat

Unemployment rates remained stable in 2023 in both regions. In the U.S., job gains in 2023 maintained a robust pace, albeit at a slower rate compared to the exceptionally high levels observed in 2021 and 2022 following the recession caused by the pandemic. The unemployment rate slightly increased from 3.6% in Q4 2022 to 3.7% in Q4 2023, resulting in a total of around 6.3 million unemployed people throughout the year (source: "The Employment Situation – December 2023," U.S. Bureau of Labor Statistics). In Europe, the unemployment rate continued to decrease throughout 2023, from, on average, 6.1% in Q4 2022, to 6.0% in November 2023 (source: "Euroindicators November 2023," Eurostat).

Monthly unemployment rates (%)



Source: OECD (Labor market statistics 2021-2023); Europe data is still not available for Q4 2023

MACROECONOMIC TRENDS

ELECTRICITY PRICES DECREASED SIGNIFICANTLY, YET REMAIN ELEVATED

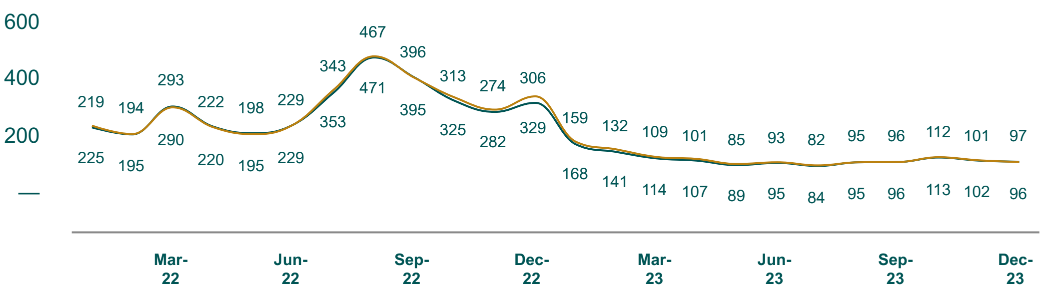
Global electricity markets improved in 2023 compared to the previous year, as a result of gas demand reductions in Europe and Asia (source: International Energy Agency). In the Netherlands and Belgium, electricity prices decreased from €270/Mwh in 2022 to €98/Mwh in 2023 (see graph: "Futures prices for the Netherlands and Belgium (€/Mwh), ICE ENDEX"). The decrease in wholesale prices was registered in the first half of the year, alleviating the pressure on household electricity retail prices across Europe, and was accompanied by a fall in electricity consumption in the region. In addition, the share of electricity generated by renewables increased versus the share generated by fossil fuels (source: Directorate-General for Energy, European Commission).

In the U.S., electricity prices increased from €159/Mwh in 2022 to €168/Mwh in 2023 (source: U.S. Bureau of Labor Statistics). Energy generation also increased in the U.S., especially from renewable resources; in September, we saw 1.8% total net generation growth over last year (source: "Short-term Energy Outlook," U.S. Energy Information Administration).

Ahold Delhaize continues to work to secure its electricity supply and prices by purchasing electricity in advance where possible; this allows the company to manage the risks arising from the continued volatility in the energy market, locking in longer-term electricity prices to avoid excessive risks. The company also puts a lot of effort into prioritizing the use of green energy above other sources. In 2023, 52% of electricity used came from green sources, which was 12% higher than last year.

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

Netherlands Belgium



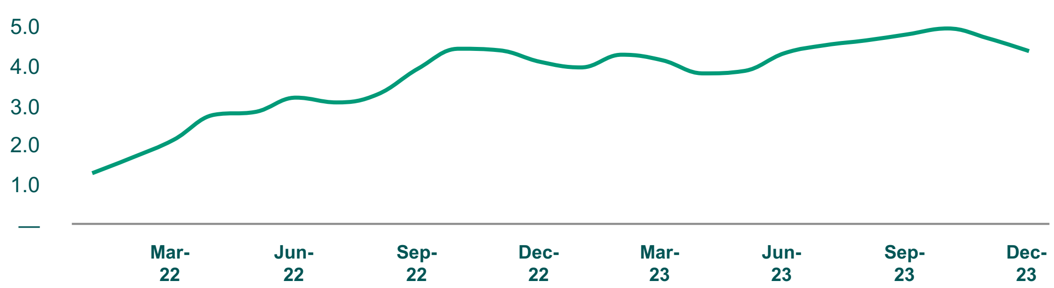
Source: ICE ENDEX (2022 data has been restated in 2023 by the ICE ENDEX

MODEST INCREASE IN INTEREST RATES

Our business is impacted by fluctuating interest rates. The three-year constant maturity market yield on U.S. Treasury securities modestly increased throughout 2023, favorably impacting the present value of our insurance liabilities.

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

DGS3



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

FOREIGN EXCHANGE RATE FLUCTUATIONS

The majority of the Ahold Delhaize brands' operations are located in the United States and denominated in U.S. dollars, which is translated into euros for consolidated results. U.S. economic growth was stronger than predicted for 2023, backed by strong consumer spending, jobs and real wages growth (source: CEA, thewhitehouse.org). While economic growth initially resulted in U.S. dollar growth, it slowed down towards the end of 2023, influenced by the growing inflation and market expectations around interest rates decreases (source: Reuters). By the end of 2023, the U.S. dollar depreciated by 2.8% against the euro (source: Bloomberg). A weakening dollar impacted our consolidated financial results unfavorably. For more information, see *Note 2* to the consolidated financial statements.

CURRENCY		2023	2022	CHANGE IN THE AVERAGE ANNUAL VALUE OF THE CURRENCY
U.S. dollar	USD/EUR	0.9248	0.9515	(2.8)%
Czech crown	CZK/EUR	0.0417	0.0407	2.4%
Romanian leu	RON/EUR	0.2022	0.2028	(0.3)%
Serbian dinar	RSD/EUR	0.0085	0.0085	0.2%

Source: Average exchange rates 2022-2023, Bloomberg

TARGETS AND RESULTS

GROUP PERFORMANCE

NET SALES

€88.6bn 3.8%*

1.9% vs. 2022

COMPARABLE SALES GROWTH (EXCLUDING GASOLINE SALES)

3.9%

OPERATING INCOME

€2.8bn (22.9)%*

(24.5)% vs. 2022

UNDERLYING OPERATING INCOME

€3.6bn (1.2)%*

(3.3)% vs. 2022

UNDERLYING OPERATING MARGIN

4.1% (0.2)pp*

(0.2) pp vs. 2022

FREE CASH FLOW

€2.4bn €0.2bn

*At constant rates.

GROUP PERFORMANCE

€ MILLION	2023	2022	CHANGE	% CHANGE	% CHANGE AT CONSTANT RATES
Net sales	**88,649**	86,984	1,665	1.9%	3.8%
Of which: online sales	**9,015**	8,618	397	4.6%	6.1%
Cost of sales	**(64,880)**	(63,689)	(1,191)	1.9%	
Gross profit	**23,769**	23,295	474	2.0%	
Other income	**499**	663	(164)	(24.8)%	
Operating expenses	**(21,422)**	(20,190)	(1,232)	6.1%	
Operating income	**2,846**	3,768	(922)	(24.5)%	(22.9)%
Net financial expense	**(546)**	(552)	7	(1.2)%	
Income before income taxes	**2,300**	3,216	(916)	(28.5)%	
Income taxes	**(456)**	(714)	258	(36.1)%	
Share in income of joint ventures	**30**	44	(14)	(31.6)%	
Income from continuing operations	**1,874**	2,546	(672)	(26.4)%	
Income (loss) from discontinued operations	**—**	—	—	(87.7)%	
Net income	**1,874**	2,546	(672)	(26.4)%	(24.9)%
Operating income	**2,846**	3,768	(922)	(24.5)%	(22.9)%
Adjusted for:					
Impairment losses and reversals – net	**375**	235	140		
(Gains) losses on leases and the sale of assets – net	**180**	(198)	378		
Restructuring and related charges and other items	**202**	(78)	280		
Underlying operating income	**3,604**	3,728	(124)	(3.3)%	(1.2)%
Depreciation and amortization[1]	**3,462**	3,432	30		
Underlying EBITDA	**7,066**	7,161	(95)	(1.3)%	0.6%
Underlying operating income margin	**4.1%**	4.3%	(0.2) pp		
Underlying EBITDA margin	**8.0%**	8.2%	(0.3) pp		

1 The difference between the total amount of depreciation and amortization for 2023 of €3,469 million (2022: €3,433 million) in Note 8 and the €3,462 million (2022: €3,432 million) mentioned in the table relates to items that were excluded from underlying operating income.

TARGETS AND RESULTS

GROUP PERFORMANCE

SHAREHOLDERS

€ UNLESS OTHERWISE INDICATED	2023	2022	% CHANGE
Net income per share attributable to common shareholders (basic)	**1.95**	2.56	(23.9) %
Underlying income per share from continuing operations	**2.55**	2.56	(0.6) %
Dividend payout ratio	**43%**	40%	3.4 pp
Dividend per common share	**1.10**	1.05	4.8%

OTHER INFORMATION

€ MILLION	2023	2022	% CHANGE
Net debt[1]	**14,267**	14,416	(1.0)%
Free cash flow[2]	**2,425**	2,188	10.8%
Capital expenditures included in cash flow statement (excluding acquisitions)	**2,434**	2,490	(2.3)%
Number of employees (in thousands)	402	414	(2.9)%
Credit rating/outlook Standard & Poor's	**BBB+ / stable**	BBB / positive	—
Credit rating/outlook Moody's	**Baa1 / stable**	Baa1 / stable	—

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

INFLATION POSITIVELY IMPACTS SALES, BUT IMPACTS PROFITABILITY NEGATIVELY

Ahold Delhaize delivered robust results in 2023, with strong sales growth, while maintaining a strong underlying operating margin. Group net sales were positively impacted by continued comparable sales growth (excluding gasoline) in both regions and, to a lesser extent, Albert Heijn's cooperating agreement with Jan Linders, partially offset by negative growth in gasoline sales and unfavorable foreign exchange translation effects.

The divestment of FreshDirect in Q4 negatively affected net sales to a limited extent.

While inflation was moderating throughout 2023, food inflation remained high, particularly in Europe. The region continued to be affected by disruptions from the war in Ukraine, and high energy costs continued to affect the entire agri-food chain.

In 2023, foreign exchange translations had a negative impact on the financial results, as the majority of our brands' sales originate in the United States and are denominated in U.S. dollars.

Overall net sales increased by 1.9% to €88,649 million driven by higher prices in both the U.S. and Europe. Both regions experienced a decline in volumes due to reduced demand stemming from the strain on consumer spending.

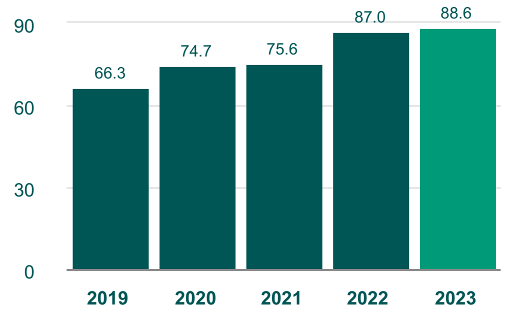
Net online sales grew at similar single-digit rates in both regions. In the U.S., Food Lion increased its online sales at high double-digit rates, while FreshDirect experienced single-digit decline. In Europe, both our non-food and food retail sales increased at single-digit rates, at both our food retail brands and bol.

During 2023, our brands' cost of sales continued to increase slightly, as well as other expenses, causing a continued pressure on the underlying operating margin. Nonetheless, our brands also continued to help customers navigate the inflationary environment through their personalized loyalty programs and our Save for Our Customers cost savings program and by leveraging the scale provided by our global portfolio.

Despite strong cost-saving programs, underlying operating margins ended up at 4.1%, a decrease of 0.2 percentage points compared to last year. Our margin based on (IFRS) reported operating income amounts to 3.2% of net sales, a decrease of 1.1 pp compared to last year. Operating margins were under pressure due to higher operating costs driven by inflationary pressures, predominantly in the U.S., and strikes at Delhaize Belgium after management announced its intention to transform all of its integrated supermarkets in Belgium to independently operated stores. Margin pressure was partly offset by continued efforts by our brands to deliver customers great value through our Save for Our Customers cost-savings program, as tight cost management continues to remain a core objective of our business model. Various one-offs during the year, as well as the cycling of prior year one-offs, balanced out in a slightly positive result.

Free cash flow increased year over year by €283 million at constant rates to €2,425 million. The increase was mostly driven by a positive development in working capital, due to improvements in Europe, and the recovery of an outstanding receivable related to an agreement with the Belgian tax authorities, partially offset by a lower operating cash flow and increased net investment.

Net sales over time (€ billion)



Net sales contribution by segment

The United States	**61.5%**
Europe	**38.5%**

TARGETS AND RESULTS
GROUP PERFORMANCE

MODERATE INCREASE IN NET SALES

Net sales for the financial year ending on December 31, 2023, were €88,649 million, an increase of €1,665 million, or 1.9%, compared to net sales of €86,984 million for the financial year ending on January 1, 2023. At constant exchange rates, net sales were up by €3,232 million or 3.8%.

Gasoline sales decreased by 19.9% in 2023 to €1,068 million. At constant exchange rates, gasoline sales decreased by 17.5%, as a result of moderating gasoline prices in 2023 compared to a spike in gasoline prices in 2022 driven by the war in Ukraine.

Net sales excluding gasoline increased in 2023 by €1,931 million, or 2.3%, compared to 2022. At constant exchanges rates, net sales excluding gasoline increased in 2023 by €3,459 million, or 4.1%, compared to 2022. The main driver of sales growth was inflation, due to its effect on shelf prices in our brands' stores, partially offset by unfavorable foreign currency translation effects, and a slight headwind resulting from the transformation of Belgian stores and strikes in Belgium. Moreover, in the U.S., the reduction of Supplemental Nutrition Assistance Program (SNAP) benefits compared to 2022 resulted in a headwind for sales growth.

In addition, comparable sales growth excluding gasoline sales increased by 3.9% in 2023 compared to 2022.

Net sales split by category

€ MILLION	2023	2022	CHANGE VERSUS PRIOR YEAR	CHANGE	CHANGE VERSUS PRIOR YEAR AT CONSTANT EXCHANGE RATES	CHANGE AT CONSTANT EXCHANGE RATES
Net sales	**88,649**	86,984	1,665	1.9%	3,232	3.8%
Of which gasoline sales	**1,068**	1,334	(266)	(19.9)%	(227)	(17.5)%
Net sales excluding gasoline	**87,580**	85,650	1,931	2.3%	3,459	4.1%
Of which online sales	**9,015**	8,618	397	4.6%	514	6.1%
Net consumer online sales	**11,865**	11,323	542	4.8%	660	5.9%

Healthy sales

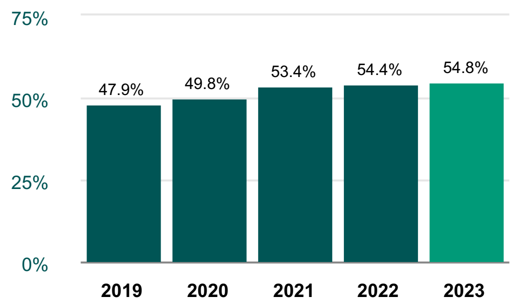
	2023	2022	CHANGE VS PRIOR YEAR
% of healthy own-brand food sales as a proportion of total own-brand food sales	**54.8%**	54.4%	0.4 pp

By 2023, 54.8% of own-brand food sales across our brands consisted of sales from healthy products – higher than our 54.6% ambition and an increase from 54.4% in 2022. Our ambition of 54.6% has been adapted to the Guiding Stars algorithm change in the U.S., following stricter dietary guidelines for Americans. This had a -0.4 percentage-point impact on a Group level, changing the target from 55.0%, as per our Annual Report 2022, to 54.6%.

The increase in our healthy sales percentage was achieved through many initiatives at our local brands. In the U.S., Giant Food offered a five-week "Healthier Together" series of free classes focussed on nutrition and healthy living and Stop & Shop held webinars with tips for grocery shopping and how to cook heart-healthy meals in support of American Heart Month. In Europe, we observed a shift in customer behavior towards more own-brand products; however, this was mostly observed in categories with relatively fewer healthy products, such as sweets and soft drinks. Despite this shift, our healthy sales percentage also increased in Europe, because of initiatives such as Mega Image's relaunch of its Nature's Promise own brand to help customers eat healthily in an affordable way.

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

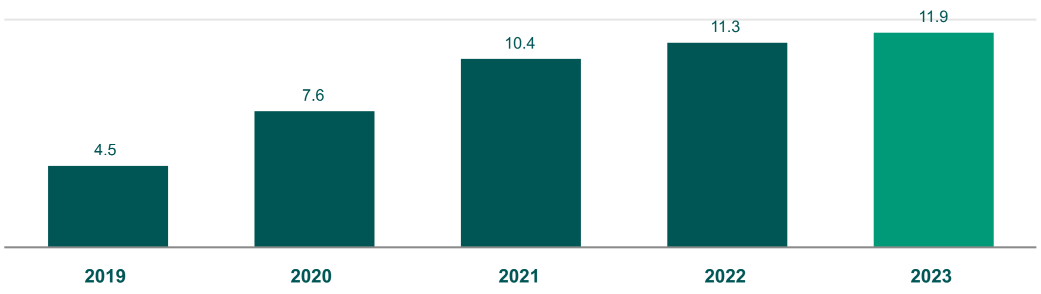
Healthy own-brand food sales



TARGETS AND RESULTS

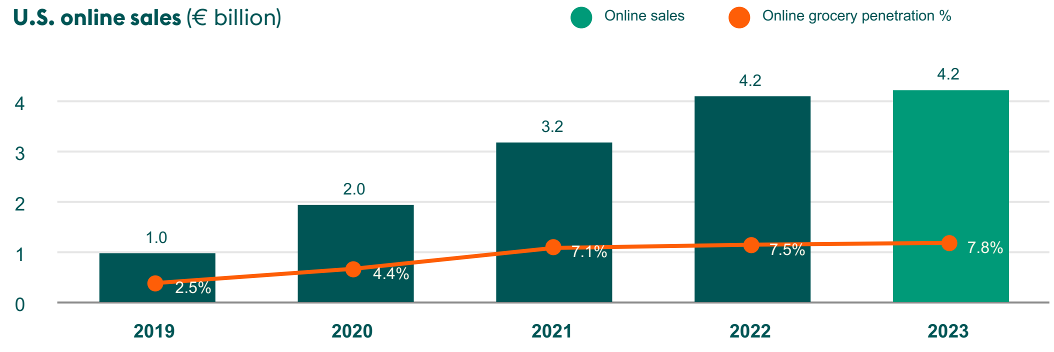
GROUP PERFORMANCE

Net consumer online sales (Group)[1] (€ billion)

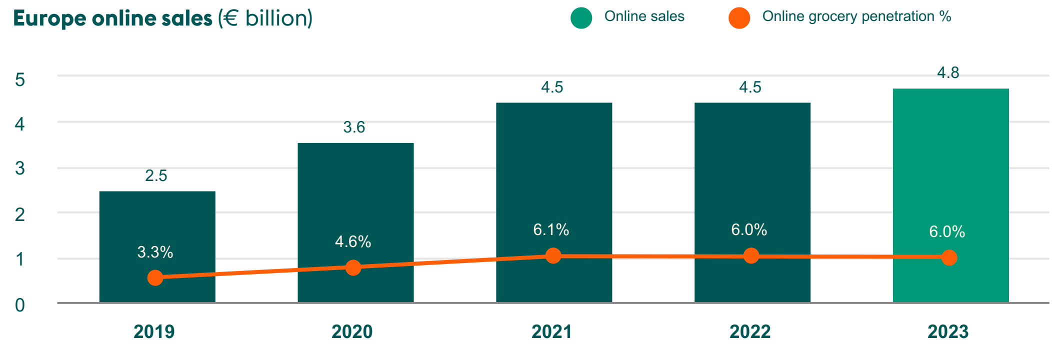


1 See *Alternative financial performance measures*.

U.S. online sales (€ billion)



Europe online sales (€ billion)



ONLINE SALES GROWTH CONTINUES

In 2023, we continued to deliver strong net consumer online sales, which amounted to €11,865 million, an increase of 5.9% at constant exchange rates. This was mostly driven by bol, which increased net consumer online sales by 6.2% over last year. This solid performance was helped by bol's well-performing logistics and advertising services. Online sales contributed €9,015 million to net sales (2022: €8,618 million).

The U.S. segment continued to see momentum in online sales. Net online sales increased by 5.1% in constant currency, also supported by an increased number of click-and-collect points (1,558 vs. 1,547 in 2022). We saw a double-digit increase in sales in this channel compared to last year, while home delivery sales decreased. Platform sales with third parties such as Instacart increased by single digits. Online penetration grew from 7.5% to 7.8%, led by Food Lion. Macroeconomic factors, including a reduction in SNAP benefits and constrained household budgets, led to a slowing in online growth during the latter part of the year. Against this backdrop, the U.S. brands focused on balancing growth, improving margin and investing for long-term success.

The U.S. brands invested in technology and data to offer richer and more seamless experiences for customers, create efficiencies at scale, and deliver greater ROI for our retail media and data partners. Notably, Food Lion began its migration onto PRISM (our proprietary e-commerce platform), with Hannaford to follow in 2024. The brands launched native mobile apps, which increased overall user engagement and performance, as well as an in-house recommendation engine to deliver a more personalized experience. And the brands' expanded retail media capabilities amplified the momentum with advertisers.

In addition, the U.S. brands are orienting fulfillment toward a store network that offers higher immediacy for customers and improves operational flexibility. The brands are well positioned to meet growing consumer preferences for pickup and faster delivery speeds (same-day delivery is now 74% of sales versus 40% in 2022). The U.S. brands continue to strengthen their execution and productivity metrics to improve the customer experience and unit economics.

In Europe, net consumer online sales increased by 6.3%. In addition to bol, all our European brands grew versus last year in the grocery e-commerce channel, with ah.nl as the main driver. Online grocery penetration remained constant at 6.0%, driven by a slight decrease at Albert Heijn that was offset by all of the other brands. Albert Heijn opened its innovative, sustainable and mainly mechanized e-commerce fulfilment center in Barendrecht. Across the Netherlands, the brand now processes 300,000 online orders per week.

The Europe segment also took big steps forward in strengthening its e-commerce foundations and increased execution and productivity by successfully scaling the e-commerce fulfillment model developed by Albert Heijn to Mega Image in Romania – a significant first phase in the European roll-out plan towards improved e-commerce profitability at the brands.

This was further supported by substantial progress in the digital advertising business across Europe, including enhanced self-service options and the scaling of our advertising technology with Adhese from the Netherlands to Alfa Beta in Greece this year – all of these developments driven by our passion to deliver the best customer experience every day. Albert Heijn grew to 3.3 million weekly app users and now has approximately 950,000 "AH Premium" members in its loyalty program. And bol launched a new payout model for sales partners, enabling further growth and improved partner Net Promoter Score (NPS) (see *Definitions and abbreviations*). Across Europe, the brands shared best practices and design foundations to offer the most impactful

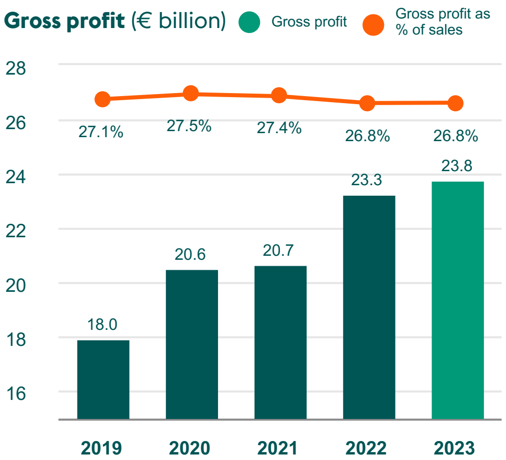
GROUP PERFORMANCE

web and app experience, including new features, such as insights into savings, personal healthy meal ideas and relevant alternative product suggestions. Maxi in Serbia and Delhaize in Belgium launched a dedicated new web-based feature for their growing base of business-to-business customers, ensuring more ease and relevancy in online ordering. It will soon be rolled out to more of our brands in Europe.

GROSS PROFIT

Gross profit was up by €474 million, or 2.0%, compared to 2022. At constant exchange rates, gross profit increased by €908 million, or 4.0%. Gross profit margin (gross profit as a percentage of net sales) for 2023 was 26.8%, remaining equal compared to 2022. Continued margin pressure, driven by ongoing food inflation, has been fully offset, thanks to continued savings initiatives across the business, driven by our successful Save for Our Customers program, in particular, additional "Buy Better" initiatives and sourcing alliances.

Gross profit (€ billion)



Food waste

	2023	2022	CHANGE VS PREVIOUS YEAR
Tonnes of food waste per food sales (t/€ million)	**3.17**	3.29	
% reduction in food waste per food sales (t/€ million)[1]	**37%**	34%	2 pp

1 The reduction is measured against the restated 2016 baseline of 4.99 t/€ million. See *ESG statements* for more information.

Not only is reducing food waste an important ESG KPI, it is also a crucial tool to enhance our profit margins. In 2023, tonnes of food waste per food sales totaled 3.17, a notable 37% reduction compared to the 2016 baseline and a 2 percentage-point improvement compared to the preceding year.

This progress can be attributed to increased food sales as well as a reduction in overall food waste. Food sales increased by 1.5% compared to last year.

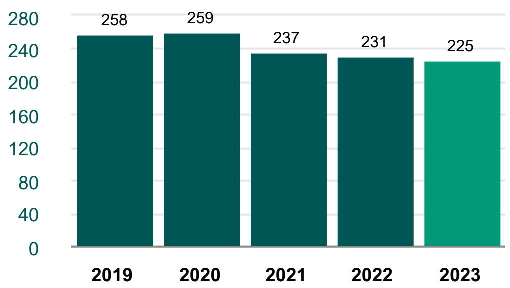
The absolute figure for food waste in 2023 amounted to 225 thousand tonnes, a decrease of 2.3% compared to last year. One way our brands contribute to food waste reduction is through food donations. We directed 25% of unsold food towards feeding those in need, demonstrating an improvement from the reported 22% in 2022.

In addition to more donations, our brands continued to find innovative ways to reduce food waste, such as by providing discounts during late store hours and educating employees on waste-reduction practices. For example, in the U.S., Giant Food works together with Divert to reduce the amount of organic waste going to landfill by marking down, repurposing or donating unsold but still edible food. Stop & Shop conducted training sessions for district leadership, during which they shared best practices on waste diversion and encouraged food donations.

In Europe, Delhaize Serbia strengthened cooperation with food banks on fruit and vegetable donations, and Albert donated multiple vans filled with fresh food to food banks across the Czech Republic. Another noteworthy initiative was undertaken by Alfa Beta, which is sending perishable products close to their expiration dates to a local restaurant that uses them to prepare delicious meals that day.

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

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



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

Plastic packaging

	2023	2022	CHANGE VS PRIOR YEAR
% virgin plastic packaging reduction vs. baseline	10.3%	(1.7)%	12.0 pp
% plastic packaging that is reusable, recyclable or compostable	28%	27%	1 pp

1 Reduction is from a restated 2021 baseline of 163 thousand tonnes. See *ESG statements* for more information.

Another important ESG KPI is our plastic packaging. Our brands are constantly working to improve their own-brand packaging by eliminating unnecessary plastic packaging, reducing the consumption of virgin plastic and increasing the use of recycled content.

By 2023, we had reduced our virgin plastic packing by 10.3% compared to our 2021 baseline, an improvement compared to the 1.7% increase vs. baseline last year. Total weight of virgin plastic packaging totaled 146 tonnes, which is 20 tonnes lower than the previous year. This reduction in virgin plastic packaging was mostly realized due to lower volumes of products containing plastic in the U.S., but was also impacted by many initiatives at our local brands, such as the elimination of plastic bags at Stop & Shop. In Europe, Alfa Beta introduced new packaging for organic tomatoes, apples and pears, saving 4,000 kg of plastic annually. At Albert Heijn, plastic bread clips were replaced by paper.

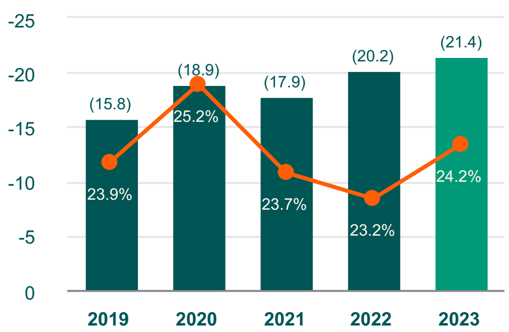
In 2023, 28% of our own-brand primary plastic packaging was reusable, recyclable or compostable, a 1 percentage-point improvement compared to 2022. See *ESG statements* for more information on how we measure our performance on plastic packaging.

OPERATING EXPENSES

In 2023, operating expenses increased by €1,232 million, or 6.1%, to €21,422 million, compared to €20,190 million in 2022. At constant exchange rates, operating expenses increased by €1,603 million, or 8.1%. As a percentage of net sales, operating expenses increased by 1.0 percentage points to 24.2%, compared to 23.2% in 2022. Excluding gasoline sales and at constant exchange rates, operating expenses as a percentage of net sales increased by 0.9 percentage points. Operating expenses as a percentage of sales were considerably higher in 2023 compared to 2022, driven largely by the loss on divestment of FreshDirect and non-recurring restructuring costs related to our Accelerate program, partially offset by strong operational excellence and tight cost control, and moderating energy costs compared to 2022.

Operating expenses include impairments, gains (losses) on leases and the sale of assets, restructuring and related charges, and other items that management believes can distort an understanding of the trend related to the development of our underlying business. Impairment losses and reversals, gains (losses) on leases and the sale of assets – net, and restructuring and related charges are summarized on the next page.

Operating expenses (€ billion)



Greenhouse gas (GHG) emissions (scope 1 and 2)

The primary sources of our scope 1 and 2 CO_2-equivalent emissions are refrigerant leakage, energy consumption, heating and transportation.

Compared to our 2018 baseline, GHG emissions decreased by 35% in 2023. The main driver for the higher reduction percentage compared to last year was our increased use of renewable energy, but emissions from heating and transport also decreased.

GHG emissions from refrigerant leakages are currently our largest source of emissions. In 2023, these emissions totaled 1,323 thousand tonnes, compared to 1,305 thousand tonnes in 2022. CO_2-equivalent refrigerant emissions per square meter were 153 kg, compared to 151 kg last year.

Our brands are working to reduce these emissions by using refrigerants with a lower Global Warming Potential (GWP) and through preventive refrigerant maintenance. The installation of natural refrigerants and low-GWP refrigeration systems during store remodeling caused a decline in average GWP, which reached 2,420 in 2023, compared to 2,475 last year. Our

Greenhouse gas (GHG) emissions (scope 1 and 2)

	2023	2022	CHANGE VS PRIOR YEAR
Absolute CO_2-equivalent emissions from own operations (scope 1 and 2) (thousand tonnes)[1]	**2,679**	2,891	(212)
% reduction in absolute CO_2-equivalent emissions from own operations (scope 1 and 2)[1]	**35%**	29%	5 pp

1 Reduction is from a restated 2018 baseline of 4,095 thousand tonnes CO_2-equivalent emissions. See *ESG statements* for more information.

U.S. brand Food Lion even received two awards from the U.S. Environmental Protection Agency for switching to these lower-GWP refrigerants and reducing emissions. Despite these initiatives, emissions have slightly increased, caused by more leakages in the U.S. brands' stores and at a DC in Mauldin, South Carolina.

Emissions from energy consumption were 1,103 thousand tonnes in 2023, compared to 1,326 thousand tonnes in 2022. This includes emissions from electricity, natural gas and propane. Emissions per square meter of sales area from energy consumption in 2023 were 128 kg compared to 153 kg in 2022.

Our brands continued to work on energy-efficiency measures to lower total electricity consumption – for example, through heat recuperation and by installing LED lights, cabinet doors, new refrigeration systems and improved insulation.

Since electricity consumption remains one of the largest causes of emissions from our own operations, we are sourcing more and more electricity from renewable sources and our brands are generating more of their own electricity by installing solar panels. In 2023, 40% of electricity consumed came from renewable sources, compared to 24% in 2022. Our brands generated 36,857 MWh of electricity by solar panels, compared to 30,484 MWh last year.

Another source of our scope 1 and 2 emissions is transportation. Some of the brands own trucks and delivery vans that deliver goods to stores and customers. The fuel these vehicles use also causes GHG emissions. Included in emissions from transportation is business travel made by our own fleet. Total emissions from transportation declined to 252 thousand tonnes compared to 259 thousand tonnes in 2022.

Two great examples of how our brands are lowering transport emissions are The GIANT Company's introduction of electric vehicles to its fleet to serve the Philadelphia area and Albert Heijn making transport 100% emissions-free in four cities in the Netherlands by the end of 2023.

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

See the **updated Ahold Delhaize Climate Plan** issued in December 2023.

GROUP PERFORMANCE

IMPAIRMENT LOSSES AND REVERSALS – NET

Ahold Delhaize recorded the following impairments and reversals of impairments of assets – net in 2023 and 2022:

€ MILLION	2023	2022
The United States	**228**	212
Europe	**147**	24
Total	**375**	235

Impairment charges in 2023 were €375 million, up by €140 million compared to 2022. This is mainly attributable to FreshDirect impairment charges for property, plant and equipment and charges related to the transformation of integrated stores into independent affiliated stores in Belgium. To a lesser extent, the impairments related to the closure of fulfillment centers in Jersey City, New Jersey, and Hanover, Maryland, contributed to the Group's impairments.

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

Ahold Delhaize recorded the following (gains) losses on leases and the sale of assets – net in 2023 and 2022:

€ MILLION	2023	2022
The United States	**220**	(181)
Europe	**(40)**	(17)
Global Support Office	**—**	—
Total	**180**	(198)

The losses on leases and the sale of assets in 2023 were €180 million, a €378 million unfavorable change compared to the €198 gain in 2022. This was largely due to the loss on the divestment of FreshDirect and partially offset by the sale of stores to franchisees, mainly related to Jan Linders stores in the Netherlands; gains related to the sale of investment properties and land in the U.S.; and the closure of the Jersey City fulfillment center. In 2022, the gain of €198 million was largely due to the sale of four U.S. warehouses to US Foods.

RESTRUCTURING AND RELATED CHARGES AND OTHER ITEMS

Restructuring and related charges and other items in 2023 and 2022 were as follows:

€ MILLION	2023	2022
The United States	**61**	(33)
Europe	**143**	(49)
Global Support Office	**(2)**	4
Total	**202**	(78)

Restructuring and related charges and other items in 2023 resulted in a €202 million net loss. This net loss is €280 million higher compared to 2022. In 2023, the U.S.-related charges were mostly driven by our Accelerate global restructuring program. In Europe, the net loss was mainly driven by the transformation of integrated stores in Belgium. In 2022, the restructuring and related charges in the U.S. were mainly driven by a net gain related to a further reduction of the defined benefit obligation of the the Food Employers Labor Relations Association and United Food and Commercial Workers Pension Fund ("FELRA") and the Mid-Atlantic UFCW and Participating Employers Pension Fund ("MAP"), related to the American Rescue Plan Act (see *Note 24*). In Europe, the net gain in 2022 was mainly driven by a release of a wage tax provision in Belgium, partially offset by one-off items in the Netherlands.

OPERATING INCOME

Operating income in 2023 went down by €922 million, or 24.5%, to €2,846 million compared to €3,768 million in 2022. This decrease of €922 million is mainly explained by unusual items, related to impairment, losses and restructuring charges, as described earlier in this section. At constant exchange rates, operating income was €846 million or (22.9)% lower than last year.

NET FINANCIAL EXPENSES

Net financial expenses in 2023 were down by €7 million, or 1.2%, to €546 million, compared to €552 million in 2022. The decrease is primarily due to higher interest rates on cash and short-term deposits, partially offset by higher interest expense on external debt and leases.

INCOME TAXES

In 2023, income tax expense was €456 million, down by €258 million, compared to €714 million in 2022. The main reason for the income tax decrease was lower income before income tax.

The effective tax rate, calculated as a percentage of income before income tax, was 19.8% in 2023 (2022: 22.2%). The details behind the effective tax rate decrease can be found in *Note 10*.

SHARE IN INCOME OF JOINT VENTURES

Ahold Delhaize's share in income of joint ventures was €30 million in 2023, or €14 million lower than last year.

Our share of JMR remained flat compared to last year. Our share of Super Indo's results in 2023 was €2 million higher than in 2022. Our share of individually immaterial joint ventures decreased by €16 million, compared to last year, due to the recycling of our share in the sale of property at one of our joint ventures in the U.S. in 2022. For further information about joint ventures, see *Note 15* to the consolidated financial statements.

TARGETS AND RESULTS

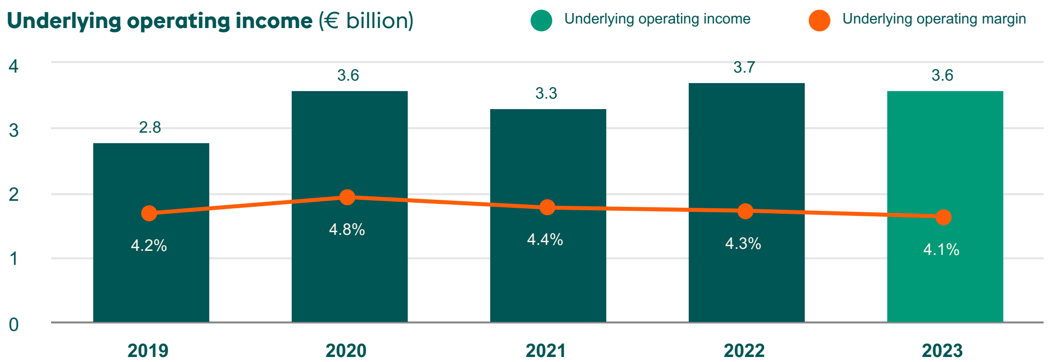
GROUP PERFORMANCE

UNDERLYING OPERATING INCOME AND UNDERLYING OPERATING INCOME MARGIN

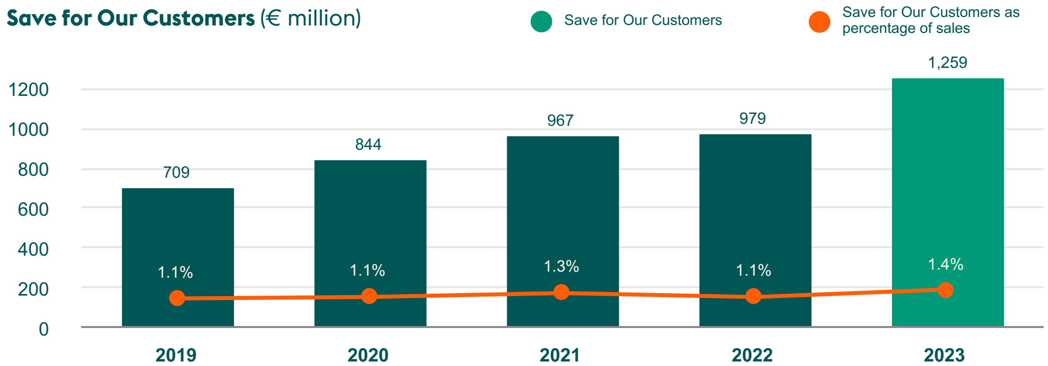
Underlying operating income was €3,604 million in 2023, down €124 million, or 3.3%, versus €3,728 million in 2022. At constant exchange rates, underlying operating income decreased by €45 million, or 1.2%, compared to 2022. The contribution by segment was 70% by the U.S., and 30% by Europe, respectively, which was the same as in 2022. Underlying operating income margin in 2023 was 4.1%, compared to 4.3% in 2022.

Our 2023 underlying operating margins were slightly under pressure versus the prior year, driven mainly by higher operational and administrative expenses that resulted from inflationary pressures, predominantly in the U.S., and strikes at Delhaize Belgium after management announced its intention to transform all of its integrated supermarkets in Belgium to independently operated stores. Margin pressure was partly offset by continued efforts to deliver on our Save for Our Customers cost-savings program. Various one-offs during the year, as well as the cycling of prior year one-offs, balanced out in a slightly positive result.

Underlying operating income (€ billion)



Save for Our Customers (€ million)



Our Save for Our Customers program delivered €1.3 billion in 2023, positively impacting our gross profit and operating expenses and yielding 28.5% more savings than in 2022, despite the challenging market environment. This result is partly due to our Accelerate initiative, launched in Q4 2022. Through Accelerate, we are evaluating additional savings and efficiency levers to streamline organizational structures and processes, optimize go-to-market propositions, increase joint sourcing and consolidate IT – with a clear priority to unlock resources to accelerate our Save for Our Customers program.

This program enables our great local brands to absorb cost increases, invest in better customer propositions and keep shelf prices as low as possible, to best serve customers and local communities, and ensure access to affordable and healthy food options in this inflationary environment.

Underlying operating income contribution by segment[1]

The United States	69.5%
Europe	30.5%

1 Before GSO costs.

FINANCIAL POSITION

FINANCIAL POSITION

€ MILLION	December 31, 2023	% OF TOTAL	January 1, 2023[1]	% OF TOTAL
Property, plant and equipment	**11,647**	**24.4%**	12,482	25.7%
Right-of-use asset	**9,483**	**19.8%**	9,607	19.8%
Intangible assets	**12,998**	**27.2%**	13,174	27.1%
Pension assets	**51**	**0.1%**	54	0.1%
Other non-current assets	**2,180**	**4.6%**	2,419	5.0%
Cash, cash equivalents and short-term deposits and similar instruments, and current portion investment in debt instruments[2]	**3,500**	**7.3%**	3,223	6.6%
Inventories	**4,583**	**9.6%**	4,611	9.5%
Other current assets	**3,380**	**7.1%**	2,984	6.1%
Total assets	**47,821**	**100.0%**	48,555	100.0%
Group equity	**14,755**	**30.9%**	15,405	31.7%
Non-current portion of long-term debt	**14,682**	**30.7%**	15,164	31.2%
Pensions and other post-employment benefits	**792**	**1.7%**	696	1.4%
Other non-current liabilities	**1,983**	**4.1%**	2,209	4.5%
Short-term borrowings and current portion of long-term debt and lease liabilities[2]	**3,085**	**6.5%**	2,476	5.1%
Payables	**8,278**	**17.3%**	8,162	16.8%
Other current liabilities	**4,248**	**8.9%**	4,444	9.2%
Total equity and liabilities	**47,821**	**100.0%**	48,555	100.0%

1 Balance sheet related to January 1, 2023 has been restated.
2 Short-term borrowings and current portion of long-term debt comprise €1,281 million lease liabilities, €250 million short-term borrowings, €767 million bank overdrafts and €787 million current portion loans (for more information, see *Note 26* to the consolidated financial statements).

Ahold Delhaize's consolidated balance sheets as of December 31, 2023, and January 1, 2023, are summarized as follows:

Total assets decreased by €734 million. Property, plant and equipment decreased by €836 million. Regular capital expenditures were offset by depreciation, impairment losses and exchange rate differences. The impairment losses were mostly recognized for FreshDirect and store assets related to Delhaize's transformation. For more information, see *Note 11* to the consolidated financial statements.

Right-of-use assets decreased by €124 million. The main drivers of this decrease were exchange rate differences, investments, reassessments and modifications to leases. For more information, see *Note 12* to the consolidated financial statements.

Intangible assets decreased by €176 million. This decrease was mostly due to lower goodwill, driven by exchange rate differences. For more information, see *Note 14* to the consolidated financial statements.

Other non-current assets decreased by €239 million, mostly driven by a decrease in receivables due to the recovery of a tax-related receivable from the Belgian tax authorities. For more information, see *Note 16* to the consolidated financial statements.

Cash, cash equivalents and short-term deposits and similar instruments, and current portion investment in debt instruments increased by €276 million, mainly driven by our strong free cash flow generation.

Other current assets increased by €396 million, driven by receivables and assets held for sale. For more information, see *Note 18* and *Note 5*.

Our pension and other post-employment benefits increased by €96 million to €792 million. For more information, see *Note 24*.

TARGETS AND RESULTS

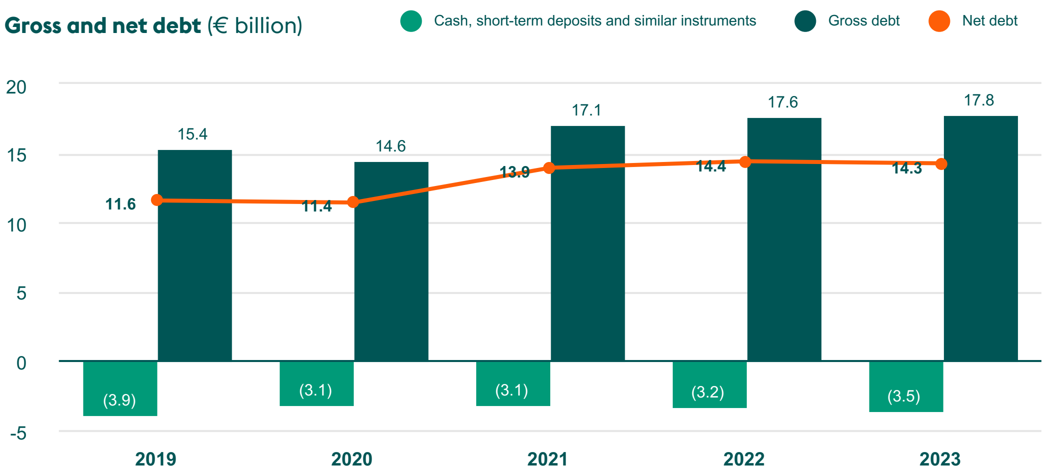
FINANCIAL POSITION

DEBT

€ MILLION	December 31, 2023	January 1, 2023
Loans	**4,137**	4,527
Lease liabilities	**10,545**	10,637
Non-current portion of long-term debt	**14,682**	15,164
Short-term borrowings and current portion of long-term debt[1]	**3,085**	2,476
Gross debt	**17,766**	17,640
Less: cash, cash equivalents, short-term deposits and similar instruments, and short-term portion of investments in debt instruments[2,3,4]	**3,500**	3,223
Net debt	**14,267**	14,416

1 Short-term borrowings and current portion of long-term debt comprise €1,281 million lease liabilities, €250 million short-term borrowings, €767 million bank overdrafts and €787 million current portion loans (for more information see Note 26 to the consolidated financial statements).
2 Short-term deposits and similar instruments include investments with a maturity of between three and 12 months. The balance of these instruments at December 31, 2023, was €15 million (January 1, 2023: €16 million) and is presented within Other current financial assets in the consolidated balance sheet.
3 Book overdrafts, representing the excess of total issued checks over available cash balances within the Group cash concentration structure, are classified in accounts payable and do not form part of net debt. This balance at December 31, 2023, was €335 million (January 1, 2023: €414 million).
4 Cash and cash equivalents include an amount held under a notional cash pooling arrangement of €767 million (January 1, 2023: €712 million). This cash amount is fully offset by an identical amount included under short-term borrowings and current portion of long-term debt.

Gross and net debt (€ billion)



In 2023, gross debt increased by €126 million to €17,766 million, primarily due to the issuance of a €500 million Green Bond, partially offset by exchange rate movements on the U.S. dollar-denominated liabilities.

Ahold Delhaize's net debt was €14,267 million as of December 31, 2023 – a decrease of €150 million from January 1, 2023. The decrease in net debt was mainly the result of the strong free cash flow generation (€2,425 million), partly offset by the payment of the common stock dividend (€1,044 million), the completion of the €1 billion share buyback program and an increase in lease obligations.

LIQUIDITY

LIQUIDITY POSITION

€ MILLION	December 31, 2023	January 1, 2023
Total cash and cash equivalents (*Note 20*)	**3,484**	3,082
Short-term deposits and similar instruments (*Note 19*)	**15**	16
Investments in debt instruments (FVPL) – current portion (*Note 19*)	**0**	125
Cash, cash equivalents, short-term deposits and similar instruments, and short-term portion of investments in debt instruments	**3,500**	3,223
Less: Notional cash pooling arrangement (short-term borrowings)	**767**	712
Liquidity position	**2,733**	2,511

Ahold Delhaize views available cash balances and funds from operating activities as its primary sources of liquidity, complemented by external sources of funds when deemed to be required. Ahold Delhaize manages short-term liquidity based on projected cash flows. As of December 31, 2023, the Company's liquidity position primarily comprised €2,733 million of cash (including short-term deposits and similar instruments and current portion of investments in debt instruments, adjusted for cash held under a notional cash pooling arrangement), and the undrawn portion of the €1.5 billion revolving credit facility.

Based on the current operating performance and liquidity position, the Company believes that cash provided by operating activities, the available cash balances and the undrawn portion of the revolving credit facility are sufficient to fund working capital needs, capital expenditures, interest payments, dividends, the announced €1 billion share buyback program, and scheduled debt repayments for the next 12 months. The Company entered into a €1.2 billion bridge facility to cover the funding of the announced acquisition of Profi in Romania. Finally, the Company has access to the debt capital markets based on its current credit ratings.

GROUP CREDIT FACILITY

Ahold Delhaize has access to a five-year €1.5 billion committed, unsecured, multi-currency and syndicated revolving credit facility, with two one-year extension options. In 2023, the Company agreed with the lenders to exercise the first option, extending the maturity to December 2028. This facility links the cost of borrowing to the Company's annual performance on sustainability KPIs that are aligned with its Grounded in Goodness strategy.

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

During 2023 and 2022, the Company complied with these covenants and was not required to test the financial covenant because its credit rating exceeded the thresholds. As of December 31, 2023, there were no outstanding borrowings under the facility.

CREDIT RATINGS

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

- Standard & Poor's: corporate credit rating BBB+, with a stable outlook since March 2023 (2022: BBB with positive outlook).
- Moody's: issuer credit rating Baa1, with a stable outlook since February 2018 (2022: Baa1 with stable outlook).

CASH FLOWS

CONSOLIDATED CASH FLOWS

Ahold Delhaize's consolidated cash flows for 2023 and 2022 are as follows:

€ MILLION	2023	2022
Operating cash flows from continuing operations	**6,466**	6,110
Purchase of non-current assets (cash capital expenditure)	**(2,434)**	(2,490)
Divestment of assets/disposal groups held for sale	**136**	288
Dividends received from joint ventures	**22**	38
Interest received	**160**	56
Lease payments received on lease receivables	**117**	115
Interest paid	**(226)**	(174)
Repayments of lease liabilities	**(1,815)**	(1,755)
Free cash flow	**2,425**	2,188
Proceeds from long-term debt	**500**	—
Repayments of loans	**(291)**	(162)
Changes in short-term loans	**97**	(93)
Changes in short-term deposits and similar instruments	**—**	—
Dividends paid on common shares	**(1,044)**	(979)
Share buyback	**(999)**	(997)
Acquisition/(divestment) of businesses, net of cash	**(164)**	(7)
Other cash flows from derivatives	**—**	—
Other	**(49)**	(41)
Net cash from operating, investing and financing activities	**475**	(92)

Operating cash flows from continuing operations were higher by €356 million. At constant exchange rates, operating cash flows from continuing operations were higher by €463 million, or 7.7%. The purchase of non-current assets was lower by €57 million, or €12 million lower at constant exchange rates.

FREE CASH FLOW

Free cash flow, at €2,425 million, increased by €237 million compared to 2022, mainly driven by favorable operating cash flow from continuing operations of €356 million and favorable net interest of €52 million. This upside was partly offset by higher net investments of €96 million, unfavorable repayment of lease liabilities of €61 million and lower dividends received from joint ventures in 2023 compared to 2022 of €17 million.

The positive changes in operating cash flow resulted mainly from favorable changes in working capital in Europe and lower income taxes paid in 2023 versus 2022 (see *Note 10*). Favorable changes in working capital resulted from improvements in inventories and payables. The favorable difference in cash flows, related to income taxes, pertains to the agreement with the Belgian tax authorities and the recovery of the associated outstanding receivable. In March 2023, Ahold Delhaize signed an agreement with the Belgian tax authorities relating to its tax return over 2018. Based on this agreement, Ahold Delhaize fully recovered its associated outstanding receivable. The payment was received in May 2023.

In 2023, the main uses of free cash flow included:

- Share buyback program, for a total amount of €999 million.
- Common stock final dividend of €0.59 per share for 2022, paid in 2023, and common stock interim dividend of €0.49 per share for 2023, resulting in a total cash outflow of €1,044 million.

TARGETS AND RESULTS

CAPITAL INVESTMENTS AND PROPERTY OVERVIEW

Capital expenditure (CapEx), including acquisitions and additions to right-of-use assets, amounted to €4,099 million in 2023 versus €4,107 million in 2022. Total cash CapEx for the year amounted to €2,434 million in 2023, a decrease of €57 million compared to the previous year. Total regular CapEx was modestly lower than last year; the small decrease is the result of lower store investments in the U.S. in 2023.

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

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

At the end of 2023, Ahold Delhaize brands operated 7,716 stores, compared to 7,659 in 2022. The Company's total sales area amounted to 9.9 million square meters in 2023, an increase of 0.8% over the prior year.

CAPITAL EXPENDITURES

€ MILLION	2023	2022	CHANGE VERSUS PRIOR YEAR	% OF SALES
The United States	**2,139**	2,283	(144)	3.9%
Europe	**1,889**	1,743	145	5.5%
Global Support Office	**23**	26	(4)	
Total regular capital expenditures	**4,051**	4,053	(2)	4.6%
Acquisition capital expenditures	**49**	54	(6)	0.1%
Total capital expenditures	**4,099**	4,107	(8)	4.6%
Total regular capital expenditures	**4,051**	4,053	(2)	4.6%
Right-of-use assets[1]	**(1,683)**	(1,591)	(92)	(1.9)%
Change in property, plant and equipment payables (and other non-cash adjustments)	**66**	28	38	0.1%
Total cash CapEx (cash capital expenditure)	**2,434**	2,490	(57)	2.7%
Divestment of assets/disposal groups held for sale	**(136)**	(288)	152	(0.2)%
Net capital expenditure	**2,298**	2,202	96	2.6%

1 Right-of-use assets comprises additions (€588 million), reassessments and modifications to leases (€1,080 million) (for more information see *Note 12* to the consolidated financial statements) as well as additions (€5 million) and reassessments and modifications to leases (€11 million) relating to right-of-use assets included within investment properties (for more information see *Note 13* to the consolidated financial statements).

CAPITAL INVESTMENTS AND PROPERTY OVERVIEW

NUMBER OF STORES

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

	OPENING BALANCE	OPEN/ ACQUIRED	CLOSED/ SOLD	CLOSING BALANCE
The United States	2,051	2	(5)	**2,048**
Europe	5,608	204	(144)	**5,668**
Total number of stores	7,659	206	(149)	**7,716**

	2023	2022	CHANGE VERSUS PRIOR YEAR
Number of stores operated by Ahold Delhaize	**5,618**	5,619	(1)
Number of stores operated by franchisees	**2,098**	2,040	58
Number of stores operated	**7,716**	7,659	57

Franchisees operated 2,098 stores in the Netherlands, Belgium, Luxembourg and Greece.

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

	2023	2022	CHANGE VERSUS PRIOR YEAR
The United States	**1,564**	1,549	15
Europe	**269**	263	6
Total	**1,833**	1,812	21

At the end of 2023, Ahold Delhaize operated 1,833 pick-up points, which was 21 more than in 2022. These are either standalone, in-store or office-based and include 1,564 pick-up points in the U.S., of which 1,558 are click-and-collect points.

Ahold Delhaize also operated the following other properties as of December 31, 2023:

Warehouses/DCs/production facilities/offices	**184**
Properties under construction/ development	**97**
Investment properties	**651**
Total	**932**

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

The total number of retail locations owned or leased by Ahold Delhaize was 6,358 in 2023. This total includes 729 stores subleased to franchisees and 11 pick-up points in stand-alone locations. Ahold Delhaize brands also operate 223 gas stations on the premises of some of their stores. The total number of retail locations owned or leased increased by 65 compared to 2022.

The following table breaks down the ownership structure of our 6,358 retail locations (inclusive of stores subleased to franchisees) and 932 other properties as of December 31, 2023.

	RETAIL LOCATIONS	OTHER PROPERTIES
Company owned % of total	19%	49%
Leased % of total	81%	51%

TAX TRANSPARENCY AND RESPONSIBILITY

TAX TRANSPARENCY AND RESPONSIBILITY

At Ahold Delhaize, we seek to make a positive impact in the communities where our brands operate and be good neighbors. We do this by paying taxes in a way that takes into consideration social and corporate responsibility and the interests of all our stakeholders. Our overall tax approach is in line with Ahold Delhaize's Business Principles, ESG strategy and Code of Conduct.

Our tax policy, which applies to all consolidated group entities, consists of five main tax principles: transparency, accountability and governance, compliance, relationships with authorities and business structure. Our tax principles are aligned with The B Team's Responsible Tax Principles, developed by a group of leading companies, with involvement from civil society, investors and representatives from international institutions. In 2017, The B Team brought together the heads of Tax from nine multinationals to develop the Responsible Tax Principles, which raise the bar on how businesses approach tax and transparency and help forge a new consensus around what responsible tax practice looks like.

Ahold Delhaize complies with the principles included in the VNO-NCW Tax Governance Code. For more information, see *compliance to the code* on the Ahold Delhaize website at *www.aholddelhaize.com*.

Transparency

By paying our share of taxes in the countries where we have operations, we contribute to economic and social development in these countries. Also, with our total tax contribution, we support the UN SDGs.

In 2023, Ahold Delhaize collected and bore many types of taxes: payroll tax, corporate income tax, net-value-added tax (VAT), sales and use (S&U) tax, property tax and real estate tax, dividend tax, excise and customs duties and others (e.g., packaging tax), for a total amount of €5.9 billion. Approximately €1.7 billion of the company's total tax contribution in 2023 was taxes borne.

The total tax contribution and corporate income tax payments that were reported per country are summarized below.

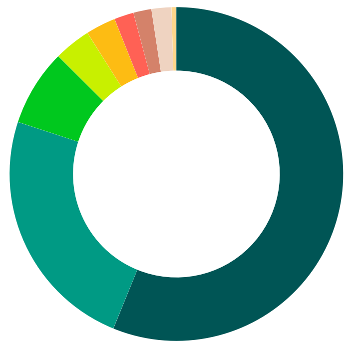
Our effective income tax rate (ETR) over 2023 was 19.8%. This is our worldwide income tax expense for the financial year 2023, amounting to €456 million, shown as a percentage of the consolidated income before income taxes.

For more details on our corporate income tax financial position see **Note 10** to the consolidated financial statements.

Ahold Delhaize 2023 total tax contribution by type €5.9 billion (€ million)

Payroll tax	3,121
VAT and S&U tax	1,594
Corporate income tax	200
Excise and customs duties	399
Property and real estate tax	321
Dividend tax	157
Other	95

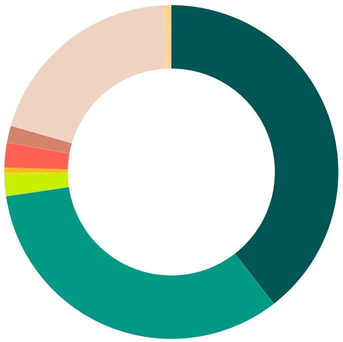
Ahold Delhaize 2023 total tax contribution by country €5.9 billion (€ million)



The United States	3,307
The Netherlands	1,405
Belgium	438
Czech Republic	210
Greece	172
Serbia	111
Romania	103
Switzerland	113
Luxembourg	28

TAX TRANSPARENCY AND RESPONSIBILITY

Ahold Delhaize 2023 corporate tax paid per country €200 million
(€ million)



The United States	224
The Netherlands	188
Belgium	(367)
Czech Republic	13
Greece	3
Serbia	14
Romania	9
Switzerland	112
Luxembourg	4

Tax incentives

We define tax incentives as fiscal measures designed by governments to stimulate investment and encourage growth or a change in behavior by providing more favorable tax treatment to some activities or sectors.

For some of the activities that Ahold Delhaize and the brands undertake as part of our efforts to positively impact communities, there are tax incentives available, as described below.

Ahold Delhaize does make limited use of tax incentives. The main tax incentives applied by Ahold Delhaize in the various jurisdictions where our brands operate are:

Wage tax credits

Certain wage tax credits are available to companies that give opportunities to people who normally face difficulties finding employment, such as individuals with physical disabilities, as local governments seek to stimulate work participation in the labor market for these employees.

Capital investment credits

Local governments sometimes provide capital investment credits to stimulate investment (e.g., in warehouses or stores) in certain areas, to stimulate economic growth in their local communities.

Research and development (R&D) incentives

Local governments sometimes provide R&D incentives to companies undertaking certain activities that increase the level of innovation and economic growth in their communities. We are always striving to innovate as we drive operational excellence, for instance, by optimizing stock in our brands' DCs and stores. We receive R&D incentives for some of these activities.

Accountability and governance

Ahold Delhaize has a well-equipped and professional Tax function. It reports directly to the CFO and has direct access to the Management Board and the Supervisory Board. At least once a year, the function presents a tax update, including the implementation and execution of the tax strategy, to the Audit, Finance and Risk Committee of the Supervisory Board. The global tax policy is approved by the Management Board.

Our tax risk appetite is based on Ahold Delhaize's overall compliance-related risk appetite, which is very low. We recognize the risk that non-compliance with applicable tax laws and regulations could result in damage to Ahold Delhaize's reputation or to the relationship with our host countries. For more information, see *Risk management*.

Tax in control statement:

Being in control in relation to taxes and responsible taxation is an important objective for our Tax department and our Company. We have certain activities in place to support this, including:

- We have a tax control framework to assess and control tax risks for the various taxes and jurisdictions.
- We define, implement and test tax controls resulting from our risk assessment exercises through our various monitoring functions – comprising senior management and the Risk & Controls (second line of defense) and Internal Audit teams – making use of specific Ahold Delhaize tools developed for this purpose.
- Based on the annual internal audit plan, we audit selected taxes and/or jurisdictions. This results in an audit report rating the design and operating effectiveness of our tax controls.
- We have a separate control framework for responsible taxation in place.
- (Local) management signs a letter of representation on a quarterly basis stating, among other things, that they are in compliance with all (tax) controls and policies.
- We hold frequent update meetings with local CFOs and business teams.
- We produce a tax compliance report.
- We organize continuous education for the Tax team and related functions.

Each quarter, our brands sign a letter of representation, which includes an approval and a confirmation on the accuracy and completeness of our tax position. We have a tax strategy in place that is proactively communicated throughout the Company, and we organize training for selected brands and jurisdictions, during which the tax policy and its main principles are explained through tax risk workshops.

On a regular basis, we monitor whether our tax strategy is aligned with the Ahold Delhaize Business Principles, ESG strategy and Code of Conduct. For example, the Tax department's annual objectives are based on the abovementioned principles and strategy and cascaded to individual associates' goals. Department and associate performance compared to these objectives is measured at least once per year.

TAX TRANSPARENCY AND RESPONSIBILITY

Ahold Delhaize associates have access to a whistle-blower line for reporting any ethical or compliance concerns related to company practices, including tax matters.

We are also actively involved in the field of tax technology. We have drafted a global tax technology strategy and roadmap based on five pillars: insights, data driven, automation, risk management and future proof. We set up various initiatives within our direct tax disciplines (such as country-by-country reporting automation, Pillar 2 calculations and a tax reporting engine) and indirect tax disciplines (such as a VAT solution and tax engine), to optimize and upgrade our tax processes. We closely align with broader finance implementations, such as a new core finance system, and our IT function assists us with our tax technology projects.

Compliance

Our tax compliance is based on the following examples of good tax practices:

- We aim to file our taxes in full compliance with local laws and regulations.
- We base our tax compliance on a reasonable and responsible interpretation of tax laws.
- We aim to comply with the letter as well as the spirit of the law.
- We attempt to discuss and clarify uncertainties about the tax treatment upfront with the tax authorities.
- We only seek rulings from tax authorities to confirm the applicable treatment of laws and regulations based on full disclosure of the relevant facts.
- We only make use of tax incentives when they are aligned with our business and operational objectives, follow from the tax law and are generally available to all market participants.

Relationships with tax authorities

Ahold Delhaize engages with tax authorities based on mutual trust, and we seek open and transparent working relationships with them. We provide the tax authorities with any information they require within a reasonable timeframe. This helps both the tax authorities and Ahold Delhaize to foster timely and efficient compliance. In the Netherlands, we have an individual monitoring plan in place with the Dutch tax authorities. In Belgium, we successfully finalized the Co-operative Tax Compliance Program (CTCP) pilot project in 2023.

Stakeholder engagement

As a company close to society, we value constructive dialogue on taxes with the governments in the countries where our brands operate and we respond to government consultations on proposed changes to legislation with the aim to achieve sustainable legislation.

In addition to the tax authorities, our stakeholders also include investors, customers, business partners, non-governmental organizations, employees and the broader communities in which we operate. We are an active member in a number of stakeholder representation groups such as the VNO-NCW and Nederlandse Orde van Belastingadviseurs. We also participate and provide active feedback in the Dutch Association of Investors for Sustainable Development (VBDO) tax transparency initiative. We actively participate in the European Business Tax Forum (EBTF) Total Tax Contribution Study.

Business structure

We have a physical presence in all jurisdictions where we operate and we follow internationally accepted norms and standards (e.g., OECD)/ Action Plan on Base Erosion and Profit Shifting/ EU).

In anticipation of new EU and OECD regulations (e.g., Pillar 2), we ceased operations in Curacao at the end of 2023 and transferred the remaining activities in Curacao to other Ahold Delhaize operations at the first day of the new financial year 2024. We do not expect material changes for any of our other operations with respect to Pillar 2 implementation. See *Note 10* for more information.

Our tax decision-making process is based on the following examples of good tax practices:

- We do not transfer value created to jurisdictions listed on the EU "blacklist" of non-cooperative jurisdictions for tax purposes updated by the Council of the European Union on October 17, 2023, or (low-tax) jurisdictions listed on the Netherlands' blacklist published in the Government Gazette on December 15, 2023.
- We pay tax on profits according to where value is created within the normal course of business.
- We base our transfer pricing policy on the arm's length principle.
- We do not use opaque corporate structures or those situated in low-tax jurisdictions to hide relevant information from the tax authorities.
- We do not operate in countries listed in low-tax jurisdictions.
- We are transparent about the entities we own (see *Note 35* to the consolidated financial statements).
- We will not engage in arrangements with any employee, customer or contractor whose sole purpose is to create a tax benefit in excess of what is reasonably understood to be intended by relevant tax rules.

For more information, see the Ahold Delhaize website at *www.aholddelhaize.com*.

TARGETS AND RESULTS

EARNINGS AND DIVIDEND PER SHARE

Income from continuing operations per common share (basic) was €1.95, a decrease of €0.61, or 23.9%, compared to 2022. The main drivers of this decrease were unfavorable foreign currency translation impacts related to a weaker U.S. dollar in 2023 versus 2022 and higher operating expenses, driven by inflationary pressures, predominantly in the U.S. Costs related to the aforementioned Delhaize Belgium transformation program and the divestment and impairment of FreshDirect also had a significantly unfavorable impact. The decline was partially offset by the decrease in the number of outstanding shares as a result of a €1 billion share buyback program carried out in 2023 (see Note 21 to the consolidated financial statements for more information on the share movements). Underlying income from continuing operations per common share (diluted) was €2.54, a decrease of €0.01, or 0.4%, compared to 2022, also driven by unfavorable foreign currency translation.

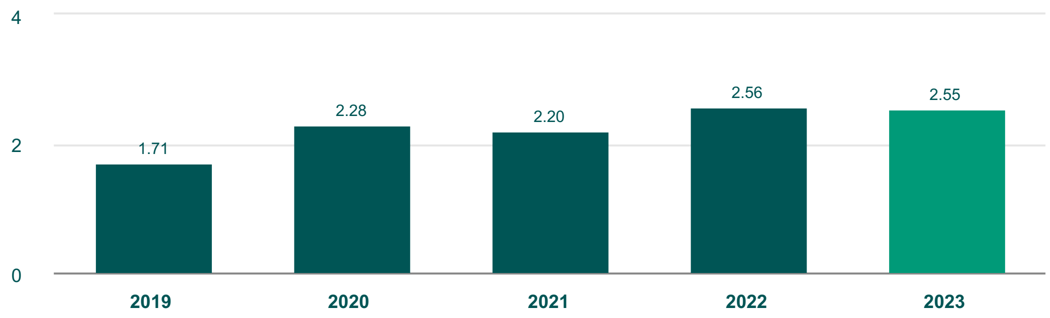
Ahold Delhaize's policy is to target a dividend payout ratio range of 40-50% of its underlying income from continuing operations. Underlying income from continuing operations for 52 weeks amounted to €2,451 million in 2023 and €2,551 million in 2022. As part of our dividend policy, we adjusted income from continuing operations, as shown in the table *Underlying income from continuing operations*.

We propose a cash dividend of €1.10 per share for the financial year 2023, an increase of 4.8% compared to 2022, reflecting our ambition to sustainably grow dividend per share. This represents a payout ratio of 43% of underlying net income from continuing operations for 52 weeks.

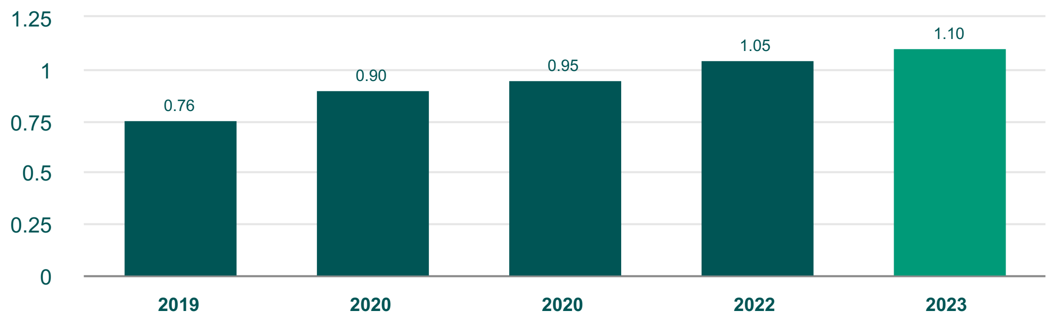
If approved by the General Meeting of Shareholders, a final dividend of €0.61 per share will be paid on April 25, 2024. This is in addition to the interim dividend of €0.49 per share, which was paid on August 31, 2023. In 2023, dividend payments totaled €1,044 million (vs. €979 million in 2022).

UNDERLYING INCOME FROM CONTINUING OPERATIONS € MILLION	2023 (BASED ON 52 WEEKS)	2022 (BASED ON 52 WEEKS)
Income from continuing operations	**1,874**	2,546
Adjusted for:		
Impairment losses and reversals – net	**375**	235
(Gains) losses on leases and the sale of assets – net	**180**	(198)
Restructuring and related charges and other items	**202**	(78)
Unusual items in net financial expense	**—**	—
Tax effect on adjusted and unusual items	**(181)**	44
Underlying income from continuing operations	**2,451**	2,551
Income from continuing operations per share attributable to common shareholders	**1.95**	2.56
Underlying income from continuing operations per share attributable to common shareholders	**2.55**	2.56
Diluted underlying income per share from continuing operations	**2.54**	2.55

Underlying income from continuing operations per common share (basic)



Dividend per common share



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

PERFORMANCE REVIEW
FINANCIAL REVIEW BY SEGMENT

KEY FINANCIAL AND NON-FINANCIAL INFORMATION
The segmental key financial and non-financial information per region for 2023, 2022, 2021 and 2020 is presented below:

	THE UNITED STATES				EUROPE			
	2023	2022	2021	2020	2023	2022	2021	2020
Net sales (€ millions)	**54,536**	55,218	45,455	45,470	**34,113**	31,767	30,147	29,266
Net sales ($ millions)	**58,976**	57,959	53,699	51,838				
Of which: online sales (€ millions)	**4,247**	4,157	3,228	1,968	**4,768**	4,461	4,477	3,579
Of which: online sales ($ millions)	**4,592**	4,367	3,814	2,259				
Net sales growth in local currency	**1.8%**	7.9%	3.6%	15.6%	**7.2%**	5.0%	2.8%	12.1%
Comparable sales growth[1]	**1.8%**	7.4%	2.6%	13.3%	**6.5%**	2.9%	2.8%	9.5%
Comparable sales growth (excluding gasoline sales)[1]	**2.3%**	6.8%	1.9%	14.4%	**6.5%**	2.9%	2.8%	9.6%
Net consumer online sales (€ millions)	**4,247**	4,157	3,228	1,968	**7,618**	7,166	7,173	5,608
Net consumer online sales ($ millions)	**4,592**	4,367	3,814	2,259				
Operating income (€ millions)	**2,044**	2,605	2,231	1,006	**870**	1,173	1,209	1,380
Operating income ($ millions)	**2,210**	2,733	2,631	1,064				
Underlying operating income (€ millions)	**2,553**	2,603	2,150	2,466	**1,120**	1,131	1,306	1,325
Underlying operating income ($ millions)	**2,761**	2,727	2,543	2,789				
Underlying operating margin	**4.7%**	4.7%	4.7%	5.4%	**3.3%**	3.6%	4.3%	4.5%
Number of employees/headcount (at year-end in thousands)	**229**	239	239	239	**173**	175	174	175
Number of employees/FTEs (at year-end in thousands)[2]	**140**	155	160	158	**91**	94	99	91
Contribution to Ahold Delhaize net sales	**61.5%**	63.5%	60.1%	60.8%	**38.5%**	36.5%	39.9%	39.2%
Contribution to Ahold Delhaize underlying operating income[3]	**69.5%**	69.7%	62.2%	65.0%	**30.5%**	30.3%	37.8%	35.0%

1 For the year 2023, 2022 and 2021, comparable sales growth is presented on a comparable 52-week basis. In the year 2020, comparable sales growth is presented on a 53-week basis.
2 Included in the 91,000 FTEs in Europe in 2023 (2022: 94,000; 2021: 99,000; 2020: 91,000) are 39,000 FTEs in the Netherlands (2022: 40,000; 2021: 40,000; 2020: 32,000).
3 Before GSO costs.

FINANCIAL REVIEW BY SEGMENT

THE UNITED STATES

NET SALES

€54.5bn 1.8%*

2022: €55.2bn (1.2)% vs. 2022

COMPARABLE SALES GROWTH (EXCLUDING GASOLINE SALES)

2.3%

OPERATING INCOME

€2.0bn (19.1)%*

2022: €2.6bn (21.5)% vs. 2022

UNDERLYING OPERATING INCOME

€2.6bn 1.3%*

2022: €2.6bn (1.9)% vs. 2022

UNDERLYING OPERATING MARGIN

4.7% — pp*

2022: 4.7% — pp vs. 2022

NET CONSUMER ONLINE SALES

€4.2bn 5.1%*

2022: €4.2bn 2.2% vs 2022

*At constant rates.

THE UNITED STATES SEGMENT

€ MILLION	2023	2022	CHANGE VERSUS PRIOR YEAR	% CHANGE	% CHANGE AT CONSTANT RATES
Net sales	**54,536**	55,218	(681)	(1.2)%	**1.8%**
Of which online sales	**4,247**	4,157	**90**	2.2%	**5.1%**
Comparable sales growth	**1.8%**	7.4%			
Comparable sales growth excluding gasoline	**2.3%**	6.8%			
Operating income	**2,044**	2,605	(561)	(21.5)%	(19.1)%
Adjusted for:					
Impairment losses and reversals – net	**228**	212	16		
(Gains) losses on leases and the sale of assets – net	**220**	(181)	401		
Restructuring and related charges and other items	**61**	(33)	94		
Underlying operating income	**2,553**	2,603	(50)	(1.9)%	**1.3%**
Underlying operating income margin	**4.7%**	4.7%			

In 2023, net sales were €54,536 million, a decrease of €681 million or 1.2% compared to 2022. At constant exchange rates, net sales showed an increase of 1.8%, mainly driven by inflation. Sales growth was positively impacted by strong pharmacy sales growth, partially offset by lower gasoline sales. The moderation of inflation rates compared to last year and the reduction in federal SNAP benefits had an unfavorable impact on sales growth. Through our strong value propositions and ongoing momentum in online sales, we were able to offset a large portion of these headwinds. The Food Lion and Hannaford brands led performance for the U.S. segment. Food Lion has achieved uninterrupted positive sales growth for 11 consecutive years.

Online sales were €4,247 million, up by 5.1% compared to the prior year at constant exchange rates. The U.S. brands set in motion initiatives that drove higher sales, supported by strong performance and the development of partnerships with third-party delivery services; reduced customer lead and wait times; improved customer value through reduced fees and reduced minimum order values, service and delivery fees; and continued to work on product launches and new releases. This year, the U.S. brands also invested in improving the digital experience and modernizing technology to support peak traffic.

FINANCIAL REVIEW BY SEGMENT

THE UNITED STATES

Own-brand food sales (%)

Own-brand food sales	31.5%
Branded food sales	68.5%

Net sales by category (%)

Fresh	44.6%
Non-perishables	38.2%
Non-food	9.6%
Pharmacy	5.6%
Gas	2.0%

The Ahold Delhaize USA brands continue to strengthen their value propositions by expanding their leading own-brand offerings. In 2023, own-brand food sales accounted for 31.5% of total food sales, down by 0.6 percentage points compared to 2022. This decline was driven by lower fresh product sales and, in particular, meat sales. Nonetheless, the unit penetration of own brands went up in total.

Fresh remained the biggest category in terms of net sales, despite the relative loss of share as a percentage of total sales compared to last year. Non-perishables increased most in terms of relative share, followed by pharmacy. Conversely, the relative share of non-food and gas decreased, with non-food being the category with the highest loss.

Comparable sales excluding gasoline for the segment increased by 2.3%, positively affected by food inflation and a strong sales performance by, most notably, Food Lion and Hannaford. In addition, sales in the U.S. benefited this year from 180 remodels and two new stores.

Operating income decreased by €561 million, or 21.5%, compared to 2022. Underlying operating income was €2,553 million and is adjusted for the following items:

- Impairment losses and reversals – net: In 2023, impairment charges amounted to €228 million, versus €212 million in 2022. In the U.S., these impairments mostly related to property, plant and equipment impairments for FreshDirect and, to a much smaller extent, an impairment on leasehold improvements for the Jersey City, New Jersey, and Hanover, Maryland, fulfillment centers. In 2022, the impairment losses related mostly to the goodwill and other intangible assets of FreshDirect.
- (Gains) losses on leases and the sale of assets – net: In 2023, this total net loss was €220 million, mainly attributable to the loss on the divestment of FreshDirect. In 2022, a €181 gain was recorded that mainly related to the sale of four investment properties to US Foods.
- Restructuring and related charges and other items: In 2023, the net loss amounted to €61 million, mainly driven by the Accelerate restructuring program. As part of this initiative, additional severance provisions and other related costs were included for the closure of the fulfillment centers in Jersey City and Hanover. In 2022, the net gain was mainly related to a reduction of the defined benefit obligation of the FELRA and MAP, related to the American Rescue Plan Act (see Note 24).

In 2023, underlying operating income was €2,553 million, down by €50 million or 1.9% compared to last year. At constant exchange rates, underlying operating income increased by 1.3%.

The United States' underlying operating margin in 2023 was 4.7%, flat compared to 2022. The cycling of an insurance reserve release in 2022 and the unfavorable effect of a change in sales mix, as well as higher operating costs and higher shrink, resulted in pressures on the operating margin. A favorable reserve release and one-off settlements in Q4, as well as a modest margin mix benefit from the divestment of FreshDirect, offset the unfavorable effects on margin.

THE UNITED STATES

GROWTH DRIVERS IN ACTION

Drive omni-channel growth

The Ahold Delhaize USA brands have continued to strengthen their market positions through investments into their stores, digital offerings and e-commerce. They continued to invest in remodels, completing over 180 across all brands this year. Food Lion completed 53 remodels, continuing to integrate stores that were acquired from Southeastern Grocers, and also invested into eastern North Carolina with an additional 76 remodels completed in the Wilmington and Greenville markets.

All the U.S. brands have continued to invest in the e-commerce channel, with over 1,558 click-and-collect points across the store footprint and further investments into the supporting infrastructure to improve efficiencies in picking and last mile. Over 11 billion personalized offers were delivered to customers, creating additional value for them and enhancing their overall experience, while strengthening their relationships with the brands.

Elevate healthy and sustainable

In 2023, Ahold Delhaize USA and its brands continued to demonstrate and be recognized for progress on their healthy and sustainable ambitions. They joined ReFED and World Wildlife Fund in launching the U.S. Food Waste Pact to better advance our focus on reducing food waste and eliminating hunger in local communities. This national voluntary agreement helps food businesses advance on their food waste reduction goals. The brands have made great progress; for instance, The GIANT Company reached 110 zero-waste stores, and its partnership with Feeding America has grown across brands.

Reducing plastic packaging is another key focus area. Stop & Shop eliminated front-end carrier bags from all its stores, while Hannaford partnered with a local startup to pilot a fiber-based alternative to certain plastic packaging in the bakery department.

The brands continue to aim to make healthier eating easier. At Giant Food, the Healthy Living Team is testing new technology to better enable Produce Prescriptions and other nutrition incentive programs.

Ahold Delhaize USA's commitment to reducing emissions is evident in Food Lion's 22 years of consecutive Energy Star POTY, Green Chill Superior and Exceptional Goal Achievement awards. The U.S. brands also developed a regenerative agriculture strategy together with The Nature Conservancy.

Cultivate best talent

In 2023, care for associates remained of paramount importance, as workforce, social, and economic environments continued to experience unprecedented demands. This made each U.S. brand's continued commitment to bringing our DE&I aspiration to life even more important, as a way to strengthen associate engagement and each brand's position as an employer of choice.

For example, Giant Food launched a new EVP focused on Grow, Care and Belong, as the brand works to build an organization where associates can develop skill sets, have meaningful rewards and always feel valued and heard. The GIANT Company prioritized expanding the dimensions of diversity and is optimizing employment experiences for neurodiverse team members. Food Lion continued its extensive network of BRGs and actively connected associates to brand business initiatives to provide support, expertise and development opportunities for them.

These are just a few examples of a wide variety of people-centric focus areas across our brands. Each brand brings its own unique people strategy to life and believes that associates are a key differentiator for its business strategy.

Strengthen operational excellence

Ahold Delhaize USA continued to find opportunities to create efficiencies and cost savings and optimize operations. The ADUSA Supply Chain transformation continued with the transition of our self-managed warehouse network – 95% of center store volume is now distributed through one of our facilities.

The Supply Chain teams delivered continued operational improvements to reduce costs, raise service levels to the stores and strengthen partnerships with suppliers. The Save for Our Customer program has continued to deliver savings and efficiencies across the brands, enabling them to improve the overall value proposition to customers and providing opportunities to redeploy savings.

The U.S. teams have also continued to improve their support areas by implementing enterprise-wide systems that create efficiencies in the corporate offices to help support the brands' stores. The further implementations of our SAP finance and HR systems are examples of where the U.S. businesses have been able to provide more standardization and improved processes.

EUROPE

NET SALES

€34.1bn 7.2%*

2022: €31.8bn 7.4% vs. 2022

COMPARABLE SALES GROWTH (EXCLUDING GASOLINE SALES)

6.5%

OPERATING INCOME

€0.9bn (26.0)%*

2022: €1.2bn (25.9)% vs. 2022

UNDERLYING OPERATING INCOME

€1.1bn (1.2)%*

2022: €1.1bn (1.0)% vs. 2022

UNDERLYING OPERATING MARGIN

3.3% (0.3) pp*

2022: 3.6% (0.3) pp vs. 2022

NET CONSUMER ONLINE SALES

€7.6bn 6.3%*

2022: €7.2bn 6.3% vs. 2022

*At constant rates.

EUROPE SEGMENT

€ MILLION	2023	2022	CHANGE VERSUS PRIOR YEAR	% CHANGE	% CHANGE AT CONSTANT RATES
Net sales	**34,113**	31,767	2,346	7.4%	**7.2%**
Of which online sales	**4,768**	4,461	306	6.9%	**6.9%**
Net consumer online sales	**7,618**	7,166	452	6.3%	**6.3%**
Comparable sales growth	**6.5%**	2.9%			
Comparable sales growth excluding gasoline	**6.5%**	2.9%			
Operating income	**870**	1,173	(303)	(25.9)%	**(26.0)%**
Adjusted for:					
Impairment losses and reversals – net	**147**	24	124		
(Gains) losses on leases and the sale of assets – net	**(40)**	(17)	(23)		
Restructuring and related charges and other items	**143**	(49)	191		
Underlying operating income	**1,120**	1,131	(11)	(1.0)%	**(1.2)%**
Underlying operating income margin	**3.3%**	3.6%			

In Europe, inflation remained elevated in 2023, although it decreased versus last year. To help customers manage through these economic times, our great local brands were agile in expanding their assortments with high-quality own-brand products and swiftly reflected price reductions where possible. These efforts continued to build customers' trust in our brands, which was clearly reflected in positive market share growth this year. With our strong portfolio of international brands, we grew our net sales by €2,346 million up to €34,113 million in 2023 or 7.4% compared to 2022. At constant exchange rates, net sales were up by 7.2%. Sales growth was driven by price inflation, continued investment in strong customer value propositions and multiple store openings and remodels throughout the region. This year has been transformational for Ahold Delhaize's brands in Europe. The team at Delhaize Belgium has been busy transitioning to one aligned operating model with all stores operated by local entrepreneurs, which will allow the brand to respond to local market conditions better. By the end of 2023, 89 stores had signed agreements with independent buyers. In the Netherlands, after signing a cooperation agreement with Jan Linders Supermarkets in late 2022, Albert Heijn finalized the conversion of 44 of the Jan Linders stores to its format in 2023. We also announced the planned addition of local Romanian supermarket chain Profi to the Ahold Delhaize family, aiming to strengthen our footprint in the Romanian market. As we continue our journey towards higher value creation by optimizing our value chain, Ahold Delhaize has recently joined the European retail alliance joint venture EURELEC, in addition to our existing AMS and Coopernic buying alliances, to help us address persistent price differences between European markets.

EUROPE

Net consumer online sales were €7,618 million, up by 6.3% compared to last year with strong performance in both food and non-food online retail in the European region. Bol reached 6.2% growth in 2023. The brand's GMV sales from its circa 51,000 third-party sellers grew by 4.9% to €5.8 billion. In addition, bol was able to increase its market share in a declining market, powered by its successful customer proposition, including its popular loyalty program, expansion into new product categories, strong promotional campaigns and new logistics service proposition that enabled the brand to build stronger relationships with suppliers and Partner Platform network partners. The European brands' robust online grocery offering also continued to serve consumers well. Albert Heijn crossed the mark of having approximately 950,000 members in its AH Premium program and continued to see improvements in e-commerce profitability. Our brands continued to leverage the power of their digital capabilities to provide customers with meaningful, highly personalized discounts tailored to their needs and wallets.

Own-brand food sales (%)

Own-brand food sales	49.4%
Branded food sales	50.6%

Net sales by category (%)

Fresh	44.2%
Non-perishables	32.0%
Non-food	23.9%

Part of our focus remains on the continuous growth of our brands' own-brand offerings. During the year, our brands expanded their own-brand assortments even further, from 49.2% of total food sales in 2022 to 49.4% in 2023.

As a percentage of total sales, the relative share of fresh increased from 44.1% in 2022 to 44.2% in 2023, and the relative share of non-food decreased from 24.5% to 23.9%, while the share of non-perishables increased from 31.4% in 2022 to 32.0% in 2023.

Comparable sales excluding gasoline increased by 6.5%, mainly driven by higher prices and partly offset by lower volumes. Strong growth resulted in market share gains in the majority of the European brands this year. Albert Heijn and our brands in Serbia, Romania and the Czech Republic contributed the most to this comparable sales increase.

Operating income decreased by €303 million, or 25.9%, to €870 million, affected by the following items that Ahold Delhaize adjusts to arrive at underlying operating income:

- Impairment losses and reversals – net: In 2023, impairment charges amounted to €147 million, mainly related to the transitioning of own stores into affiliates in Belgium and impairments for underperforming stores in the Netherlands and other European brands. In 2022, impairment charges amounted to €24 million. Belgium, the Netherlands and Serbia account for the majority of impairment charges, most of which were related to underperforming stores.
- Gains (losses) on leases and the sale of assets – net: In 2023, the total net gain was €40 million, arising from the sale of stores to franchisees related to the agreement with Jan Linders and sale of assets in Europe, partly offset by a loss on the sale of stores to affiliates in Belgium. In 2022, the total net gain was €17 million, mainly related to the Netherlands (€10 million) and the Czech Republic (€6 million).
- Restructuring and related charges and other items: In 2023, the charges amounted to a net loss of €143 million, mainly driven by restructuring-related costs pertaining to Belgium. In 2022, the charges amounted to a net gain of €49 million, mainly driven by a release of a wage tax provision in Belgium, partially offset by one-off items in the Netherlands.

In 2023, underlying operating income in Europe was €1,120 million, down by €11 million, or 1.0%, compared to 2022 in actual rates. Underlying operating margin was 3.3% in 2023, down 0.3 percentage points compared to 2022. Margins in Europe were adversely impacted by the impact of the strike in Belgium and other Accelerate initiatives, as well as escalating energy costs, commodity, transport and labor costs. This was offset by a decrease in non-cash service charge for Ahold Delhaize's employee pension plan of €68 million, mainly in the Netherlands, but also in the rest of Europe, due to higher discount rates in the Netherlands, and by increased savings from our brands' Save for Our Customers programs.

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

GROWTH DRIVERS IN ACTION

Drive omni-channel growth

In Europe, our brands further expanded their retail ecosystem with increasing options, value and convenience. In 2023, the brands invested in strengthening their store bases, with 286 remodels and 204 new stores, boosted value for customers with the rollout of "Price Favorites" now to nearly 7,000 SKUs, and with innovative promotional campaigns, such as "Little Lions" at Delhaize. The brands deepened their digital relationships with customers by scaling technology and digital solutions, resulting in 6.9% growth in net online sales and a base of loyalty card holders that increased to 12.1 million. Albert Heijn's "Mijn Bonus" was declared the best loyalty program in the Netherlands. Albert also launched an omnichannel website, Mega Image integrated "My Savings" into its app and Delhaize launched meal planning tool "Meal boost." In addition, most brands built out their B2B propositions and improved logistical efficiency, with Maxi and Mega Image opening the first dedicated online DCs. Our brands continued to offer more personalized relevance to customers via digital marketing and started scaling advertising technology with Adhese from the Netherlands to Alfa Beta in Greece. Albert Heijn and bol again substantially moved forward in their digital advertising business with enhanced self-service options, supporting online profitability.

Elevate healthy and sustainable

In 2023, our European brands again made good progress in elevating health and sustainability.

As a part of reducing its carbon footprint, Albert Heijn achieved 100% electric transportation in the largest cities in the Netherlands, stopped using air transportation for goods transport and signed a long-term deal with energy supplier Eneco, guaranteeing 100% green energy from Dutch windmill farms for years to come. Mega Image offset part of its carbon footprint by planting 12,000 trees in a "Mega Forest" in Romania.

To help customers eat well, save time and live better, Albert introduced convenient and healthy meal boxes and Alfa Beta handed out free fruit to kids.

In a milestone event, bol obtained B Corp certification. Meeting B Lab's standards is a great recognition of bol's efforts toward a more sustainable world.

To further lower food waste, Albert Heijn, Delhaize, Albert, Mega Image and Maxi have adapted and stepped up dynamic pricing for products close to their expiry date. Alfa Beta has entered into agreements with food banks and restaurants to increase donations. Our brands also reduced plastic use with initiatives such as Super Indo and Albert significantly increasing recycled plastic in their bags.

Cultivate best talent

The European brands completed the go-live of their unified HR and payroll SAP SuccessFactors platform across all brands in 2023.

During the year, we put in place a Central and Southeastern Europe region made up of Alfa Beta, Maxi, Mega Image and Albert, to enable successful collaboration intended to unlock scale and synergies.

Our European brands also focused on further progressing towards our DE&I aspirations. All of the brands completed a pay equity multiple regression analysis and invested to reduce any unexplainable pay inequities. Our brands also doubled the number of BRGs in place since 2022 – there are now 22 of these groups, covering topics related to generations, LGBTQ+, disabilities, volunteer work and women in leadership, among others.

The brands also invested further in cross-brand manager- and director-level development programs in line with our "Everybody Grows" people pillar. This year saw the inclusion of both topic-specific masterclasses and a mentorship program, which will be further developed in 2024.

Strengthen operational excellence

In a year with high inflation and significant pressure on consumer purchasing power, the European brands managed to accelerate savings as part of our Save for Our Customers program to almost €0.7 billion, in order to support competitive pricing. Key components of the Save for Our Customers agenda are fact-based negotiations with suppliers of branded goods, continued volume aggregation and harmonization of own-brand portfolios to reduce costs and investments in our stores to increase productivity – for example in electronic shelf labels, self-scan and self-checkout processes. Our brands also continue to roll out fully automated HSCs, and to focus on brand-specific actions to reduce overhead costs across Europe.

As announced in September 2023, Ahold Delhaize joined European retail alliance EURELEC to help us realize fair prices for consumers. Established in 2016, EURELEC combines the negotiation and purchasing of large multinational manufacturers of A-brand products in Europe. We believe this promotes the open and fair price negotiation of the largest fast-moving consumer goods brands across Europe to ultimately benefit the brands' customers.

GLOBAL SUPPORT OFFICE

GLOBAL SUPPORT OFFICE

€ MILLION	2023	2022	CHANGE VERSUS PRIOR YEAR	% CHANGE
Global Support Office costs	**(68)**	(10)	(58)	576.6%

Ahold Delhaize's Global Support Office (GSO) consists of functions that help the Company's brands improve the quality of their services.

This includes functions – such as Finance, Legal, Communications and Health & Sustainability – that set functional strategies, provide subject matter expertise, facilitate best practice sharing, and provide policies and guidelines where they add value.

In 2023, GSO costs amounted to €68 million, up €58 million compared to the previous year. This net increase was primarily driven by lower gains on self-insurance activities of €75 million. Discount rates in 2023 increased by 169 basis points, resulting in an insurance result of €77 million, while, in 2022, discount rates increased by 325 basis points, which led to a result of €152 million.

Excluding self-insurance, underlying GSO costs were €146 million, which is €12 million lower than the previous year. This decrease in costs was mainly driven by Accelerate initiatives and increased cost awareness.

GLOBAL SUPPORT OFFICE

GROWTH DRIVERS IN ACTION

Drive omni-channel growth

We continue to draw on the extensive expertise across our organization to support our Leading Together strategy.

Through our group focus areas (GFAs), we strive to increase cross-brand collaboration and knowledge sharing in key strategic areas, such as mechanization and last mile fulfillment, monetization, and payments. Our dedicated teams are amplifying the ongoing initiatives in each of these areas to increase efficiency while also developing new global opportunities.

In addition to the GFAs, our Accelerate initiative, launched last year, further supports the Save for Our Customers program, to drive additional cost savings and value on a global scale.

Elevate healthy and sustainable

During 2023, we further enhanced our ESG efforts. We published our updated Climate Plan including our existing SBTi-validated scope 1 and 2 targets, and re-submitted our 1.5° C-aligned scope 3 targets to SBTi for validation, in line with their latest guidance on FLAG and E&I sector GHG emissions. We also reviewed and updated our approach on nature and biodiversity, and developed a plan to guide our activities, which was approved by the Executive Committee.

Not only have we remained committed to contributing to a healthier planet, but our brands continued their commitment to healthier people. To maintain a focus on this topic and ensure it remains a driving force behind both global and local business priorities, we organized an internal health summit for our U.S. brands and strategic partners, which was attended by over 100 leaders from across all our brands and support organizations.

In 2023, we co-created and launched an executive leadership program with the Cambridge Institute for Sustainability Leadership. It is aimed at further developing a well-informed and proactive senior leadership team that can lead and inspire the organization in achieving its health and sustainability goals while considering long-term impact and societal responsibilities.

Cultivate best talent

People's well-being is a fundamental aspect of our workplace and crucial for our collective success. This year we formed Wellbeing Friends, a group of associates who organize events throughout the year focused on improving mental and physical health. We also held a mental health awareness month in October where we hosted numerous activities, information sessions and discussions to promote mental health and well-being. These efforts and others had a visible impact, as measured by our 2023 AES, which showed that overall engagement for GSO is at 89% and 79% of associates feel Ahold Delhaize provides them with adequate resources for mental health support.

To build upon our culture of fostering an inclusive and supportive workplace, GSO introduced our Gender Transition Policy. We are committed to creating an environment where every individual feels respected, valued and able to bring their authentic selves to work.

Finally we implemented the Working from Abroad policy, to provide flexibility and support for associates. Its aim is to enhance their individual work experience and continue to empower them to embrace new opportunities while maintaining our high standards of productivity and collaboration.

Strengthen operational excellence

The GSO's Global Technology Sourcing & Vendor Management team continued to work on maximizing the Company's scale in 2023. In line with Ahold Delhaize's global technology strategy, we entered into multiple new technology agreements that can be leveraged across regions and brands. While this delivers further synergies and cost benefits to the organization, it also intensifies our relationships and priority with some of the most important global technology companies in the world, giving us access to the latest innovations.

While the availability of IT products improved in 2023 and supply chains seem to be more stable, the availability of technology skills and knowledge remains scarce. During the year, the Global Technology Sourcing & Vendor Management team continued to support the local brands in gaining and securing access to the capabilities they require through the close relationships they have built within our technology partner ecosystem.

OUTLOOK

SUMMARY

KEY FINANCIAL TARGETS[1]	RESULTS IN 2023	OUTLOOK 2024
Group underlying operating margin	4.1%	≥ 4.0%
Diluted underlying EPS growth	(0.4)%	Around 2023 levels
Net capital expenditures[1]	€2.3 billion	Around €2.2 billion
Free cash flow[1]	€2.4 billion	Around €2.3 billion
Dividend payout ratio[2,3]	€0.05 increase in dividend per share 43% payout ratio	Absolute increase in dividend per share and 40-50% payout ratio
Share buyback	€1 billion	€1 billion
DRIVE OMNICHANNEL GROWTH	**RESULTS IN 2023**	**OUTLOOK 2024**
Net consumer online sales growth	+5.9%	High single-digit growth
Loyalty sales growth[4]	+2%	High single-digit growth
Complementary revenue streams growth	+13%	Double-digit growth
ELEVATE HEALTHY AND SUSTAINABLE	**RESULTS IN 2023**	**OUTLOOK 2024[5]**
Healthy own-brand food sales	54.8%	Further improvement
Food waste reduction	37%	> 38%
GHG-emissions reduction (scope 1 & 2)	35% (5pp improvement vs. 2022)	Further reduction
CULTIVATE BEST TALENT	**RESULTS IN 2023**	**OUTLOOK 2024**
Associate engagement score	78%	≥ 78%
Inclusive workplace score	81%	≥ 81%
Associate growth score	75%	≥ 75%
STRENGTHEN OPERATIONAL EXCELLENCE	**RESULTS IN 2023**	**OUTLOOK 2024**
Save for Our Customers	€1.3 billion	≥ €1 billion
Supply chain initiatives	Frozen facility in Mountville, Pennsylvania, in test mode; Plainville, Connecticut, facility planned to go live in H1 2024	Go-live of all facilities that enable fully self-managed U.S. supply chain
Improving online productivity	Opening of the first mechanized HSC in Barendrecht in the Netherlands in Q4 2023	Opening of second mechanized HSC in Zwolle, the Netherlands

1. Excludes M&A.
2. Calculated as a percentage of underlying income from continuing operations.
3. Management remains committed to the share buyback and dividend program, but given the uncertainty caused by the wider macroeconomic consequences due to increased geopolitical unrest, they will continue to monitor macro-economic developments. The program is also subject to changes in corporate activities, such as material M&A activity.
4. Loyalty sales measures the sales generated by active addressable loyalty card holders.
5. The healthy own-brand food sales target has been adjusted to reflect the impact of Nutri-Score 2.0 in our European brands. The 2024 target of further improvement should be aligned to performance including Nutri-Score 2.0 at Albert Heijn and Delhaize. Other European brands will follow in 2025. Targets for food waste and GHG-emissions reduction have been increased based on 2023 performance. More information on our elevate healthy and sustainable targets is reported in the *materiality assessment* section of this report.

OUTLOOK

NOTEWORTHY CHANGES TO OUR BUSINESS IN 2024

The acquisition of Profi is expected to close in the second half of 2024, and will double the size of operations in Romania. As the timing of the closing is uncertain, our 2024 Outlook on performance measures excludes any impact from this transaction.

The following are changes in the business that will impact comparable performance for 2024 and have been incorporated into our Outlook:

- The divestment of FreshDirect will reduce the amount of 2024 net and online sales for the U.S. region.
- Albert Heijn will stop selling tobacco in 2024.

In addition to updating our stakeholders as part of our regular quarterly reporting procedures, we are also pleased to be holding a Strategy Day in May 2024, during which we will present additional insights on our strategic ambitions.

MARKET CONDITIONS BETWEEN REGIONS CONTINUE TO DIVERGE

On a macro level in the U.S., the Conference Board, which tracks U.S. consumer confidence, expects that the first half of 2024 will remain challenging before confidence normalizes in 2025. The 2024 outlook forecasts weak real GDP growth of +0.9% and +1.7%, and real disposable income growth of +0.6% and +1.6%, in 2024 and 2025, respectively.

Although U.S. consumer spending has remained resilient over the past two years, it is uncertain how long this can last. Personal savings are declining, household debt is growing and real disposable income growth has not kept pace with inflation.

In Europe, the European Central Bank (ECB) expects growth starting in early 2024, as declining inflation, strong wage growth and stable employment drives real disposable income growth and improved consumer confidence. If trends hold, consumer spending should also further improve. The ECB forecasts real GDP growth of +0.8% in 2024 and +1.5% in 2025.

Looking specifically at food inflation, the U.S. Department of Agriculture (USDA) predicts that, as of January 2024, food-at-home prices will decrease by 0.4% in 2024, driven primarily by further declines in egg prices. The ECB projects food inflation to fall to 2.6% by the end of 2024, reflecting easing food and energy commodity prices.

While the USDA predicts a decline in food-at-home prices, food-away-from-home prices are expected to increase by 4.7% in 2024. USDA research indicates that income-induced changes and the relative affordability of food-at-home products is causing demand for food-away-from home to fall. This should foster resilient food-at-home demand in the coming year, as customers seek value and a cheaper alternative to eating out.

CONTINUED SALES GROWTH IN 2024

Keeping prices as low as possible is a cornerstone of our customer value proposition, regardless of the state of the consumer environment. Our brands' own-brand assortments continue to be a central part of our portfolio and help ensure there is a basket that meets the needs of every wallet size. In 2024, our brands will further expand their own-brand assortments with a focus on high-quality, innovative offerings. In Europe, our brands will also increase the number of products that qualify as “Price Favorites” to 8,500 products across the European brands. With this, we expect to grow own-brand sales as a percentage of our overall Group sales.

Consistent demand from the food-at-home market, in conjunction with moderating inflation rates and rising promotion levels, should drive a positive trend in volumes and continued comparable sales growth for our business, albeit at percentages closer to our historical levels.

Our position as a leading omnichannel supermarket should also serve us well as customers search for omnichannel solutions. In the U.S., we will see the impact from the changes made in the e-commerce operating model to orient our brands' online fulfillment capabilities toward same-day delivery models and expansion of pick-from-store locations, particularly at Food Lion. In Europe, we will continue to expand access to our omnichannel offerings with additional service locations and new delivery centers in Vorst, Belgium and Zwolle, the Netherlands, as well as innovative propositions for business customers. Our continued investments should foster over-proportionate sales growth in this channel during 2024.

EVOLVING OUR STORE PORTFOLIO IN 2024

We continue to invest in our brands' brick-and-mortar store locations, which we believe will continue to drive sequential improvement in volume and market share trends at the brands.

The U.S. brands will perform a fresh assessment of the entire store portfolio to determine the best path forward. Food Lion will renovate an additional 167 stores as part of its omnichannel remodel program.

In Europe, Belgium will complete the transformation of all stores to independent buyers, allowing the brand to better serve customers. Following regulatory approvals, we will also start the integration of Profi into our existing Romanian footprint.

MAINTAIN HEALTHY MARGINS IN 2024

Our 2024 margins will encounter additional pressures from higher expenses related to labor and product costs, although we should see some relief from energy prices in Europe.

In 2024, we expect to sustain our industry-leading underlying margins of at least 4%. This outlook reflects a balanced approach, with strong cost savings largely offsetting cost pressures.

Our Save for Our Customers program is expected to yield at least €1 billion in 2024, as we continue along the path towards our target of a cumulative €4.0 billion in cost savings over the four-year period ending in 2025. Our Save for Our Customers program will be aided by other drivers, including automation, machine learning and data and media monetization, among others.

With the completion of two automated frozen facilities, the U.S. supply-chain transformation will be complete in 2024. With its completion, the U.S. can focus on optimizing processes to leverage the full capabilities of the network.

In Europe, we continue to identify opportunities to drive synergies and scale across our businesses. such as beginning to harmonize end-to-end processes across departments within our CSE markets. In the Benelux, we will work with our partners in the European retail alliance joint venture EURELEC to set up a single sourcing platform, through which we will start seeing sourcing benefits from 2025.

OUTLOOK

SUSTAINED STRONG FREE CASH FLOW GENERATION

Our operational outlook for 2024 translates into strong cash flow generation, which is reflected in our 2024 free cash flow forecast of around €2.3 billion[1]. This starts with our expectation of strong 2024 operating cash flows, predicated on stable sales growth and consistent margins.

Overall, we expect our free cash flow generation to remain strong over the upcoming years as well, in line with our medium-term cumulative free cash flow forecast of €7.5 billion over the four-year period from 2022 to 2025.

NET CAPITAL EXPENDITURE OF AROUND 2.2 BILLION[1]

We anticipate 2024 net capital expenditures of around €2.2 billion[1], which includes the divestment of facilities in the U.S. Overall, we will maintain strong levels of reinvestment back into our businesses, with continued investments into our omnichannel capabilities and healthy and sustainable initiatives.

RETURNING CAPITAL TO SHAREHOLDERS CONTINUES

The strong level of free cash flow embedded in our 2024 outlook supports our €1 billion share repurchase authorization announced in November 2023, as well as our dividend policy, which calls for sustainable growth in our annual cash dividend and a 40-50% payout ratio from underlying net income.

We propose a cash dividend of €1.10 for the financial year 2023, an increase of 4.8% compared to 2022. If approved by the General Meeting of Shareholders, a final dividend of €0.61 per share will be paid on April 25, 2024. This is in addition to the interim dividend of €0.49 per share, which was paid on August 31, 2023.

1 Excludes M&A

FOCUS ON OUR PEOPLE

High engagement and inclusion helps drive business, professional and personal growth. In 2024, we will continue to pursue our aspirations across the following metrics: an associate engagement score of 78% or greater and an inclusive workplace score equal to or greater than 81%. Because the growth and development of associates is also at the core of our commitment to cultivate best talent, in 2024, we will add an additional aspiration related to this topic: an associate growth score of 75% or greater.

HEALTH AND SUSTAINABILITY AMBITIONS

Health and sustainability will remain a key focus area of our Leading Together strategy. We will continue to focus on healthier lives and reducing Ahold Delhaize's impact on the climate. We will also start the process of identifying updated targets for our health and sustainability targets that currently reach their completion date in 2025.

Health

Health remains a priority for Ahold Delhaize. In 2024, our brands will continue to promote healthy and affordable products and focus on further increasing the percentage of healthy own-brand food sales as a portion of total own-brand food sales.

In 2023, Nutri-Score updated its algorithm to better align with dietary guidelines in the countries that use the system and released Nutri-Score 2.0. When Albert Heijn and Delhaize implement the new algorithm in 2024, and our CSE brands in 2025, their own-brand healthy sales will be negatively impacted since the new algorithm takes a stricter approach. This development is integrated into the 2024 and 2025 healthy own-brand food sales target.

In 2024, we will continue working on our ambition towards 2030, as our current target on healthy food sales ends in 2025. Our brands in Europe continue to work on their protein baseline, which not only will support healthier lifestyles but is also a driver to reduce our scope 3 GHG emissions.

Climate

At the end of 2023, we published an update of our Climate Plan. During 2024, we will remain focused on implementing the identified actions shared in the plan, with the goal to reduce GHG emissions from our own operations (scope 1 and 2) as well as in our value chain (scope 3).

We continue working to reduce food waste in our own operations as well as throughout our value chain. We remain committed to reducing our use of absolute virgin own-brand plastic packaging and to increasing the percentage of recycled plastic packaging in own-brand products. Our target of 100% recyclable, reusable and/or compostable content will not be achieved by 2025, but this will remain a metric we continue to report our progress on.

In 2023, we identified four focus areas for our nature approach and, in 2024, we plan to conduct an assessment to understand our impact, dependencies and risks in more detail.

ESG REPORTING

We recognize the importance of transparency and accountability in reporting and are in the process of implementing the requirements and guidance set forth by the European Union, such as the CSRD, draft Corporate Sustainability Due Diligence Directive (CSDDD) and EU Deforestation-free Regulation.

In 2024, we will update our overview of material topics, in line with the double materiality requirements from the CSRD, and share the outcomes of our CSDDD project and our final Human Rights Report. As of 2025, the Human Rights Report will be integrated into Ahold Delhaize's CSRD reporting updates.

We have selected four main ESG benchmarks: MSCI, Sustainalytics, ISS and the Carbon Disclosure Project (CDP), and will share our performance on these benchmarks annually through our website and annual report.

OUTLOOK

Key healthy and sustainable performance indicators

More information on all of the targets related to our material topics is included in the *Materiality assessment* section of this report.

We have split our scope 3 GHG-emissions reduction target into a FLAG target and an Energy and Industrial GHG-emissions target. This target split is based on the SBTi methodology, and in line with a 1.5º C trajectory. For more information, see *Elevate healthy and sustainable*.

PERFORMANCE INDICATOR DESCRIPTION	2024 TARGET	2025 TARGET[1]	2030 TARGET	2040 TARGET	2050 TARGET[3]
% of healthy own-brand food sales as a proportion of total own-brand food sales	Further improvement[2]	52.3%			
% reduction in tonnes of food waste per food sales (t/€ million) against 2016 baseline	>38%	>40%	50%		
% reduction of absolute CO_2-equivalent emissions from own operations (scope 1 and 2) (thousand tonnes) against 2018 baseline	Further reduction	>38%	50%	Net zero (90% reduction, 10% removals)	
FLAG emissions: % reduction of scope 3 FLAG GHG emissions from a 2020 baseline (SBTi methodology).			30.3%		72%
Energy and Industrial emissions: % reduction of scope 3 Energy and Industrial GHG emissions from a 2020 baseline (SBTi methodology).			42.0%		90%

1 We decreased the 2025 target for healthy own-brand food sales to 52.3% from 55.6% last year to account for the expected impact of the amended Nutri-Score algorithm, to be implemented in 2024. The 2025 target for food waste was increased to more than 40% from more than 38% last year to align future ambitions with 2023. The 2025 target for scope 1 and 2 CO_2-equivalent emissions was increased to more than 38% from 34% to align future ambitions with 2023 performance.
2 The 2024 target of further improvement should be aligned to performance including the impact of the amended Nutri-Score algorithm at Albert Heijn and Delhaize.
3 We commit to reach net-zero GHG emissions across our own operations and the value chain by 2050, see *Scope 3 setting targets for SBTi*. See *Definitions and abbreviations* for the definition of net zero. We plan to utilize removals to the extent permitted by SBTi.

PERFORMANCE REVIEW

INFORMATION ABOUT AHOLD DELHAIZE SHARES

SHARES AND LISTINGS

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

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

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

Structure: Sponsored Level I ADR

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

SHARE PERFORMANCE IN 2023

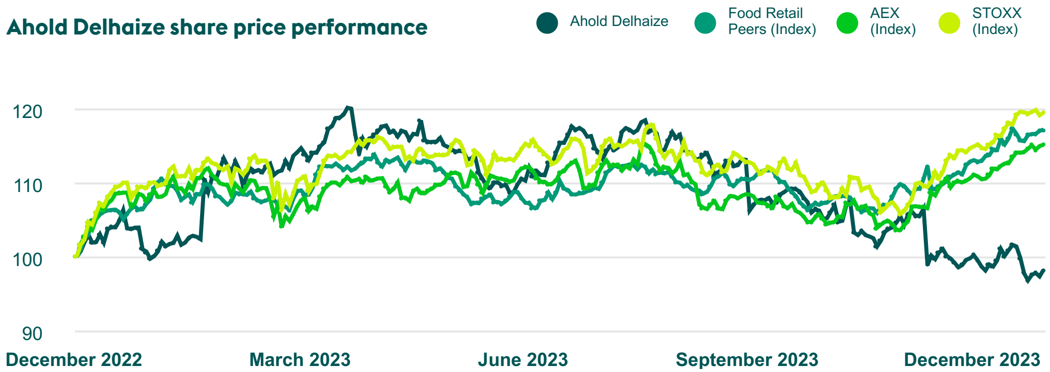
On December 29, 2023, the closing price of an Ahold Delhaize ordinary share on Euronext Amsterdam was €26.02, a 3.1% decrease compared to €26.84 on December 30, 2022. During the same period, the Euro STOXX 50 index increased by 19.2% and the AEX index increased by 14.2%.

During 2023, Ahold Delhaize shares traded on Euronext Amsterdam at an average closing price of €29.27 and an average daily trading volume of 2.1 million shares. Ahold Delhaize's market capitalization was €24.6 billion at year-end 2023. The highest closing price for Ahold Delhaize's shares on Euronext Amsterdam was €32.27 on April 11, 2023, and the lowest was €25.98 on December 14, 2023.

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

On December 29, 2023, the closing price of Ahold Delhaize's ADR was 0.3% higher than the closing price on December 30, 2022 ($28.65). In the same period, the Dow Jones Index increased by 13.7% and the S&P 500 increased by 24.2%. In 2023, the average daily trading volume of Ahold Delhaize ADRs was 76,056.

Ahold Delhaize share price performance



Ahold Delhaize share price (€)

INFORMATION ABOUT AHOLD DELHAIZE SHARES

Performance of Ahold Delhaize's common shares on Euronext Amsterdam

	2023	2022
Closing common share price at calendar year-end (in €)	**26.02**	26.84
Average closing common share price (in €)	**29.27**	27.53
Highest closing common share price (in €)	**32.27**	31.09
Lowest closing common share price (in €)	**25.98**	24.21
Average daily trading volume	**2,074,697**	2,902,713
Market capitalization (€ million)	**24,615**	26,232

Source: FactSet

EARNINGS PER SHARE

During 2023, Ahold Delhaize realized basic income from continuing operations per share of €1.95 and diluted income from continuing operations per share of €1.94. Basic underlying income from continuing operations was €2.55 per share, and diluted underlying income from continuing operations was €2.54 per share. This difference between our reported and underlying income from continuing operations is related to a net €576 million of one-time charges, largely driven by costs related to the aforementioned Delhaize Belgium transformation program to affiliates and the divestment and impairment of FreshDirect.

SHARE CAPITAL

During 2023, Ahold Delhaize's issued and outstanding share capital decreased by approximately 31 million common shares to 946 million common shares. This decrease resulted mainly from the share buyback of €1 billion as announced on November 9, 2022, marginally offset by the issuance of shares for the Company's share-based compensation program.

The common shares issued decreased by 41 million to 952 million at the end of 2023. The difference between the common shares outstanding and common shares issued are the treasury shares.

As of December 31, 2023, there were 6,352 thousand shares held in treasury, the majority held by Ahold Delhaize to cover the equity-based long-term incentive plan.

Ahold Delhaize's authorized share capital as of December 31, 2023, comprised the following:

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

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

Distribution of shares

Shareholders by region[1]

%	JANUARY 2024	JANUARY 2023
U.K./Ireland	**17.6**	19.1
North America	**32.4**	30.3
Rest of Europe	**11.7**	10.9
France	**8.0**	8.6
The Netherlands[2]	**5.2**	5.3
Rest of the world	**2.5**	2.5
Germany	**5.2**	5.5
Undisclosed[2]	**17.4**	17.8

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

INFORMATION ABOUT AHOLD DELHAIZE SHARES

Significant ownership of voting shares

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

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

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

The following table lists the shareholders on record in the AFM register on February 21, 2024, that hold an interest of 3% or more in the share capital of the Company.[1]

- BlackRock, Inc. – 5.63% shareholding (6.91% voting rights) disclosed on August 11, 2023
- Goldman Sachs Group Inc. – 3.42% shareholding (3.42% voting rights) disclosed on December 15, 2023
- Amundi Asset Management – 3.04% shareholding (3.04% voting rights) disclosed on August 25, 2023

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

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

Shareholder returns

On April 12, 2023, the General Meeting of Shareholders approved the dividend over 2022 of €1.05 per common share. The interim dividend of €0.46 per common share was paid on September 1, 2022. The final dividend of €0.59 per common share was paid on April 27, 2023.

We propose a cash dividend of €1.10 for the financial year 2023, an increase of 4.8% compared to 2022, reflecting our ambition of sustainable growth of the dividend per share. This represents a payout ratio of 43%, based on the expected dividend payment on 52 weeks of underlying income from continuing operations.

If approved by the General Meeting of Shareholders, a final dividend of €0.61 per share will be paid on April 25, 2024. This is in addition to the interim dividend of €0.49 per share, which was paid on August 31, 2023.

Share buyback

On November 9, 2022, Ahold Delhaize announced it would return €1 billion to shareholders by means of a share buyback program, which was completed on November 24, 2023. An additional €1 billion share buyback program was announced on November 8, 2023, which is expected to be completed before the end of 2024. Maintaining a balanced approach between funding growth in key channels and returning excess liquidity to shareholders is part of Ahold Delhaize's financial framework to support our Leading Together strategy. The purpose of the program is to reduce Ahold Delhaize's capital, by canceling all or part of the common shares acquired through the program.

Shareholders key performance indicators 2019-2023

	2023	2022	2021	2020	2019
Dividend per common share[1]	**1.10**	1.05	0.95	0.90	0.76
Final dividend	**0.61**	0.59	0.52	0.40	0.46
Interim dividend	**0.49**	0.46	0.43	0.50	0.30
Dividend yield	**4.2%**	3.9%	3.2%	3.9%	3.3%
Payout ratio	**43%**	40%	42%	40%	44%

1 2023 dividend subject to the approval of the AGM.

PERFORMANCE REVIEW

MULTIPLE-YEAR OVERVIEW

The multiple-year overview is provided for 10 years, except for ESG information. However, the figures prior to 2018 are not comparable because they have not been restated for the impact of IFRS 16. In addition, it should be noted that years prior to 2016 only relate to the former Ahold business. The former Delhaize business is included as of July 24, 2016.

RESULTS, CASH FLOW AND OTHER INFORMATION

€ MILLION EXCEPT PER SHARE DATA, EXCHANGE RATES AND PERCENTAGES	2023	2022	2021	2020	2019	2018 restated[1]	2017[1]	2016[1,2]	2015[1]	2014[1]
Net sales	**88,649**	86,984	75,601	74,736	66,260	62,791	62,890	49,695	38,203	32,774
Of which online sales	**9,015**	8,618	7,704	5,547	3,493	2,817	2,393	1,991	1,646	1,267
Net sales growth at constant exchange rates[3]	**3.8%**	6.9%	5.0%	12.3%	2.3%	2.5%	28.9%	32.3%	2.3%	0.8%
Operating income	**2,846**	3,768	3,320	2,191	2,662	2,623	2,225	1,584	1,318	1,250
Underlying operating income margin	**4.1%**	4.3%	4.4%	4.8%	4.2%	4.4%	3.9%	3.8%	3.8%	3.9%
Net financial expense	**(546)**	(552)	(517)	(485)	(528)	(487)	(297)	(541)	(265)	(235)
Income from continuing operations	**1,874**	2,546	2,246	1,397	1,767	1,797	1,817	830	849	791
Income (loss) from discontinued operations	**—**	—	—	—	(1)	(17)	—	—	2	(197)
Net income	**1,874**	2,546	2,246	1,397	1,766	1,780	1,817	830	851	594
Earnings and dividend per share										
Net income per common share (basic)	**1.95**	2.56	2.18	1.31	1.60	1.51	1.45	0.81	1.04	0.68
Net income per common share (diluted)	**1.94**	2.54	2.17	1.30	1.59	1.49	1.43	0.81	1.02	0.67
Income from continuing operations per common share (basic)	**1.95**	2.56	2.18	1.31	1.60	1.53	1.45	0.81	1.04	0.90
Income from continuing operations per common share (diluted)	**1.94**	2.54	2.17	1.30	1.59	1.51	1.43	0.81	1.02	0.88
Dividend per common share	**1.10**	1.05	0.95	0.90	0.76	0.70	0.63	0.57	0.52	0.48
Cash flow										
Free cash flow	**2,425**	2,188	1,618	2,199	1,843	2,165	1,926	1,441	1,184	1,055
Net cash from operating, investing and financing activities	**475**	(92)	(218)	(383)	535	(1,587)	827	2,114	73	(1,005)
Capital expenditures (including acquisitions)[4]	**4,099**	4,107	5,776	4,456	3,604	2,838	1,822	16,775	1,172	1,006
Capital expenditures as % of net sales	**4.6%**	4.7%	7.6%	6.0%	5.4%	4.5%	2.9%	33.8%	3.1%	3.1%
Regular capital expenditures[5]	**4,051**	4,053	4,187	4,448	3,512	2,772	1,723	1,377	811	740
Regular capital expenditures as % of net sales	**4.6%**	4.7%	5.5%	6.0%	5.3%	4.4%	2.7%	2.8%	2.1%	2.3%
Average exchange rate (€ per $)	**0.9248**	0.9515	0.8461	0.8770	0.8934	0.8476	0.8868	0.9038	0.9001	0.7529

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

PERFORMANCE REVIEW

MULTIPLE-YEAR OVERVIEW

BALANCE SHEET AND OTHER INFORMATION

€ MILLION, EXCEPT FOR NUMBER OF STORES AND OTHERWISE INDICATED	December 31, 2023	January 1, 2023	January 2, 2022	January 3, 2021	December 29, 2019	December 30, 2018, restated[1]	December 31, 2017[1]	January 1, 2017[1]	January 3, 2016[1]	December 28, 2014[1]
Group equity	**14,755**	15,405	13,721	12,432	14,083	14,205	15,170	16,276	5,621	4,844
Share buyback[2]	**(999)**	(998)	(995)	(1,001)	(1,002)	(1,997)	(998)	—	(161)	(1,232)
Gross debt	**17,766**	17,640	17,089	14,554	15,445	14,485	7,250	7,561	3,502	3,197
Cash, cash equivalents, and short-term deposits and similar instruments and investments in debt instruments – current portion	**3,500**	3,223	3,143	3,119	3,863	3,507	4,747	4,317	2,354	1,886
Net debt	**14,267**	14,416	13,946	11,434	11,581	10,978	2,503	3,244	1,148	1,311
Total assets	**47,821**	48,555	45,712	40,692	41,490	39,830	33,871	36,275	15,880	14,138
Number of stores	**7,716**	7,659	7,452	7,137	6,967	6,769	6,637	6,556	3,253	3,206
Number of employees (in thousand FTEs)	**232**	250	259	249	232	225	224	225	129	126
Number of employees (in thousands headcount)	**402**	414	413	414	380	372	369	370	236	227
Common shares outstanding (in millions)[2]	**946**	977	1,011	1,047	1,088	1,130	1,228	1,272	818	823
Share price at Euronext (€)	**26.02**	26.84	30.14	23.11	22.75	22.07	18.34	20.03	19.48	14.66
Market capitalization[2]	**24,615**	26,232	30,482	24,197	24,751	24,938	22,508	25,484	15,944	12,059
Year-end exchange rate (€ per $)	**0.9059**	0.9341	0.8795	0.8187	0.8947	0.8738	0.8330	0.9506	0.9208	0.8213

1 December 30, 2018, figures have been restated to reflect the impact of the implementation of IFRS 16 Leases. Financial information prior to December 30, 2018, has not been restated for the impact of the implementation of IFRS 16 Leases.
2 In the financial years ended January 1, 2017, and December 28, 2014, an additional €1,001 million and €1,007 million, respectively, were returned to shareholders through a capital repayment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE INFORMATION

	2023	2022 restated	2021 restated	2020	2019
Healthy own-brand food sales (€ million)[1]	**14,854**	14,475	12,293	11,516	9,982
% of healthy own-brand food sales of total own-brand food sales[1]	**54.8%**	54.4%	53.4%	49.8%	47.9%
% reduction in tonnes of food waste per food sales (t/€ million)[2]	**37%**	34%	21%	17%	9%
% reduction in absolute CO_2-equivalent emissions from own operations (scope 1 and 2)[3]	**35%**	29%	31%	23%	8%

1 2022 and 2021 figures are restated. Note that the 2020 and 2019 figures were not restated to the same ESG reporting scope.
2 The reduction is measured against the restated 2016 baseline: 4.99 t/€ million. Note that the 2020, 2019 figures were not restated to the same ESG reporting scope and are still reported against the baseline used in 2021, which was 5.48 t/€ million.
3 The reduction is measured against the restated 2018 baseline: 4,095 thousand tonnes CO_2-equivalent emissions. See *ESG statements* for more information. Note that the 2021, 2020 and 2019 figures were not restated to the same ESG reporting scope and are still reported against the baseline used in 2022 (for 2021 reporting year, as restated in 2022), which was 4,164 thousand tonnes, and, respectively, the baseline used in 2021 (for 2020 and 2019 reporting years), which was 4,073 thousand tonnes.

RISKS AND OPPORTUNITIES

LOCAL MATTERS

Albert
Czech Republic

RISKS AND OPPORTUNITIES

ERM PRINCIPAL RISK PROFILE

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

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

Although the principal risks reported are largely similar compared to what was disclosed in our Annual Report 2022, in line with the principal risk profile diagram on the previous page and as described in the *Principal risks and uncertainties* section that follows, we have made some adjustments to the principal risk descriptions and there has been a general heightening of the severity of a significant number of the risks.

The challenging macroeconomic and sociopolitical environment, including inflationary and deflationary pressures as well as geopolitical instability, have implications on our risks and drive increases in our Competitive environment and Macroeconomic and sociopolitical developments risks. Ensuring the development and maintenance of an effective and cost-efficient IT framework is a crucial component of our brands' operations and, as our legacy systems continue to age over time, the related Supply chain and business continuity risk is increasing. Largely due to cost-of-living pressures and increasing societal polarization on social and political topics, which are impacting the psychological well-being of associates, we have noted an increase in our People risk. Although our related capabilities continue to improve, the inherent risk related to cybersecurity continues to rise, particularly when also taking into consideration the implications of security breach incidents at any of our third-party vendors. As the retail environment evolves further in the field of alternative monetization streams, the effective mitigation of the related increasing Data privacy risk continues to be a critical priority for Ahold Delhaize. Finally, the Insurance risk reported last year has been downgraded and removed as an individual principal risk. Nonetheless, insurance risk is recognized in the Additional risks and uncertainties section and is a risk factor embedded within a number of other relevant principal risks.

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

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

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

The assessment of the potential net risk severity and 2023 risk trend categorizations are defined as follows:

Critical: Permanent reduction of global or local brand reputation and/or monetary loss greater than €100 million.

High: Long-term impairment of global or local brand reputation and/or monetary loss less than €100 million.

Risk trend increasing **Risk trend flat** **Risk trend decreasing**

ERM PRINCIPAL RISK PROFILE

We have linked the most significant ESG topics identified, as per the *Materiality assessment*, with the related principal risks under *Our integrated approach*. The materiality assessment process enables us to identify and prioritize our most relevant ESG topics based on their impact and importance to Ahold Delhaize as well as their importance to stakeholders. The outcomes of both our ERM assessment and ESG materiality assessment serve as key inputs to our annual strategy and to identifying tangible actions and risk-mitigation processes that drive the formation of policies, procedures and controls; the scope of internal audit activities; and our business planning and performance process. We use performance targets to monitor the implementation of the identified actions.

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

The following section, *Principal risks and uncertainties*, provides an overview of the principal risks identified, including a description of each risk, developments noted during 2023, and a brief description of the primary mitigating actions in place to manage each risk.

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

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

DRIVE OMNICHANNEL GROWTH

- Growth potential in existing and adjacent markets
- Investment in AdTech resources
- Development of digital wallet functionality
- Last-mile delivery innovation
- Increased value through merchandising
- Improved value perception

ELEVATE HEALTHY AND SUSTAINABLE

- Accelerated renewable energy transition
- Supplier engagement towards supply chain decarbonization
- Technology and infrastructure development to support net-zero operations
- Making healthy choices easier

OPPORTUNITIES

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

See *Our Leading Together strategy* for more information.

CULTIVATE BEST TALENT

- Stimulation of culture and collaboration to enable our strategy
- Align incentive and reward system to strategic priorities
- Creation of industry-leading talent acquisition and development pipeline
- Continued improvement of associate safety and well-being

STRENGTHEN OPERATIONAL EXCELLENCE

- Accelerated Save for Our Customers program
- Initiatives to increase collaboration and leverage scale
- Strengthened internal mechanization capabilities
- Leveraging of global scale to optimize payment costs
- Integrated U.S. commercial and supply chain operating model

PRINCIPAL RISKS AND UNCERTAINTIES

STRATEGIC RISKS

COMPETITIVE ENVIRONMENT

Changes to the competitive landscape relating to non-traditional competition, competitor actions on pricing and assortment, material changes in customer preferences in the brands' markets (e.g., an increased focus on healthier products) could result in a loss of competitive advantage, decrease in sales, erosion of margins and an inability to deliver on our strategic objectives.

SEVERITY

TREND

TIME HORIZON

<1 year and 1-3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2023

Weak economic conditions are leading to a greater emphasis on price and increasing competitive pressure from discounters. Changes in the retail landscape, particularly relating to consumer shopping preferences around value and assortment, continue to pose both challenges and opportunities. Traditional and non-traditional retailers have responded by adjusting product assortments, pricing and promotional offerings.

HOW WE MANAGE THIS RISK

We have continued to implement our Leading Together strategy during 2023. Our four key growth drivers are designed to ensure that our brands continue to meet the changing needs and expectations of consumers while offering a competitive value proposition in the markets they serve. For more details on our Leading Together strategy and growth drivers, see *Our Leading Together strategy* and *Our growth drivers*. For details on our management approach to ESG topics, see *Introduction to ESG*, as well as the management actions described in relation to the *Stakeholder expectations on material topics* principal risk.

OMNICHANNEL AND DIGITAL GROWTH

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

SEVERITY

TREND

TIME HORIZON

1-3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2023

Further increases in out-of-home eating have been limited by the challenging macroeconomic conditions, which are impacting consumers' disposable income. This, coupled with the changes in consumers' shopping habits established during the pandemic, has meant that the demand for home delivery and click-and-collect offerings has remained strong. Convenience and service levels continue to be important elements of competitiveness and retailers have partnered with home delivery companies to ensure same-day-delivery capabilities. Our brands will continue to monitor and respond to these evolving consumer habits and adjust their omnichannel offerings accordingly.

HOW WE MANAGE THIS RISK

Omnichannel and digital growth is at the core of our Leading Together strategy, and we have prioritized investments in our omnichannel offering, capacity and internal capabilities. This has included additional investments into our platforms and supply chain capabilities. For more information on the progress we have made, see *Drive omnichannel growth*.

PRINCIPAL RISKS AND UNCERTAINTIES

OPERATIONAL RISKS

SUPPLY CHAIN AND BUSINESS CONTINUITY

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

SEVERITY

TREND

TIME HORIZON

1-3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2023

The ongoing conflicts in Ukraine and Israel/Gaza and other geopolitical tensions across the globe entail supply chain risks for commodities and for products that our brands offer to customers. Any further escalation could increase the related impacts significantly. High energy costs and the risk of future availability restrictions resulting from the ongoing conflicts pose threats to operations, particularly in Europe. The diverse IT landscape throughout our brands' operations, with dependency on aging legacy systems and third-party service providers, continues to pose challenges and risks to business continuity.

HOW WE MANAGE THIS RISK

We have established a global business continuity strategy, policy and governance structure and framework for ensuring the continuity of operations. This program is supported by dedicated business continuity managers globally and within each of our brands, who activate crisis response protocols and reporting, and provide regular training (including simulations) to senior leadership on crisis management and response to high-impact events. Our business continuity program includes insurance coverage in key areas and monitoring of vendors and third-party service providers. We closely monitor relevant commodity markets and develop plans to mitigate any related risks and ensure the continuity of supply. With regard to our IT landscape, we have developed a multi-year roadmap to ensure the effective upgrade and replacement of our legacy technology systems and infrastructure.

CYBERSECURITY

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

SEVERITY

TREND

TIME HORIZON

<1 year

GROWTH DRIVERS

DEVELOPMENTS IN 2023

Our focus on omnichannel and digital transformation has continued during 2023, increasing our "attack surface." We continue to see increasing levels of malicious attempts to access our networks, internet-facing sites and applications. And, although there has been no direct impact on our organization to date, there has been a continued increase in the frequency and size of payouts by companies whose systems and data have been exploited by malicious hackers.

HOW WE MANAGE THIS RISK

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

PRINCIPAL RISKS AND UNCERTAINTIES

OPERATIONAL RISKS

ORGANIZED LABOR

Our unionized brands may not be able to negotiate acceptable terms for extensions and replacements of contracts as a result of increased demands and/or expectations with regard to compensation and benefits from unions, which may lead to organized work stoppages or other operational, legal, financial or reputational impacts.

SEVERITY

TREND

TIME HORIZON

<1 year

GROWTH DRIVERS

DEVELOPMENTS IN 2023

Inflationary pressures during 2023 are also leading to increased demands from unions and rising labor costs. There were some organized work stoppages following the announcement of the changes to the business model in Belgium. In addition, following strike action in the Netherlands during the year, the respective labor agreements have been successfully renegotiated.

HOW WE MANAGE THIS RISK

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

PEOPLE

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

Additionally, existing associates may be exposed to workplace hazards, situations or incidents that could impact their health, safety and well-being.

SEVERITY

TREND

TIME HORIZON

<1 year and 1-3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2023

While investment in skills is vital for inclusive and sustainable growth, addressing the broader issues of job quality and migration is also important, as is attracting suitable groups of potential employees that may currently be outside the labor market. On the supply side, during 2023, labor availability continued to pose challenges but largely stabilized.

Cost-of-living pressures, social issues and geopolitical tensions are causing an increase in stress and mental well-being issues among associates. There have also been incidents of conflict and violence throughout our brands' store networks. This has the potential to cause additional negative impacts on associates' physical and psychological safety, as well as the Company's reputation.

HOW WE MANAGE THIS RISK

The brands are committed to embedding our shared values, capabilities and behaviors within their workforces. They deploy many measures to achieve this, including, but not limited to, developing competitive employee value propositions to attract the best talent in line with their strategic capability plans and needs, implementing a formal talent management cycle and development conversations, and putting in place DE&I initiatives to drive our aspiration to have a workforce that is gender-balanced, representative of the markets our brands serve and inclusive. They also listen to and act upon associates' feedback through our annual AES and regular pulse surveys.

Associate safety is of paramount importance, and the brands have established processes and controls to effectively manage safety risks. Ahold Delhaize also ensures that associates' psychological well-being is considered and hosts various well-being events throughout the course of the year. For more information on the commitment to associate well-being, health and safety, and DE&I, see *Fair and safe workplace* and *Diversity, equity and inclusion*.

PRINCIPAL RISKS AND UNCERTAINTIES

FINANCIAL RISKS

MACROECONOMIC AND SOCIOPOLITICAL DEVELOPMENTS

Ahold Delhaize and its brands may face challenges, uncertainties and potential adverse impacts stemming from a combination of economic, political and social factors, encompassing the dynamic interplay of macroeconomic variables, such as overall economic growth, inflation, consumer confidence, fiscal policies, and sociopolitical factors, including geopolitical events, shifting demographics, political stability and social cohesion.

SEVERITY

TREND

TIME HORIZON

<1 year and 1-3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2023

Difficult macroeconomic conditions, including high inflation, increasing energy prices and rising borrowing costs, are eroding households' purchasing power and pose significant challenges to our business. Inflationary pressures have broadened beyond food and energy almost everywhere, with businesses throughout the economy passing on higher energy, transportation and labor costs. Cost-of-living increases and competitive pressure may, however, make it increasingly difficult to pass on further cost increases to consumers. See *Macroeconomic trends* for further details.

On the geopolitical front, conflicts in Ukraine and Israel/ Gaza are disrupting prices, product availability, supply chains and energy markets.

There has been a notable increase in society's polarization on social topics and political viewpoints, and the prominent geopolitical conflicts have divided opinion. Ahold Delhaize's position, or perceived position, in relation to any of these increasingly significant sociopolitical factors entails reputational and other risks.

HOW WE MANAGE THIS RISK

Ahold Delhaize and its brands monitor closely and act upon macro-economic and sociopolitical developments as part of the bi-annual strategic planning process. In addition, the Communications team regularly assesses consumer perceptions of our brands and, in conjunction with the Public Affairs team, monitors all external communications for alignment with our values. We closely monitor commodity price volatility and availability and develop plans to mitigate any related risks and ensure the continuity of supply. Through our Save for Our Customers program, our brands are focused on keeping prices as low as possible and ensuring that customers have access to affordable and healthy choices. We also implement measures to increase efficiency and scale, such as joining the EURELEC retail alliance and the enhancement of joint sourcing and product harmonization initiatives.

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

PRINCIPAL RISKS AND UNCERTAINTIES

COMPLIANCE RISKS

DATA PRIVACY

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

SEVERITY

TREND

TIME HORIZON

<1 year

GROWTH DRIVERS

DEVELOPMENTS IN 2023

With continued increases in online and mobile purchasing and media monetization, as well as increased social expectations and regulations regarding data privacy, the risks relating to the use and protection of associate and consumer data have also intensified.

HOW WE MANAGE THIS RISK

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

LEGISLATIVE ENVIRONMENT

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

SEVERITY

TREND

TIME HORIZON

1-3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2023

In conjunction with an increased focus on people's health and safety, there is an increasing concern about the health and safety of the planet. Discussions have intensified over climate change and other sustainability topics (e.g., sustainable packaging), and expectations from consumers, investors, legislators and other key stakeholders have increased significantly in recent years. Changes in the political framework in some countries of operation have the potential to bring changes in regulatory priorities which may require attention and management.

HOW WE MANAGE THIS RISK

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

During 2023, our brands and support organizations continued with company-wide measures to ensure the health, safety and well-being of associates and customers, while maintaining compliance with local laws and government restrictions. With regard to human rights, Ahold Delhaize has developed a methodology to help each brand explore how it impacts associates, customers, communities and people in its supply chains. We are in the process of broadening this due diligence assessment to include additional social and environmental impacts, again with the engagement of a broad range of internal and external stakeholders. For more information, see *Human rights in the supply chain*.

PRINCIPAL RISKS AND UNCERTAINTIES

COMPLIANCE RISKS

PRODUCT SAFETY

There is a risk that customers may become injured or ill from the use or consumption of products sold by Ahold Delhaize brands, whether they are contaminated or defective, intentionally tampered with, or impacted by food fraud in the supply chain.

In addition, negative impacts on human rights or the environment during the production of our products (e.g., human rights violations by suppliers) may negatively impact the reputation or results of Ahold Delhaize and the brands.

SEVERITY

TREND

TIME HORIZON

1-3 years

GROWTH DRIVERS

DEVELOPMENTS IN 2023

We continue to maintain focus not only on the health and safety of associates and customers, but also on hygiene and the safety of the products our brands sell. Difficult macroeconomic conditions during 2023 and inflationary pressures have the potential to increase cost pressures on our suppliers, with resulting impacts on food standards and fraud.

HOW WE MANAGE THIS RISK

We have implemented a global Product Safety organization, policies, control framework and standard operating procedures at all of our brands. Our brands perform a variety of quality assurance reviews and audits in stores, DCs, and at key suppliers and preferred alternative suppliers. We further mitigate our risks in this area through different types of insurance coverage within our brands.

ESG RISKS

CLIMATE AND NATURE-RELATED

Climate- and nature-related risk concerns the potential for adverse effects on lives, livelihoods, health, assets, services, biodiversity, ecosystems, supply chain and infrastructure resulting from changes in climate norms, increasing temperatures and other nature-related issues. Physical risks concern the increasing severity and frequency of climate- and weather-related events, such as increased incidents of flood, droughts and tropical storms, as well as issues related to nature, such as soil degradation and the collapse of pollinator populations. Transition risks concern structural changes made in the transition to a low-carbon, nature-conscious economy, such as shifts in consumer behavior, technological change and climate and nature-related policy and regulation. Regulatory actions to mitigate and/or adapt to climate change, such as the introduction of carbon taxes, land use and transportation regulations or other limitations on GHG emissions, may negatively affect our business through higher costs or operational restrictions while physical climate events may result in losses arising from asset damage or operational disruption. See *Environmental* for further details on our climate-related risk assessment.

SEVERITY

TREND

TIME HORIZON

1-3 years and >3

GROWTH DRIVERS

DEVELOPMENTS IN 2023

A significant number of countries registered record temperatures during 2023, and areas in both Europe and North America experienced more intense drought and summer wildfires. There is a high level of focus on climate change, and, following the agreement reached at COP28, governments and regulators around the world are expected to drive related regulatory change and increased reporting requirements. In addition to climate risks, we are also facing other nature-related risks, such as biodiversity loss and soil degradation, which have the potential to significantly affect food supply and other vital resources such as water. We continue to report on the impact of climate change, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and align with EU Taxonomy reporting requirements. See *Environmental, TCFD index* and *EU Taxonomy* sections for further details.

HOW WE MANAGE THIS RISK

During 2023, we updated and enhanced our Climate Plan and we continue to develop and enhance our GHG reduction roadmaps with the ambition of becoming net zero across our own operations (scope 1 and 2) by 2040 and across our entire value chain by 2050. We have engaged the services of a third-party consultant to develop a customized climate risk assessment tool to utilize detailed physical climate data and scenario analysis for the execution of climate-risk assessments at a facility level Actions to address the risks related to the transition to a lower-carbon economy and related to the physical impacts of climate change are outlined in detail within the risk management section of *Environmental*. To inform and develop our approach to actions on nature, we have also commenced work to better understand interdependencies and risks related to nature across our supply chain.

PRINCIPAL RISKS AND UNCERTAINTIES

ESG RISKS

STAKEHOLDER EXPECTATIONS ON MATERIAL TOPICS

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

SEVERITY

TREND

TIME HORIZON

1-3 years and >3

GROWTH DRIVERS

DEVELOPMENTS IN 2023

Following the trend of increased scrutiny on ESG topics in recent years, we have continued to receive requests for information on our sustainability initiatives and performance metrics from investors and other key stakeholders. Customers and associates have high expectations on topics such as animal welfare and investors have shown a strong interest in our Climate Plan and in the development of a more extensive range of sustainability metrics, including on healthy foods, biodiversity and regenerative agriculture. There are increasingly demanding sustainability and supply chain due diligence reporting requirements and, in general, there is an expectation that companies will provide transparent insight into the impact they have on people and the environment. During 2023, we initiated a due diligence assessment to understand and update the range of topics that are material to our stakeholders. We also released our updated Climate Plan which provides quantified potential emission reductions from the decarbonization levers related to our own operations and our value chain.

HOW WE MANAGE THIS RISK

Elevate healthy and sustainable is one of the four growth drivers of our Leading Together strategy. We are committed to maintaining our position as an industry leader on sustainability and to achieving our ambition with regard to the decarbonization of our operations and value chain to contribute to a 1.5°C future. Our funding strategy is aligned to our ESG ambitions, as demonstrated by the Green Bond issued by Ahold Delhaize in 2023 and our sustainability-linked credit facility. See *Note 22 Loans and credit facilities* for further details. Our CSO, holding a position on the Executive Committee, has accountability for developing a clear, integral and coherent vision in line with our Group strategy, for providing thought leadership, expertise and support to the brands in delivering our ambition and for ensuring focus and collaboration across the organization. The CSO is supported by a cross-functional Sustainability Leadership Team (SLT) representing all aspects of sustainability. As part of our integrated approach, we regularly perform an assessment of the material topics facing the organization according to our stakeholders and develop targets and KPIs to measure our performance and ensure actions are being taken to address the most pertinent stakeholder expectations.

PRINCIPAL RISKS AND UNCERTAINTIES

ADDITIONAL RISKS AND UNCERTAINTIES

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

PENSIONS AND OTHER POST EMPLOYMENT BENEFITS

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

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

OTHER FINANCIAL RISKS

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

INSURANCE

Ahold Delhaize manages its insurable risks through a combination of self-insurance and commercial insurance coverage for workers' compensation, general liability, property, cybersecurity, vehicle accident and certain healthcare-related claims. Risk transfer to insurers is dependent upon insurance market dynamics and, as a result, new or renewed insurance policies may be subject to increases in premiums and decreases in coverage limits. Our self-insurance liabilities are estimated based on actuarial valuations. While we believe that the actuarial estimates are reasonable, they are subject to changes caused by claim reporting patterns, claim settlement patterns, regulatory changes and economic conditions, including interest rate volatility and adverse litigation results. Our process enables us to monitor claim and settlement patterns and evaluate third-party risk.

ARTIFICIAL INTELLIGENCE

The evolution of AI and machine learning has been gaining speed in recent years, and the emergence of generative AI in late 2022 is creating emerging risks and opportunities for Ahold Delhaize. Benefits include speed, efficiency, customization and ease of use for a variety of different functions, both for internal purposes and customer-facing applications. At the same time, the technology entails substantial risks around proper and ethical usage, data privacy, cybersecurity, complexity and cost. Ahold Delhaize has initiated a robust plan to manage the related risks and ensure that we take advantage of the related opportunities. Our actions to develop an AI policy and establish effective governance and control frameworks are ongoing.

PRINCIPAL RISKS AND UNCERTAINTIES

SENSITIVITY ANALYSIS

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

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

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

SCENARIO	ASSOCIATED PRINCIPAL RISKS	DESCRIPTION
Significant deterioration of the macroeconomic or sociopolitical environment	Competitive environment Macroeconomic and sociopolitical developments	Failure to effectively adjust components of our Leading Together strategy in the event of a deteriorating macroeconomic or sociopolitical environment, materializing in economic recession or sustained periods of low economic growth across all or some areas of operation, could lead to an inability to adapt to various dynamics affecting our performance. Unpredictable cycles of inflation or deflation may result in a change in customer behavior, particularly down-trading to value competitors/discounters, as well as additional pressure on our supply chain and cost base, including labor and energy needs, and the inability to pass on costs into retail prices may put pressure on our margins. Combined, these effects could result in a loss of market share to other market participants and/or may have a material adverse effect on the Company's financial position, operations and liquidity.
Information security and/or data breach and related business disruption	Supply chain and business continuity Cybersecurity Data privacy	In the event of a successful cyber-attack or data breach, the Company or the brands could be subject to material monetary penalties, loss of customers and damage to our corporate reputation; it could also lead to potential litigation. A serious breach could also impact the operation of significant business processes and result in non-availability of products for customers and the inability to operate the day-to-day business at brand level, including stores and DCs.
Materialization of extreme climate events	Climate and nature-related risks	As global climate change continues to evolve, businesses such as ours are confronted with an escalating array of physical risks and environmental hazards, with extreme weather events at the forefront. Based on the analysis of a number of climate change scenarios utilizing detailed climate data for the locations in which our brands operate, flooding and heatwaves are the two climatic phenomena that, over time, can have the most significant implications for Ahold Delhaize. If these or other extreme climate events materialize at our locations, it could significantly impact the operation of store and distribution networks, result in damage to our fixed assets or inventory, and may have a material adverse effect on the company's financial performance and position.

Top image: Mega Image customer

Bottom image: Delhaize's Fresh Atelier

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

LOCAL MATTERS

The GIANT Company
United States

INTRODUCTION TO ESG

At Ahold Delhaize, we use the term environmental, social and governance (ESG) to explain our impact on the world around us and how we work on eliminating, avoiding or reducing our negative impacts, mitigating risks and harnessing opportunities. In this introduction, we outline how we manage ESG topics and performance.

In the next sections, we describe how we assess materiality, to help us understand which ESG topics are most relevant to our stakeholders, and define our material topics, linked to our growth drivers and the United Nations Sustainable Development Goals (SDGs). Under the Environmental, Social and Governance sections, we detail our impact, our approach and progress, as well as our performance and targets relating to these topics.

OUR APPROACH TO ESG

Our approach to ESG starts with our efforts to better understand the world we live in; the challenges we face in the short, medium and long term; and what our stakeholders expect of us. Using this knowledge, we determine the topics where we have, or can have, the most impact or that impact us the most. See *Materiality assessment* and *Our material topics* for more information.

Our ESG ambitions are further shaped by the UN SDGs; ESG benchmarks, such as MSCI and Sustainalytics; and input received through stakeholder engagement. We work with frameworks, such as the TCFD, the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) standards.

We also look at future developments and how these could potentially impact Ahold Delhaize – for example, the implementation of the CSRD. For information on the progress we're making on our implementation, see *Our CSRD journey*.

Through the mapping of these external requirements to our Leading Together strategy and growth drivers, we made commitments, and set targets, ambitions and aspirations, in several focus areas, such as reducing our carbon footprint and food waste, further increasing healthy sales of own-brand products, reducing our own-brand virgin plastic product packaging and aiming for 100% diverse and inclusive workplaces. We recognize that our ambitions and aspirations are challenging, but we strive to reach them over time. Our targets drive our day-to-day actions and performance. See *Elevate healthy and sustainable* and *Cultivate best talent* for more information.

How we manage ESG

The Executive Committee, supervised and advised by the Supervisory Board (and its Audit, Finance and Risk Committee and Health and Sustainability Committee), has accountability for approving strategy and driving performance. See *Corporate governance* and the *Supervisory Board report* for more information on the Health and Sustainability Committee and topics discussed.

In August 2022, Ahold Delhaize appointed a Chief Sustainability Officer (CSO), giving sustainability a dedicated seat at the Executive Committee table. The CSO is accountable for the success of Ahold Delhaize's integral vision, strategy and goals relative to all aspects of environmental sustainability, social impacts (including human rights) and governance. On November 6, 2023, the company announced that Jan Ernst de Groot, Ahold Delhaize's CLO and CSO, has decided to retire, effective May 31, 2024. Following Jan Ernst's decision, the Company decided to create a dedicated role for the CSO in the Executive Committee, separate from the CLO role, and announced in December 2023 that Alex Holt will join our Executive Committee as the new CSO. Alex is currently CSO and member of the Executive Committee at Woolworths Group, Australia and New Zealand's largest retailer, a role she has held since June 2021. Alex will join Ahold Delhaize by the end of May 2024.

A cross-functional SLT, chaired by the CSO, was created in 2022 to represent the main dimensions of environmental and social impacts and governance in the organization. It includes support functions such as Finance, Communications, Legal, Health & Sustainability, HR and Public Affairs.

The Health & Sustainability (H&S) function at Ahold Delhaize's GSO reports directly to our CSO, while the Chief Human Resources Officer (CHRO) remains functionally responsible for HR aspects, including DE&I and associate well-being. The global Compliance & Ethics function, which includes human rights, is responsible for aspects of the social and governance elements of ESG and reports to the CLO.

Brand leadership is responsible for establishing and resourcing implementation plans and monitoring performance around locally relevant ESG topics.

The H&S, HR and Compliance & Ethics functions, together with the Finance department's External Reporting team, determine the ESG indicators to be collected and reported to the Finance team at Ahold Delhaize's GSO and included in the Annual Report and on our website. Guidance on these ESG indicators is summarized in an ESG Accounting Manual, updated on an semi-annual basis and part of Ahold Delhaize's Accounting and Procedures Manual (ADAPM). The ESG Accounting Manual is approved by the ESG sub-committee of the cross-functional ADAPM committee, which includes representatives from support functions such as Finance, HR, Legal and H&S, as well as from the brands.

Ahold Delhaize's ESG information, as set out in the *ESG statements*, is subject to limited assurance by our external independent auditor. See the *Assurance report on the ESG information* for the opinion and the exact scope of the assurance provided. The external independent auditor is appointed by the AGM on the recommendation of the Audit, Finance and Risk Committee of the Supervisory Board. See *Corporate governance* for more information.

Our journey of continuous improvement

In our Annual Report 2022, we reported on our ESG data collection and reporting improvement journey that started in 2021 and continues today. As we see increased regulatory requirements; a continued focus from stakeholders; and the benefits of better understanding our own ESG actions, impacts and performance, it confirms for us that this journey is useful and necessary.

In 2023, we continued to improve our data collection, controls and processes. We increased the involvement of the Finance team in the data collection and reporting process and are now branching out to other indicators, utilizing the knowledge we have gained to date to bring improvements in other areas, such as our GHG emissions scope 3 reporting.

As we embark on the CSRD implementation journey, we are also using this knowledge to capture the new data requirements and set up processes and controls to ensure we are able to deliver reliable data going forward.

For more information on how this impacted our previously reported figures and baselines, see *ESG statements*.

INTRODUCTION TO ESG

Our CSRD implementation journey

The CSRD will be applicable to Ahold Delhaize starting from fiscal year 2024. It encompasses comprehensive and specific requirements that cover sustainability in a broad sense, including disclosure requirements for various ESG aspects. Consequently, our 2024 annual report's ESG information will be required to adhere to a new set of reporting standards, the European Sustainability Reporting Standards (ESRS). Expanding on our current ESG journey and strategy, we will incorporate the CSRD in our annual report in 2024. To ensure compliance by 2024, Ahold Delhaize already initiated the implementation process in early 2023, taking the following measures:

- We assembled a multi-disciplinary team at GSO level, supported by local brands where needed, to lead the implementation of the CSRD. This approach ensures that the CSRD requirements are implemented consistently across the entire organization, and are compliant with legislation and reporting standards. The implementation involves various departments and teams within the organization, including Finance, H&S, Legal and HR, among others. The objective is to ensure that Ahold Delhaize complies with the new reporting requirements and to provide transparent information on our ESG performance. We established a non-financial / ESG reporting team within our GSO organization with responsibility for all non-financial reporting, such as the EU Taxonomy, ESG reporting and the implementation of the CSRD.
- Leveraging our existing ESG Governance (see also *How we manage ESG*), we set milestones and monitor progress on the implementation of the CSRD.
- To enhance our disclosures and prepare our systems for data collection and reporting processes, we engaged an external party to conduct a readiness and disclosure gap assessment. This assessment provided valuable insights into the gaps that exist, enabling us to develop a comprehensive understanding of our position concerning CSRD readiness and disclosure requirements.
- To establish a fundamental comprehension of the requirements and objectives of the CSRD, we organized several training sessions. These sessions were not only geared towards the finance community, but also extended to brand-level associates in other departments. In addition, we created awareness at the Executive Committee and Supervisory Board level by providing training to these leadership groups and regularly informing them about the progress.
- In preparation for the upcoming European legislation on sustainability due diligence (CSDDD), we commissioned an external party to support us in further developing and integrating sustainability due diligence practices. As the basic principles of sustainability due diligence already underpin the structure of the ESRS, this is the starting point for our double materiality assessment.

  In Q4 2023, we completed the first phase of our sustainability due diligence assessment and are now developing a roadmap on due diligence that we expect to finalize in 2024. For more information, see material topic *Human rights in our value chain*.
- We prepared for the process of conducting a double materiality assessment, an important requirement of the CSRD. The key starting point of a double materiality assessment is impact materiality. Most financially material risks and opportunities relating to sustainability will be a product of the Company's material impacts on people and planet. An impact materiality assessment mirrors the first step of sustainability due diligence under the international standards on responsible business conduct. By setting the impact materiality assessment process as the starting point in the double materiality process, and aligning it with the first step of due diligence in line with the United Nations Guiding Principles (UNGPs) and OECD Guidelines, we support a coherent and integrated relationship between impact materiality and financial materiality and ensure that the resources we apply to the implementation of effective sustainability due diligence are an investment in good reporting under the ESRS, and vice versa.
- We have scheduled the next steps in the double materiality assessment, which will enable us to comply with CSRD requirements, to be completed in the first half of 2024.
- Until we have the outcome of the double materiality assessment, we rely on the material topics that came out of our current materiality assessment, as described in the *Materiality assessment* section in this Annual Report, to prepare for the CSRD.
- We have developed a comprehensive project implementation plan for the CSRD, which includes assigning resources responsible for implementing the ESRSs. Each applicable ESRS has a designated workstream and workstream lead who oversees the progress of implementing their assigned ESRS. The ESG reporting team collaborates with the workstream leads, who are experts in their respective topics, to develop CSRD instructions and training materials for colleagues at the local brands.
- Using the existing material topics, as also reported on in this Annual Report, we are working to close information and disclosure gaps, identifying additional data requirements and communicating and training people within the Company. We will start collecting additional data points as early as Q1 2024.

MATERIALITY ASSESSMENT

Our materiality assessment process enables us to identify and prioritize our most relevant ESG topics. We are committed to creating sustainable long-term value for our stakeholders and conducted this assessment to ensure that our strategy on ESG remains in line with stakeholder expectations and external trends.

OUR ESG MATERIALITY ASSESSMENT

In this Annual Report, we use the material ESG topics we determined in the updated assessment that was performed at the end of 2022 and applicable for our 2023 fiscal year.

As a result of the ESG materiality assessment, we have made some changes to the material topics, including regrouping and renaming some to align with ESRS. We have also added two new ESG material topics: animal welfare and business ethics and compliance.

Our material ESG topics are included in the overview below and further explained in the *Environmental, social and governance* sections of this report. They are also linked to our principal risks in *Our integrated approach* and to *Our value creation model*, where we linked the impacts of our material topics to our value chain.
Our disclosures on the ESG topics in the section below, as well as in the *ESG statements*, provide the information necessary to understand the development, our impact, our approach and progress, and our performance and targets relating to these topics.

Engage with relevant stakeholders and experts

Our materiality analysis identifies aspects of our business model that are most relevant to our company and its stakeholders. As leading global retailers, Ahold Delhaize and the brands take into account the needs of many different stakeholder groups in our day-to-day business. The four most impactful stakeholder groups to Ahold Delhaize are customers, associates, shareholders and communities. We engage with them in different ways. To conduct the materiality assessment, we asked for feedback from stakeholders on the scale of Ahold Delhaize's impact on ESG topics and the degree to which these topics influence their decision making. This approach enables us to determine which topics are most material and hold the greatest importance for stakeholders.

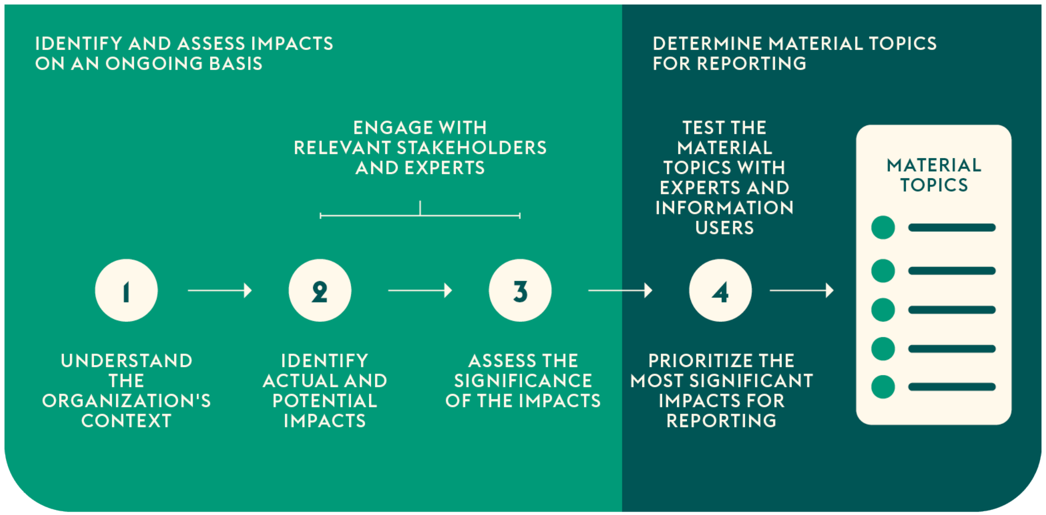
Understanding stakeholders' expectations helps us ensure that our Leading Together strategy and reporting are in line with their expectations and Ahold Delhaize's most significant impacts while focusing on adding sustainable short-, medium-, and long-term value.

Our materiality assessment followed, on a high level, the following steps:

Step 1: Understanding the organization's context: We selected a long list of topics to use as a starting point by referencing international reporting standards, including the GRI, ESRS, SASB Standards and the SDGs; media research; a peer review; and a risk and trend analysis of the food industry.

Process to determine material topics

Our ESG materiality assessment included the following steps:



Step 2: Identifying actual and potential impacts: We determined the specific relevance of each topic to Ahold Delhaize through online surveys and interviews, collecting input from customers, associates, investors, NGOs, suppliers, producers, farmers and governmental organizations. We asked company management, through an online survey, to identify the topics they believe are most important for Ahold Delhaize and how they are linked to our strategic growth drivers. See also *Engaging with our stakeholders* for more information.

Step 3: Assessing the significance of the impacts: We took the long list of ESG-relevant matters, determined their significance and impact, and prioritized them to create a short list of material topics.

Step 4: Prioritizing the most significant impacts for reporting: We created a list of material topics, which was discussed and approved in a meeting of the Executive Committee[1].

Moving forward we will focus on double materiality

While the materiality assessment did not result in any significant changes in our overarching strategic goals, it prompted target-setting for the other important topics and a restructuring of our material topics. Using the insights from our current materiality assessment, we further develop the approach we will take in our next materiality assessment, which will be a double materiality assessment scheduled to be performed during the first part of 2024. It will build on the first phase of the sustainability due diligence assessment that was completed in Q4 2023. For more information, see *Our CSRD implementation journey*.

1 For more information, please refer to our GRI Index on our website at *www.aholddelhaize.com*.

OUR MATERIAL TOPICS: ENVIRONMENTAL

CLIMATE

ENVIRONMENTAL TOPICS	MEASURABLE TARGETS AND AMBITIONS[1, 2, 3]	PROGRESS	PERFORMANCE
CLIMATE CHANGE	**Scope 1 and 2 targets (2018 baseline):** • As per Annual Report 2022: 34% reduction by 2025. • Updated in 2024: > 38% reduction by 2025[6].		Scope 1 and 2 reduction of 35% against the 2018 baseline was achieved, and is 5 percentage points higher than in 2022. The 2025 target has been increased to >38% from 34% last year to align future ambitions with 2023 performance.
	• 2030: 50% reduction against the 2018 baseline.		
	• 2040: Net zero: 90% reduction and 10% removals against the 2018 baseline.		
	Scope 3 targets (2020 SBTi-methodology baseline): **Near term:** • As per Annual Report 2022: 37% reduction by 2030 against the 2020 baseline (revision submitted, original target not validated)		In 2022, our actual total scope 3 footprint was 59.9 $MtCO_2e$, compared to 60.8 $MtCO_2e$ for 2021, as restated. Against our restated 2020 full scope 3 baseline of 59.8 $MtCO_2e$, our scope 3 footprint increased by 0.1%.
	Updated in 2024: • 2030: Scope 3 targets (2020 baseline, submitted but not yet validated)[7]: • We commit to reduce absolute scope 3 FLAG GHG emissions by 30.3% (or 4.7 $MtCO_2e$) by 2030 from a 2020 baseline (of 15.5 $MtCO_2e$).		Actual scope 3 FLAG and energy and industrial emissions are currently not tracked. We are working to improve our processes and plan to start reporting progress against the SBTi targets in the near future.
	• We commit to reduce absolute scope 3 Energy and Industrial GHG emissions by 42.0% (or 12.4$MtCO_2e$) by 2030 from a 2020 baseline (of 29.5$MtCO_2e$).		
	Long term: Updated in 2024: • 2050: Scope 3 (2020 baseline, submitted but not yet validated)[7]: • We commit to reduce absolute scope 3 FLAG GHG emissions by at least 72% (or 15.0 $MtCO_2e$) by 2050 from a 2020 baseline.		
	• We commit to reduce absolute scope 3 Energy and Industrial GHG emissions by 90% (or 34.0 $MtCO_2e$) by 2050 from a 2020 baseline.		
	Net zero[8]: • We commit to reach net-zero GHG emissions across our own operations and the value chain by 2050.		

MATERIALITY ASSESSMENT

CIRCULARITY

ENVIRONMENTAL TOPICS	MEASURABLE TARGETS AND AMBITIONS APPLICABLE FOR 2023[1, 2, 3]	PROGRESS	PERFORMANCE
FOOD WASTE	• As per Annual Report 2022: More than 38% reduction of total tonnes of food waste per €1 million of food sales by 2025, against our 2016 baseline • Updated in 2024: More than 40% reduction of total tonnes of food waste per €1 million of food sales by 2025, against our 2016 baseline[9].		In 2023, 37% reduction of total food waste per €1 million of food sales against the 2016 baseline was achieved; a 2 percentage-point increase compared to 2022. The 2025 target has been increased to more than 40% from more than 38% last year to align future ambitions with 2023 performance.
	• By 2030: 50% reduction of total tonnes of food waste per €1 million of food sales against our 2016 baseline		
SUSTAINABLE PACKAGING	By 2025: • Our target is to reduce the use of virgin plastic in own-brand primary product packaging by 5% compared to 2021.		A 10.3% decrease in own-brand primary virgin plastic product packaging against the 2021 baseline was achieved against an increase of 1.7% in 2022.
	• Our target is to have 25% of our total own-brand primary plastic packaging weight made from recycled content[5].		13.2% of own-brand plastic product packaging is made of recycled content, compared to 10.5%in 2022.
	• Our target is for 100% of primary own-brand plastic packaging to be reusable, recyclable or compostable in practice and at scale.		28% of primary plastic own-brand product packaging is reusable, recyclable or compostable, compared to 27% in 2022, a 1% increase.

NATURE

SUSTAINABLE PRODUCTS	• By 2025: Ahold Delhaize and its brands aim to have 100% of own-brand products containing soy, palm oil, cocoa, coffee, wood fiber and tea certified against an acceptable standard that provides for no deforestation or land conversion as defined by the *Accountability Framework Initiative* or the *Forest Resources Assessment*. The cut-off date we use is December 31, 2020, or the date of the applicable certification, whichever is earlier.		See our website at *www.aholddelhaize.com* for the performance of the critical commodity indicators[4]. In 2023, most of the indicators were over 96% certified. Cocoa, palm oil and wood fiber fell slightly behind, with just more than 91% certified against acceptable standards. For additional detail on our approach to managing nature-related impacts and dependencies, including those linked to critical commodities, see *Sustainable sourcing of critical commodities*.
ANIMAL WELFARE	• Albert Heijn and Delhaize Belgium are already 100% cage-free for their own-brand and national-brand eggs, shell eggs and eggs-as-ingredients.		Both Albert Heijn and Delhaize Belgium have only sold cage-free own-brand and national-brand eggs since 2021.
	• All other European Ahold Delhaize brands and all U.S. brands have committed to being 100% cage-free for own-brand and national-brand shell eggs by 2025.		43% of the total own-brand shell eggs sold are cage-free, compared to 42% in 2022, while 46% of the national-brand shell eggs sold were cage-free in 2023 compared to 38% in 2022.

MATERIALITY ASSESSMENT

IMPACTS ON CUSTOMERS

SOCIAL TOPICS	MEASURABLE TARGETS AND AMBITIONS[1, 2, 3]	PROGRESS	PERFORMANCE
CUSTOMERS' HEALTH AND NUTRITION	• As per Annual Report 2022: Our target is to have 55.6% healthy own-brand food sales as a proportion of total own-brand food sales by 2025. • Updated in 2024: Our target is to have 52.3% healthy own-brand food sales as a proportion of total own-brand food sales by 2025[10].		54.8% healthy own-brand food sales as a proportion of total own-brand food sales was achieved in 2023, compared to 54.4%% in 2022. The 2025 target has been decreased to 52.3% from 55.6% last year to account for the expected impact of the amended Nutri-Score algorithm implemented in 2024.
PRODUCT AFFORDABILITY	• In 2024: Our target is to deliver more than €1 billion through the Save for Our Customers program.		In 2023, €1.3 billion was delivered through the Save for Our Customers program, compared to the target of more than €1 billion.

FAIR AND SAFE WORKPLACE

SOCIAL TOPICS	MEASURABLE TARGETS AND AMBITIONS	PROGRESS	PERFORMANCE
WORKPLACE CONDITIONS (OWN OPERATIONS)	Short term: Reduce absenteeism rate year on year Aspirational: Through risk mitigation, education and awareness, reduce all serious injury and fatality occurrences		In 2023, the workplace injury absenteeism rate (number of injuries that result in lost days per 200,000 hours worked) was 1.89, compared to 2.00 in 2022.
HUMAN RIGHTS IN THE SUPPLY CHAIN	By 2025: Our ambition is to have 100% of production sites of own-brand products in high-risk countries audited against an acceptable standard with a valid audit report or certificate and no non-compliances on deal-breakers.		78% of production sites of own-brand products in high-risk countries were audited against an acceptable standard with a valid audit report or certificate and no non-compliances on deal-breakers.

MATERIALITY ASSESSMENT

DIVERSITY, EQUITY AND INCLUSION

SOCIAL TOPICS	MEASURABLE TARGETS AND AMBITIONS[1, 2, 3]	PROGRESS	PERFORMANCE
DIVERSITY, EQUITY AND INCLUSION	We aspire to a workforce that is: • 100% gender balanced at all levels	Area of focus	52% of total Ahold Delhaize associates are female, of which 37% of VP+ associates are female.
	• 100% reflective of the communities we serve	Area of focus	Ethnicity is only measured in the U.S., where 37% of associates below manager level and 15% on VP+ level are from racially/ethnically underrepresented groups. These figures are slightly lower than 38% and 18% in 2022.
	• 100% inclusive – where all voices are heard	Area of focus	We received a score of 81% on the inclusive workplace index in the AES, which measures the following: if diversity is valued at Ahold Delhaize; if associates, regardless of their differences, are treated fairly; if associates can be their authentic selves; whether managers treat all associates with respect; and if associates are encouraged to share their ideas about improving our work environment.

BUSINESS ETHICS

GOVERNANCE TOPICS	MEASURABLE TARGETS AND AMBITIONS[1, 2, 3]	PROGRESS	PERFORMANCE
BUSINESS ETHICS AND COMPLIANCE	We consistently strive to create a strong ethical culture where our decisions and actions align with our values and ethical principles, and in which any misconduct is reported without fear of retaliation.	On track	During 2023, there were: • No confirmed incidents of legal non-compliance related to bribery, corruption and anti-competitive business practices • No significant breaches of laws or regulations, including social or environmental impacts

1 Boundaries of the material topics are shown under Our value creation model, and also included in the discussion of the topics below.
2 See ESG statements for more information on the KPIs and performance.
3 See Environmental, social and governance section for more information on the targets and ambitions per ESG-related material topic.
4 For performance on these sustainable products metrics, see Critical commodity reporting on our website.
5 During 2023, it was concluded that it is not always possible to obtain information about whether recycled content is post-consumer or post-industrial (pre-consumer) recycled content. As a result, the Company concluded that it is not possible to report on post-consumer recycled content and, as such, changed the target to only report on recycled content.
6 The 2025 target was increased to 38% from 34% last year to align future ambitions with 2023 performance.
7 Due to a resubmission of targets to SBTi and incorporating the split between FLAG and Energy and Industrial sector emissions in 2023, the targets have been adjusted. See Elevate healthy and sustainable as well as Scope 3 setting targets under SBTi. We plan to utilize removals to the extent permitted by SBTi.
8 See Definitions and abbreviations for the definition of net zero. We plan to utilize removals to the extent permitted by SBTi.
9 The 2025 target was increased to more than 40% from more than 38% last year to align future ambitions with 2023 performance.
10 The 2025 target was decreased to 52.3% from 55.6% last year to account for the expected impact of the amended Nutri-Score algorithm to be implemented in 2024.

Progress key

Do not achieve | On track | Significant progress | Achieved | Achieved ahead of schedule | Area of focus

Environmental

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.

For more information on our performance on these environmental topics, see *ESG statements: Environmental* and *Performance review: Group performance*.

CLIMATE

Our climate pillar includes the material topic climate change, which covers both our impact on climate change (mainly GHG emissions) and the impact of climate change on our organization (physical and transition risks). This section also includes Ahold Delhaize's activities as supporter of the TCFD. We have adopted the TCFD's recommendations and are reporting in line with them, where possible. See *TCFD index* under *ESG statements* for references to where our reporting responds to the TCFD-recommended disclosures.

Information on the EU Taxonomy is included in the *ESG statements*, and we provide further information on climate change in the *Risks and opportunities* section.

CLIMATE CHANGE

Definition

Ensuring that measures are taken to reduce GHG emissions in our own operations and supply chain and increase energy efficiency in our own operations. Adopting practices to manage risks that could occur as a result of climate change.

Boundary: Own operations and value chain (up- and downstream)

General developments in 2023

According to the Intergovernmental Panel on Climate Change (IPCC)[1], human activities, principally through emissions of GHGs, have unequivocally caused global warming, with global surface temperature in 2011-2020 reaching 1.1° C above what it was in 1850-1900. Global GHG emissions have continued to increase, with unequal historical and ongoing contributions arising from unsustainable energy use; land use and land-use change; lifestyles; and patterns of consumption and production across regions, between and within countries, and among individuals.

The IPCC report states that continued GHG emissions will lead to increased global warming. The best estimate, based on considered scenarios and modelled pathways, predicts that we will reach 1.5° C in the near term. Every increment of global warming will intensify multiple and concurrent hazards.

In December 2023, we updated Ahold Delhaize's Climate Plan, building on our earlier Climate Plan from November 2022. In this updated Climate Plan, we refined our decarbonization levers, specifying potential reductions in GHG emissions, and refined the categories influencing our reduction target for the entire value chain (scope 3). Our focus is on working to address these challenges and adapting our actions to respond to them.

1 IPPC 2023 AR6 Synthesis report.

CLIMATE

CLIMATE CHANGE CONTINUED

Our impact

Climate change and the degradation of nature are global threats to the health of the planet and people's lives and livelihoods.

A range of issues – such as deforestation, biodiversity loss, food waste and pollution – contribute to the climate crisis, and to the health and resiliency of the planet, which underpins the well-being of everyone who inhabits it.

Humans cause climate change by releasing carbon dioxide and other GHGs into the air.

GHGs are produced in different ways, including the following:

- **Burning fossil fuels:** Fossil fuels such as oil, gas and coal contain carbon dioxide that has been "locked away" in the ground for thousands of years. When we extract these fuels and burn them – for example, in trucks when transporting products or to heat, cool, or operate stores – carbon dioxide is released into the air. Our brands are using fossil fuels for heating and transportation, and, in doing so, produce indirect GHGs. See also *Transition from fossil fuels in heating and transportation*.
- **Deforestation:** Forests remove and store carbon dioxide from the atmosphere. Cutting them down leads to carbon dioxide building up more quickly, since there are fewer trees to absorb it. And when trees are burned, they release the carbon they stored. Ahold Delhaize can contribute to deforestation, for example, if we sell products produced on deforested land. See also *Deforestation-free supply chain* for our actions in this area.
- **Agriculture:** Planting crops and rearing animals releases many different types of GHGs into the air. See *Agricultural practices*.
- **Cooling fluids:** Hydrofluorocarbons (HFCs) are commonly used chemicals for cooling and represent a major contributor to climate change, causing approximately 1.5% of global emissions worldwide. Ahold Delhaize sells products that require cooling in order to maintain food safety and quality for customers. Reducing the use of chemical refrigerants and switching to low-GWP refrigerants is our greatest opportunity to reduce our negative impact. See also *Transition to low-GWP and natural refrigerants*.

We estimate that the annual value chain GHG emissions (scope 1, 2 and 3) of Ahold Delhaize and the brands total approximately 63 million tonnes of CO_2-equivalent emissions. This figure is broken down in the diagram that follows this paragraph.

Our total carbon footprint[1]

Scope 1 and 2	
Energy consumption	1.8%
Refrigerants	2.1%
Transport	0.4%
Scope 3	
Purchased goods and services	86.2%
Use of sold products	5.2%
Other scope 3	4.3%

1 Includes 2023 scope 1 and 2 emissions, and 2022 scope 3 emissions.

Of the categories in the graph *Our total carbon footprint*, energy consumption, refrigerants and transport form our scope 1 and 2 footprint. The remaining emissions categories form our scope 3 footprint, representing approximately 96% of our total direct and indirect carbon footprint.

See also our *ESG statements* for a further breakdown of our scope 3 emissions.

While emissions from our own operations (scope 1 and 2) are a small share of our total value chain emissions, it is here that we have direct control and can have the biggest direct impact.

Along our value chain, we see opportunities to reduce emissions from our current product portfolio through targeted interventions upstream and downstream – for example, by encouraging suppliers to set their own science-based targets, and working with logistics partners to shift to lower-emission transport options.

With the lion's share of our value chain emissions falling outside of our direct control, societal change and industry collaboration remain critical to achieving our targets. Playing a part in wider society and cooperating across the industry are, therefore, integral parts of our plan.

CLIMATE

CLIMATE CHANGE CONTINUED

Our approach and progress

In this section, we provide more information on our governance and risk management of climate-related risks, our strategy, examples of actions taken and progress made, and a summary of our plans to meet our GHG-emission targets.

Governance

Ahold Delhaize's Management Board takes overall accountability for the management of the Company's ESG topics, with the CSO charged with oversight of our climate change agenda. This includes leading policy development for our climate change agenda and bringing additional executive oversight to this important strategic issue. Updates are tabled for discussion by the Management Board and Executive Committee as well as the Supervisory Board's Health and Sustainability Committee, in line with our risk review cycle.

Our CFO maintains oversight of our climate-related financial activities and reporting, sponsoring the TCFD and EU Taxonomy working groups that comprise colleagues across our Climate, Risk Management and Finance teams and maintain day-to-day oversight of these areas.

See **Introduction to ESG** for more information on how we manage ESG performance.

Five of the nine members of the Supervisory Board are also members of the Supervisory Board's Health and Sustainability Committee. This Committee advises the Supervisory Board on the Company's sustainability long-term vision, strategy and target setting. It monitors the Company's performance on ESG targets and advises on ways to apply innovations to achieve these targets. Please refer to the *Supervisory Board report* for more information on the Health and Sustainability Committee.

Our approach to climate change has been rolled out globally, with our brand leadership teams responsible for implementing actions within the brands. Every brand has dedicated teams working to reduce its climate impact from own operations and the value chain. These teams consist of associates from departments such as Store Development and Store Maintenance, as well as sourcing managers.

To underpin the importance of decarbonizing our business, we linked the achievement of our scope 1 and 2 GHG-emissions-reduction targets to remuneration under our long-term incentive plan.

We have strengthened the connection between executive compensation and sustainability by elevating our emphasis on ESG factors in our remuneration policies during 2022, changing both short- and long-term incentive composition.

See **Remuneration Policy** for further details.

Strategy

As food retailers, we are acutely aware of how climate change is impacting the way food is grown and will change our business both now and in the years to come – from how and where products are sourced to what our brands' stores look like and how we heat or cool them.

A healthy planet is a key component of our *Elevate healthy and sustainable* growth driver, and our approach to addressing climate change in our company focuses on both the impact of climate change on our business (through our efforts to comply with the TCFD) and how our business activities impact the climate. We aim to reduce our impact on climate through our commitment to reach net-zero GHG emissions across own operations by 2040 (scope 1 and 2) and become net-zero businesses across the entire value chain, products and services no later than 2050 (scope 3).

We have also joined the Business Ambition for 1.5°C, a global coalition of UN agencies and business and industry leaders, in partnership with the SBTi and the UN-led Race to Zero campaign.

Methodology

Within our climate approach, we are guided by the standards of the GHG Protocol, which defines a global standardized framework for the measurement and management of GHG emissions from the private and public sectors. The GHG Protocol defines scope 1, 2 and 3 emissions. Scope 1 emissions are direct GHGs from owned or controlled sources. Scope 2 emissions are indirect emissions resulting from the generation of purchased energy, and scope 3 emissions are all other indirect emissions in the upstream and downstream value chain of an organization.

Additionally, our active participation in the annual CDP disclosure process underscores our dedication to transparently communicating our environmental performance and progress.

See **ESG statements** for more information.

CLIMATE

CLIMATE CHANGE CONTINUED

Own operations (scope 1 and 2)

Energy consumption and refrigeration represented approximately 91% of total scope 1 and 2 emissions.

Setting targets for scope 1 and 2

Ahold Delhaize developed science-based targets (SBTs) for scopes 1 and 2 in 2019, and submitted targets to the SBTi for validation in 2020.

Our medium-term emissions reduction target for scope 1 and 2 (see table under *Our targets* below), set in 2019, has been formally approved by the SBTi. This means that the SBTi has assessed the target against the emissions reduction pathways necessary for the world to limit global average temperature rise 1.5º C above preindustrial levels and found them to be consistent with that outcome.

In accordance with SBTi technical guidance on setting SBTs, 2018 was selected as the baseline year, since it was the most recent year with robust scope 1 and 2 footprint data. The 2018 (restated) baseline for SBTi target setting is 4.1 $MtCO_2e$; see *ESG statements* for further details.

Key levers

To address the emissions in our brands' operations, we have identified four key levers, which are further discussed below. These levers are considered the areas that will contribute the most in reaching our medium-term target of 2.05 $MtCO_2e$, or a 50% reduction against the 2018 baseline of 4.1 $MtCO_2e$, as well as our long-term target of becoming Net zero (90% reduction and 10% removals) by 2040 (also against our 2018 baseline).

In this section, we also set out examples of actions we have taken under each lever. Please note, this is not a full list of our activities to reduce scope 1 and 2 emissions.

See **our updated Climate Plan** for more information.

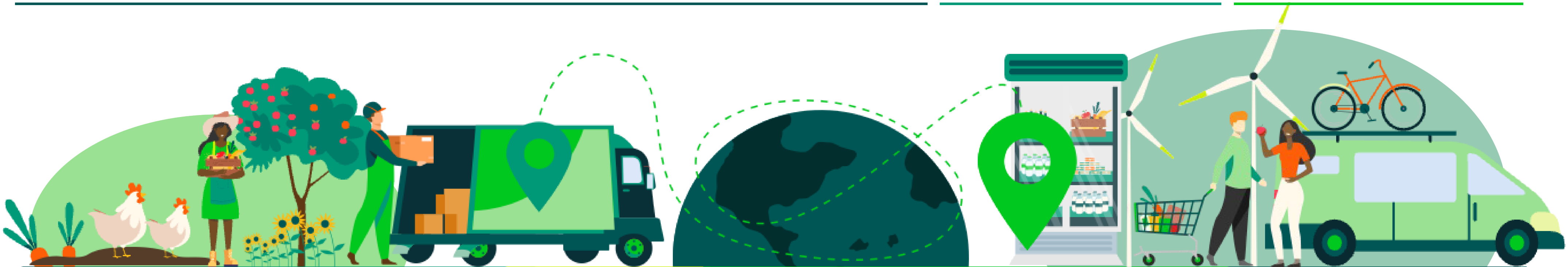
Transition to renewable energy

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 due to 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 through solar panels installed in both the U.S. and Europe. In addition, we plan to source 100% renewable energy through PPAs in Europe and 100% green electricity via renewable energy certificates (RECs) in the U.S. In Europe, we already use 82% green electricity[1], compared to a share of 41% in the U.S.

1 Green electricity includes electricity from renewable sources and electricity from nuclear sources.

Scope 3 - Upstream			Scope 1 & 2		Scope 3 – Downstream



Raw materials	Production	Distribution	Retail		Customers
▪ Agriculture & livestock	▪ Processing ▪ Packaging ▪ Waste	▪ Transport	▪ Operations (investments, business travels, employee commuting)	▪ Retail (heating, transport, refrigerants, electricity)	▪ Transport ▪ Use of products ▪ End of life treatment

CLIMATE

CLIMATE CHANGE CONTINUED

We actively invest in renewable energy initiatives. Our solar projects include widespread photovoltaic installations. In the U.S., Giant Food recently finalized a contract for around 45 Maryland stores to be offtakers for a new utility-scale solar project. Construction will start in 2024.

Our European brands are also working on renewables – for example, Alfa Beta in Greece is installing photovoltaic systems at its stores. In the Netherlands, Albert Heijn already uses 100% renewable electricity. To incentivize renewable electricity generation, Albert Heijn is entering into a long-term partnership for the purchase of green energy from a new wind farm to be built.

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. Our brands are aiming to reduce refrigerant emissions by executing local climate plans.

In order 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.

We want to transition, year by year, to natural and low-GWP refrigerants. Natural refrigerants have negligible climate impact and are more energy efficient. Our U.S. businesses are planning to convert equipment for compatibility with low-GWP or natural refrigerants (these plans are under revision due to PFAS legislation). For our European businesses, all refrigerant equipment will use natural refrigerants by 2040.

This year, Food Lion received two awards from the U.S. Environmental Protection Agency for reducing emissions by switching to refrigeration systems with zero ozone-depleting potential and low-GWP refrigerants.

Some of our other brands, such as Albert Heijn in the Netherlands, are also successfully replacing chemical refrigerants with natural refrigerants in certain installations. At Albert Heijn, these already account for approximately 68% of own-store installations.

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 21.0% of our total scope 1 and 2 emissions. Our long-term vision is to achieve 100% fossil-fuel-free transport in both Europe and the U.S. by 2040.

Technological maturity plays a role in how fast we can transition to cleaner energy sources. In the U.S., we are facing challenges in infrastructure readiness for electrified fleets and equipment. Likewise, we will need to evaluate fleet electrification viability in Europe on a country-by-country basis.

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. For example, in Romania, Mega Image started to convert its distribution vehicles to electric vehicles.

Our brands are making significant changes to the heating systems in their stores. Our Albert Heijn stores are on their way to becoming entirely gas free, in line with our net-zero commitment to reduce GHG emissions. Our Mega Image brand, for example, is taking a decisive step by equipping its stores with heat pumps, so they are no longer dependent on traditional heating methods using fossil fuels.

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 our brands to create some of the most energy-efficient stores of the future.

Many of our brands, in both Europe and the U.S., have switched to energy-efficient LED lighting in the stores to reduce overall electricity consumption.

Some brands, including Mega Image, Delhaize Belgium, Food Lion, Giant Food and The GIANT Company, are upgrading their refrigeration systems. They are retrofitting older freezer doors and replacing them with the latest passive doors, which significantly minimizes energy loss, as only the door frames are equipped with frost protection, resulting in higher efficiency compared to conventional active doors.

Scope 1 and 2 road to decarbonization

The feasibility and achievability of our actions on key levers become less certain, the further in the future these plans are set to be executed. To the extent that actions are scheduled to be executed in the period from 2024 to 2026, the plans are built from brand-level up and the necessary estimated CapEx and operating expenses needed to execute them are included in our long-range plans. We have estimated the feasibility and reduction potential with a reasonable level of reliability, but the actual outcomes can still differ.

For the period 2027 to 2030, our plans are more high level and include more uncertainty and assumptions. As a result, we have a higher level of uncertainty around whether our estimated outcomes are achievable and the reductions will materialize as estimated.

The current plans also do not yet take into account the effect of changes in refrigerant regulations, and will be revisited in the coming year to be adjusted accordingly. This might impact the cumulative emissions-reduction potential, as well as the timing of our execution of these plans.

CLIMATE

CLIMATE CHANGE CONTINUED

Our current expectations are that, based upon the identified action plans and the progress we are making, we are on a positive trajectory to meet our target of 50% reduction by 2030, subject to our estimates and assumptions as set out below.

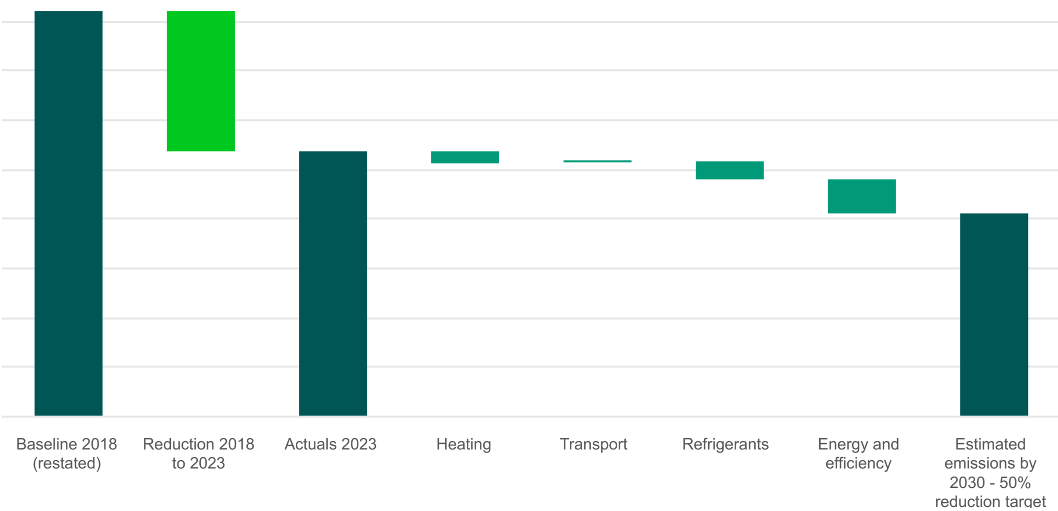
For the period 2030 to 2040, the next step is to make our high-level plans more concrete, taking into account available and developing technology and insights. While we have high-level plans and actions identified, the high level of uncertainty due to the longer-term nature of the actions, changing regulations and reliance on technology and infrastructure that is sometimes not yet fully operational or proven in practice, leads to significant uncertainty and causes us to be dependent on various assumptions in order to provide more detail.

Assumptions and estimates used in calculations

Our ability to achieve our GHG emissions reduction targets for scope 1 and 2, with the actions above, is based on the following assumptions:

- The Company needs to make the full transition to natural refrigerants by 2040 in Europe, while, in the U.S., both natural and lower-GWP refrigerants will remain in use.
- Feasibility of the current plan in the U.S. market is currently under further investigation, considering changes in refrigerants regulations.
- We assume that both the U.S. and Europe segments will have to transition from fossil fuels for both transport of own fleet and heating, resulting in a full fossil-fuel-free fleet in 2040 in both the U.S. and Europe. However, the feasibility of this transition is dependent on resolving challenges in infrastructure readiness for transport transition.
- We are making the assumption that both regions will generate own energy by installing solar panels. Total electricity consumption is expected to increase due to the electrification of transport and heating.
- 100% renewable energy (RECs / PPAs) can be acquired at close to parity with grid power.
- Our assessment modeled the incremental costs of achieving net-zero emissions, aiming to show how much more we can expect to spend versus a business-as-usual situation. The business-as-usual emissions forecast was carried out in line with expected business growth and evolution (e.g., in e-commerce), extrapolating from the brands' 2024–2026 strategic plans.
- When determining the costs of abatement and reduction initiatives, we used current costs (i.e., we did not assume cost reduction that may take place when technology scales and matures).

Scope 1 and 2 road to decarbonization: Expected reduction plan for scope 1 and 2 GHG emissions based upon our current best estimate for the period 2024 to 2030



Value chain

The vast majority of our GHG emissions are scope 3, or indirect emissions that take place across our value chain – for example, emissions generated through the production and manufacture of the products we sell and the use of those products. Our value chain consists of thousands of suppliers, producers and farmers who supply hundreds of thousands of products that are sold to millions of customers across the U.S. 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 86.2% of our total carbon footprint (scope 1, 2 and 3) or 90.1% of our scope 3 emissions in 2022 (we report scope 3 emissions with a one-year delay).

Challenges

Collective action is essential to reduce emissions in our value chain; we cannot achieve our scope 3 targets without working closely with our suppliers and customers to reach our scope 3 targets.

Accuracy of scope 3 data

Obtaining accurate scope 3 data is a challenge across industries. For more information on our methodology and data collection considerations relating to scope 3 emissions, see *ESG statements*.

Supplier action

Our ability to drive scope 3 emissions reduction depends on suppliers and customers, as we are dependent also on their efforts. The size and diversity of our supplier network presents challenges in influencing, scaling and tracking decarbonization practices. In some of our local brands' operating regions, industry bodies are not pursuing climate action until 2030; this inaction will create barriers to value chain decarbonization. Our local brands are encouraging suppliers to set science-based climate targets and engaging with them on specific decarbonization measures.

Customer action

Addressing the behavior-action gap is complex to do, as it requires a multi-layered approach and there are many individual and societal factors at play, many of which are not within our direct circle of influence. Our brands' 100 years of experience engaging, inviting, encouraging and nudging consumers will help them facilitate this required change in behavior.

ENVIRONMENTAL

CLIMATE

CLIMATE CHANGE CONTINUED

Scope 3 target setting under SBTi

In 2022, we updated our scope 3 target in line with the latest guidance on net zero and agriculture-related emissions to align with the 1.5-degree scenario (our previous target set in 2020 was aligned with the well-below 2-degree scenario). We submitted the scope 3 targets to SBTi in early 2023 and were awaiting validation. 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.

During 2023, we continued to refine our scope 3 emissions calculations and submitted revised targets and emissions inventory, which included the latest guidance on land-related (FLAG) and non-land-related (referred to as Energy and Industrial sector or E&I) emission split in October 2023 to SBTi. We continue to use our 2020 year as our baseline for scope 3, consistent with the prior submission, and the submission is aligned with a 1.5°C trajectory. FLAG refers to the forest, land, and agriculture sector.

In the October 2023 revision, we replaced our 2030 (near-term and long-term) scope 3 GHG emissions reduction targets with two reduction targets, FLAG and E&I sector targets. The estimated FLAG emissions make up 34% of our GHG footprint and apply the SBTi FLAG Standard, with a linear annual reduction of 3.03%. For the E&I sector emissions target, we consider SBTi's 4.2% annual reduction. The near-term reduction targets cover 67% of category 1 purchased goods and services emissions, 0% of categories 14 and 15 and 100% of emissions under the remaining scope 3 categories, while the long-term reduction targets cover 90% of category 1 purchased goods and services emissions, 0% of categories 14 and 15 and 100% of emissions under the remaining scope 3 categories.

Overview of the calculation of our SBTi-methodology baseline for scope 3

				Calculation of near-term SBTi-methodology 2020 baseline		
	2020 actual value ($MtCO_2e$) as reported in the Annual Report 2022	2020 base year emissions inventory for E&I processes used for the SBTi target setting (in $MtCO_2e$)[1]	2020 FLAG base year emissions inventory used for the SBTi target setting (in $MtCO_2e$)[1]	% inclusion of category emissions in the SBTi methodology baseline for 2020	E&I processes 2020 baseline calculated using the SBTi methodology and used for target setting (in $MtCO_2e$)	FLAG 2020 baseline calculated using the SBTi methodology and used for target setting (in $MtCO_2e$)
Scope 3 – Purchased goods and services (category 1)	60.1	36.0	23.1	67%	24.1	15.5
Scope 3 – Use of sold products (category 11)	3.2	3.2	—	100%	3.2	—
Scope 3 – Waste generated in operations and waste from end of life of sold products (categories 5 and 12)	0.9	0.9	—	100%	0.9	—
Scope 3 – Business travel and employee commuting (categories 6 and 7)	0.8	0.8	—	100%	0.8	—
Scope 3 – Upstream and downstream transport and distribution (categories 4 and 9)	0.3	0.3	—	100%	0.3	—
Scope 3 – Fuel and energy-related activities (category 3)	0.2	0.2	—	100%	0.2	—
Scope 3 – Other categories (categories 14 and 15)	0.4	0.4	—	—%	—	—
Total scope 3 footprint[1]	**65.9**	**41.8**	**23.1**		**29.5**	**15.5**
2030 percentage reduction target per SBTi methodology					42.0%	30.3%
2030 reduction target in absolute value (in $MtCO_2e$)					**12.4**	**4.7**
2020 baseline for long-term (2050) reduction targets in line with SBTi-methodology for long-term target setting (in $MtCO_2e$)[2]					**37.8**	**20.8**

1 The 2020 emissions inventory used for SBTi target setting includes a minor adjustment for category 1 compared to the actual 2020 figure reported in the Annual Report 2022. Note that the 2020 actual figure has been restated in 2023 (after the SBTi submission) to 59.8 $MtCO_2e$; see *ESG statements* for details.

2 In accordance with SBTi guidance on calculating long-term reduction targets, the baseline per SBTi-methodology is similar to the near-term calculation with the exception that 90% of scope 3 category 1 is included, versus 67% for near-term targets.

The submitted targets (against the SBTi-methodology baseline), but pending validation, are:

- We commit to reduce absolute scope 3 FLAG GHG emissions by 30.3% (or 4.7 $MtCO_2e$) by 2030 from a 2020 baseline (of 15.5 $MtCO_2e$).
- We commit to reduce absolute scope 3 Energy and Industrial GHG emissions by 42.0% (or 12.4 $MtCO_2e$) by 2030 from a 2020 baseline (of 29.5 $MtCO_2e$).

See table *Overview of the calculation of our SBTi-methodology baseline for scope 3* for more details on the calculation.

Our long-term (2050) scope 3 reduction target is consistent with the level of decarbonization required to keep the global temperature increase within 1.5°C of pre-industrial temperatures and consists of the following two reduction targets, similar to our near-term reduction targets:

Scope 3 (2020 SBTi-methodology baseline for long-term targets[2)] submitted, but not yet validated):

- We commit to reduce absolute scope 3 FLAG GHG emissions by at least 72% (or 15.0 $MtCO_2e$) by 2050 from a 2020 baseline (for long-term target) of 20.8 $MtCO_2e$.

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- We commit to reduce absolute scope 3 Energy and Industrial GHG emissions by 90% (or 34.0 $MtCO_2e$) by 2050 from a 2020 baseline (for long-term target) of 37.8 $MtCO_2e$.

In addition, we also have the following net-zero target:

- We commit to reach net-zero GHG emissions across our own operations and the value chain by 2050.

For setting our long-term and net-zero SBTi targets, we are making use of removals to the extent permitted by the applicable SBTi guidance.

Conversations and responses to queries from SBTi on our submitted scope 3 targets are ongoing.

As a general rule, the use of carbon credits must not be counted as emissions reduction toward the progress of a company's near-term science-based targets. Carbon credits may only be considered an option for neutralizing residual emissions or to finance additional climate mitigation beyond the science-based emissions reduction targets. We follow this principle in our target setting.

Avoided emissions fall under a separate accounting system from corporate inventories and do not count toward science-based targets.

Key levers

To reduce GHG emissions within our supply chain, we have identified the following key priorities: engaging with our suppliers and farmers, providing an assortment with a lower-carbon footprint, and encouraging customers to choose lower-emission products.

See the **updated Ahold Delhaize Climate Plan** published in December 2023.

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 help address the majority of our scope 3 emissions by 2030.

As of November 2022, more than 50 of Ahold Delhaize's top 100 suppliers have either set science-based targets or are committed to doing so[1].

Livestock farming: GHG emissions from livestock can be reduced by focusing on enteric fermentation and manure management. This involves strategies such as using feed additives (including bovaer and red algae) to reduce methane emissions, harnessing biogas from liquid manure, and adjusting manure pH with sulfuric acid.

Processing: Encouraging suppliers to optimize their production processes through energy efficiency, new machines or switching to renewable energy sources.

Food loss and waste: We seek to combat food loss and waste throughout the value chain across all product categories. This includes losses in agriculture, such as those due to machine failure; post-harvest losses, including from quality defects; losses during processing; and operational waste within our brands' stores. We tackle food waste through various approaches, including maximizing product utilization, for example, through upcycling; refining product management, such as through enhanced demand planning; or enhancing product distribution, including through decreased transit times or optimized routes.

Deforestation-free supply chain: By 2025, Ahold Delhaize and its brands aim to have 100% of own-brand products containing soy, palm oil, cocoa, coffee, wood fiber and tea certified against an acceptable standard that provides for no deforestation or land conversion as defined by the Accountability Framework Initiative or the Forest Resources Assessment. The cut-off date we use is December 31, 2020, or the date of the applicable certification, whichever is earlier. See also *Sustainable products*.

Agricultural practices: Most of our products are agriculture based. Agriculture can have net positive or negative emissions, depending on the underlying practices used. Ahold Delhaize brands seek to engage with suppliers and farmers to reduce or sequester emissions by incentivizing sustainable change through longer-term contracts with concrete environmental requirements and through co-investments on farms. Activities under this lever include optimizing the use of fertilizers and pesticides; using regenerative agricultural methods, such as no-till farming and cover cropping; and taking measures related to agroforestry, afforestation and reforestation.

Low-carbon footprint products

Assortment of products: In collaboration with our suppliers, we seek to reduce the carbon footprint of our local brands' assortments. 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 such as red meat to lower emission sources such as white meat or plant-based alternatives.

Customer engagement

Proactively engaging with customers (unquantified impact): Customers are encouraged 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.

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Scope 3 road to decarbonization

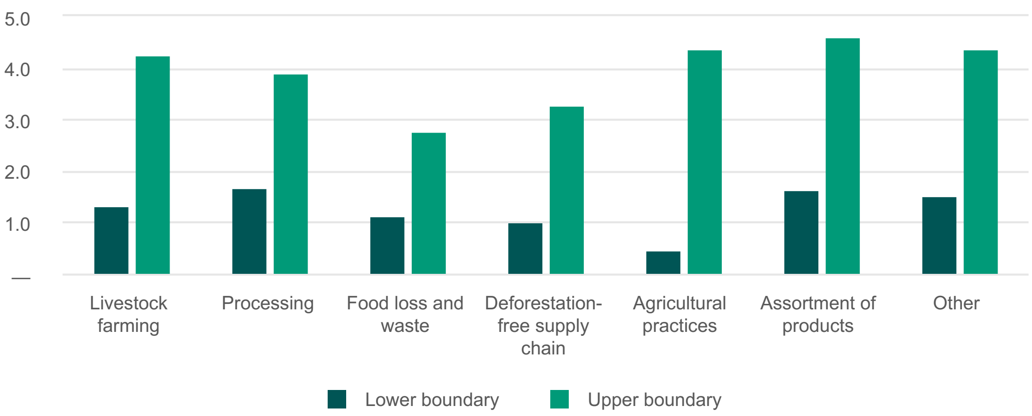
Category 1 – Purchased goods and services are the largest scope 3 category, representing 90.1% of our scope 3 footprint (based upon 2022 actual figures). Therefore, when we started working on concrete plans for reducing scope 3 emissions, we prioritized this category. We identified six levers, plus an "other" category to be quantified.

We considered two scenarios in our analysis. The theoretical reduction potential of the levers remained the same across the scenarios; however, in the lower boundary, moderate achievability was assumed, and, in the upper boundary, accelerated achievability was assumed. We analyzed these two scenarios to understand what the outcomes may be with limited engagement and what would be possible with accelerated engagement.

Ahold Delhaize and its brands are currently working to build fluency and commitment to science-based targets within our supply chain. In addition, we work in partnership with other players in our supply chain to understand the initiatives and levers that they are actioning to decarbonize, linking the carbon reduction quantification of the actions to monitor progress towards our collective GHG emissions-reduction targets.

Based on the quantification of the levers, we believe that they have a cumulative estimated reduction potential of between 8.8 (lower boundary) and 27.6 million tCO_2e (upper boundary) by 2030.

Cumulative estimated reduction potential of scope 3 decarbonization levers by 2030 (in $MtCO_2e$)



Our 2020 scope 3 emissions baseline (using SBTi-methodology) amounts to 29.5 $MtCO_2e$ for E&I GHG emissions and 15.5 $MtCO_2e$ for FLAG GHG emissions. To reach our 2030 revised scope 3 emissions targets, we need to reduce 12.4 $MtCO_2e$ of E&I GHG emissions and 4.7 $MtCO_2e$ of FLAG GHG emissions, totaling 17.1 $MtCO_2e$. The lower boundary would, therefore, not achieve sufficient reductions for us to meet our 2030 scope 3 targets, while the upper boundary suggests that with accelerated actions, our revised scope 3 emissions targets can be achieved.

Due to the high level of uncertainty around data accuracy and availability, we only report on the estimated reduction potential by 2030 and not up to our long-term and net-zero target date of 2050. Achieving our long-term revised scope 3 emissions targets and our net-zero target will require intense cooperation across the value chain.

Scope 3 emissions is a rapidly evolving and critical topic, and significant innovation around financing, technology and accounting is still required. While more work will be required to further enhance our scope 3 roadmap across our global supply chain, we are committed to stimulate and take action.

Assumptions used in scope 3 emission reduction calculations

Our ability to achieve our GHG emissions reduction targets with the actions above is based on the following assumptions:

- To a large extent, achieving our scope 3 targets will require specific actions by suppliers and farmers, to be driven by the suppliers and farmers independently.
- Further analyses are required to increase our confidence in our understanding of the required investment costs and the financial upside related to cost efficiency improvement or new value streams, in order to enable cost-based prioritization across the group. Further analyses might result in different prioritization and, thus, different reduction over time.
- The reduction potential of some of the levers is driven by uncertain consumer behavior – for example, the hampering adoption of less carbon-intensive meat. Reduction potential is also limited or uncertain due to a lack of existing solutions available and high upfront costs, as well as upskilling, required.
- We expect that new technology and enhancements to existing technology over the coming years will create new opportunities for reducing emissions, and these developments are also critical to achieving our net-zero targets.

Carbon removals and neutralization of remaining emissions

Ahold Delhaize is committed to decarbonizing its operations and value chain and has set reduction targets in line with the SBTi (which are currently submitted, but pending validation by SBTi). Nevertheless, a certain amount of GHG emissions in the food sector will be difficult to abate. Even though we see technologies and business cases evolving in the industry to further reduce emissions, we must also plan carbon removal strategies for residual emissions.

While there are some levers available today to reduce emissions in the agriculture sector, complete elimination of these emissions remains a challenge.

Carbon-removal strategies, including regenerative agriculture practices, hold promise, but their efficacy depends on the health and quality of the soil, making them context-specific solutions.

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As a result, beyond working to reduce our agricultural emissions as much as possible, we are also exploring further carbon-removal strategies, which also fall under the neutralization of hard-to-abate emissions category, according to SBTi.

Nature-based solutions

As part of our comprehensive climate action plan, we are investigating nature-based solutions within and outside of our operational value chain. This approach includes afforestation and reforestation projects, the use of bioenergy, the preservation of natural carbon sinks and the restoration of ecosystems. While these strategies are valuable, they offer relatively short-lived carbon storage solutions.

Technological solutions for long-lived storage

Complementing our natural and nature-based efforts, we are evaluating engineered solutions for long-term carbon storage. These methods aim to capture GHG emissions and store them safely over an extended period of time.

When looking for effective carbon-capture solutions, we take several key considerations into account. These guiding principles influence our decision-making process and shape our approach to carbon capture technologies.

These considerations include:

- Permanence and long-term effectiveness
- Potential scalability
- Environmental impact
- Displacement of emissions
- Mitigation hierarchy

In 2024, we will continue to develop our long-term plan for carbon removals to address hard-to-abate emissions. However, our focus now remains on investing in decarbonization opportunities across our local brands' operations and value chains.

Risk management

Ahold Delhaize identified climate and nature-related risks as a principal risk that has the potential – in varying degrees – to impact our business in the short, medium and long term. See *Risk and opportunities* for more information on our principal risks.

We face potential physical risks from extreme weather, water scarcity and other effects of climate change on our business. Changing consumer preferences and future policy and regulation associated with the shift to a low-carbon economy present transition risks but also opportunities for our business.

Ahold Delhaize's business strategy provides a degree of resilience to some of these risks, particularly the physical risks. For example, our diversified supply chain approach helps to provide some resilience to the impacts of climate change on particular areas; and our large physical store footprint, widespread reach and multi-channel business provide some resilience to potential local flooding and hurricane hotspots.

The process for assessing and identifying climate-related risks is the same as the process we use for the principal risks and is described under *Risks and opportunities*. For more information on how we manage risks, see *Risk management* in the *Governance* chapter.

As part of the ERM process, our teams have considered climate and nature-related risks on a brand level and identified more specific risks and mitigating actions, where applicable. These risks and actions were assigned to specific owners in the business for mitigation and management.

Climate-related risk assessment

Climate-related risks are typically thought of in two categories: risks related to the transition to a lower-carbon economy (transition risks) and risks related to the physical impacts of climate change (physical risks).

Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed and focus of these changes, transition risks may pose varying levels of financial and reputational risk to an organization.

Physical risks resulting from climate change can be event-driven (acute) or longer-term (chronic) shifts in climate patterns. Physical risks may have financial implications for organizations, such as revenue loss or direct damage to assets and indirect impacts from supply chain disruption. Organizations' financial performance may also be affected by changes in water availability, sourcing and quality; food security; and extreme temperature changes affecting their premises, operations, supply chain, transport needs and associate safety.

Ahold Delhaize is following a phased approach to help us understand the potential impact of climate change on our business.

See our **2023 CDP** response for further detail how we are responding to climate impacts.

Work completed prior to 2023

Between 2020 and 2022, we conducted two phases of analysis to better understand climate-related risks and the potential material impacts on the value chain. The scenario analysis that we performed modeled the potential financial impact on our value chain, under plausible future climate scenarios. We also performed a deep dive into understanding the exposure of two large Ahold Delhaize brands (one in the U.S. and one in Europe).

For more information on the work done and the outcomes, see our *Annual Report 2022*.

Based on the 17 vulnerabilities identified in Phase I, we selected the following six most significant risks for further analysis in our Phase II deep dive:

RISK DERIVED FOR FURTHER INVESTIGATION	VULNERABILITY	TYPE OF RISK
The impact of carbon pricing on gross margin	• Regulation/pricing on GHG emissions	Transition risk
The impact of agricultural yield decreases and yield losses on revenue and gross margin	• Increase in extreme weather • Increase in extreme heat waves • Increase in temperature and droughts • Sea-level rise	Physical risk
Revenue losses resulting from disruption of stores and DCs (operations) due to climate events	• Increase in extreme weather • Increase in extreme heat waves • Increase in temperature and droughts • Sea-level rise	Physical risk

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RISK DERIVED FOR FURTHER INVESTIGATION	VULNERABILITY	TYPE OF RISK
Increasing costs resulting from asset damage due to climate events	• Increase in extreme weather • Increase in extreme heat waves • Increase in temperature and droughts • Sea-level rise	Physical risk
The impact of climate change on energy costs	• Increase in temperature and droughts • Regulation/pricing on GHG emissions	Transition risk
Changes in gross margin from changing customer diets	• Shift in customer expectations	Transition risk

Work performed in 2023

During the year, we continued to build on our internal climate-related risk scenario modelling capabilities. To strengthen our climate-related scenario analysis and work toward improving our adaptation and mitigation action plans, in 2023, we partnered with external consultants to implement a climate risk assessment tool to conduct a more detailed scenario analysis and assist us in estimating the potential financial impacts of physical climate hazards across various climate scenarios for our owned and leased assets.

This tool uses models that we believe to be the latest climate science, and by combining this with changes in external climate-related trends and our own financial and business data, it creates a digital twin of our company that is used to estimate potential financial impacts arising from climate-related risks.

Our initial risk assessment using the tool focused on identifying and assessing the potential financial implications of climate-related physical risks on our own operations, across short (five-year), medium (10-year) and longer-term (up to 2040) time horizons.

It also helped us to identify further improvements to the data included in the tool, and how risks are modelled. We will continue in 2024 to make improvements and enhance our data set, and thereby our assessment. We will also further explore each risk identified as part of this modelling, and we are working with relevant business teams to develop our risk management and mitigation and adaptation plans.

Scenarios

The climate risk assessment tool's Climate Hazard Atlas assesses scenarios derived from the Shared Socioeconomic Pathways (SSPs) which were used in the IPCC's development of the Sixth Assessment Report (AR6). SSPs provide five different narratives for possible future emissions pathways, considering variable factors, such as rates of development and economic growth, equality and other socioeconomic conditions. Each SSP pathway aligns with different temperature outcomes by the end of the century (2100), based on GHG emissions and assumptions, which are reflective of those assumptions developed in the Representative Concentration Pathways (RCPs).

While all five SSP scenarios are included in the tool, our analysis of the initial outcome focus on the No Policy (SSP5-8.5) scenario (with the greatest potential physical impacts) and the Paris Ambition (SSP1-1.9) scenario, which is aligned with the trajectory to limit warming to 1.5° C in line with the Paris Agreement, assuming no mitigation and business as usual.

Scope and assumptions

From a risk perspective, currently two of the three physical risks listed in the table above are included in the assessment: increasing costs resulting from asset damage due to climate events and revenue losses resulting from disruption of stores and DCs (operations) due to climate events.

The potential climate impact of agricultural yield decreases and yield losses on revenue and gross margin is not included, but is on our roadmap for inclusion in due course.

For our initial analysis, we included over 5,700 locations, spread across the U.S. and Europe, representing 12 customer-facing brands and two non-customer-facing brands and approximately 89% of revenue and 67% of the number of facilities. The scope will be extended in the future to include all brands and revenue.

Climate change risks arise from the interaction between hazard (triggered by an event or trend related to climate change), vulnerability (susceptibility to harm) and exposure (people, assets or ecosystems potentially impacted) (IPCC, 2014). A total of eight hazards are included in our initial analysis: heat waves, freezes, droughts and water stress, flash flooding, coastal flooding, riverine flooding, temperate windstorm and tropical windstorms.

We reviewed the outcomes by reference to potential estimated impact on revenue and thresholds established in our ERM process. The estimated Total Revenue Impact is a combination of the modeled revenue impact from each of the climate hazards, which inherently assumes that all hazards occur to the most extreme extent in the given time period. Since it is unlikely that all hazards will materialize in such a way, it is important to take this methodology assumption into account when assessing the impacts.

The hazards and their consequential revenue disruption are all individually assessed. The valued disruption is per hazard and does not take into account the impacts one hazard may have on another or the reality that one hazard might exacerbate the impact of another hazard.

Our assessment has not yet looked at the asset-damage impact as a result of the occurrence of a potential climate event. This will be further analyzed in 2024.

Outcomes

In the No Policy scenario, the model suggests that three hazards (flash flooding, riverine flooding and heat waves) may pose a significant threat, with their impacts categorized as "very high." Conversely, the Paris Ambition scenario reveals a more nuanced risk landscape, where flash flooding and riverine flooding may still pose a "very high" impact, while heat wave is downgraded to a "high" impact level. This is because the Paris Ambition scenario assumes more ambitious climate policy action and mitigation efforts to curb the impacts of climate change and, therefore, reduce overall physical impacts.

Across our brands' markets, locations in the U.S. and the Netherlands have the highest potential impact from riverine flooding, with the U.S. experiencing the highest potential revenue disruption from riverine flooding. According to the models, quite a few of the U.S. brands' market areas are expected to experience a reduction in riverine flooding risk exposure in the long term, while our brands' Dutch stores will all see an increase of riverine flooding disruption. This analysis does not account for any mitigation or adaptation efforts that have been put in place.

With regard to flash flooding, the models suggest that, while sites have potentially low revenue disruption, overall a larger population of sites in the U.S. might be affected by flash floods in the future. Compared to riverine flooding, there are almost twice as many locations modeled to potentially experience some form of disruption due to flash floods.

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For example, in December 2023, the Kennebec River flooded its banks in the town of Gardiner, Maine, causing damage to a local Hannaford supermarket.

The potential revenue impact per facility for heat waves is also projected to be low across time horizons according to the No Policy and Paris Ambition scenarios, although the impact is higher in the No Policy scenario compared to the Paris Ambition scenario, consistent with a higher warming trajectory in the No Policy scenario.

As noted, our climate risk scenario assessment is ongoing, and we have not yet come to a final conclusion about the potential financial value at risk (estimated by revenue loss). Our current assessment reviews potential gross risk, as it does not account for adaptation or mitigation efforts. In 2024, we will continue our assessment to determine the potential revenue and asset impact, net of mitigations and adaptations to assess the net potential impact from climate change.

Next steps

This analysis provided us with insight into exposure to various physical climate hazards across our operations and a sense of which climate risks may be most threatening in different regions and for each brand. The hotspot assessment provides an initial guide for our brands to further investigate the mitigation and adaptation solutions that have been implemented or may be available at facilities with elevated climate hazard exposure. We plan to use the results to evaluate existing resilience strategies such as design standards, business continuity plans and local climate action plans, to further understand the residual risk these facilities face from a changing climate.

Moving forward, we will also begin to integrate these results and findings into our strategic planning and operations. For example, we are considering how to further adapt the Company's ERM system and processes to adequately assess and prioritize climate-related risks. Gaining a deeper understanding of the vulnerability of key locations across our brands will help to prioritize additional mitigation and adaptation efforts to reduce risk exposure and build resilience to the potential future impacts from climate change.

Managing climate-related risks and opportunities

The modeling scenarios prepared in the climate risk assessment tool (and in the past) are useful for understanding the potential (financial) impacts of climate change on our business, but there are limitations; for example, the scenario analysis required us to pick specific factors and model them using fixed assumptions.

We, therefore, look more broadly at the initial results, and will share the outcomes with the brands for further analysis and incorporation into the ERM process.

Overall, as awareness and knowledge is key to driving action and change, in 2023, we provided training on climate-related risk management to brand management teams and associates in our company (Vice President level and above), in cooperation with the Cambridge Institute for Sustainability Leadership.

The actions and progress to address the impact of climate-related risks on our business (in addition to the scenario analysis work described above) are further explained below. Our actions to reduce our impact on the climate are described below as part of our activities to reduce GHG emissions as discussed earlier in this chapter.

Physical risks

- We limit financial losses by procuring property damage and business interruption (PDBI) insurance against damage from natural catastrophes and weather-related events. We also consider climate-related risks such as floods, hurricanes and winter storms for our larger projects.
- In parallel, our Global Asset Protection function runs an extensive risk engineering program across all our brands to understand, quantify and mitigate a variety of hazards, including natural catastrophes. Risk engineering specialists visit our network of distribution and HSCs on an annual rotation to perform comprehensive risk assessments and provide actionable improvement recommendations. The results of those assessments assist site management and Global Asset Protection in implementing risk mitigation measures proactively and effectively, ensuring better resilience against physical risks.
- On a forward-looking basis, we leverage the expertise of the risk engineers for new building designs and construction projects to implement risk mitigation elements during the planning phase.
- Our brands implement various adaptation measures aim to protect the business from climate change impacts. For example, in Greece, our Alfa Beta brand limits impacts from changes in precipitation by installing electrical cable resistors in rainwater gutters to melt ice, using alarm systems to alert if water levels rise and, in stores with a higher risk, placing metal doors in basements to avoid water inflow. They also have measures in place that aim to protect equipment from water inflow due to flooding, and wells are equipped with underwater pumps to remove water from basements.
- Ahold Delhaize and its brands are engaging with suppliers to develop solutions to address risks around product procurement and decreasing agricultural yields. This includes working with producers and cooperatives that invest in greenhouse facilities that can support environmental conditions optimal for production or regenerative agricultural practices. Our brands' vegetable producers invest in new hybrid varieties, such as tomatoes and cucumbers, and new varieties of leafy vegetables that can withstand extreme temperatures or diseases and, in some cases, move their production areas to higher altitudes to avoid high temperatures.

  Albert Heijn's Better for Nature and Farmers program works with Dutch dairy, poultry, pork and vegetable farmers to implement practices that increase the resiliency of the land and agriculture to climate change, such as planting native herbs and clovers on parts of their grasslands.

  Hannaford partners with several controlled environment agriculture (CEA) vendors to source product that is grown using methods to minimize waste and maximize efficiency. They have continually added more assortment from CEA suppliers, such as peppers, greens, strawberries, cucumbers and tomatoes. With the controlled growing environment, the Hannaford team is able to guarantee customers quality items from closer to home.
- Our brands also disperse the risk of availability problems by collaborating with a large number of producers and strategic partners in different areas. We are actively engaging with strategic partners to further understand potential climate-related risks of sourcing products and pursue opportunities to mitigate potential sourcing challenges. We have strategic sourcing processes in place for key commodities and products.

Transition risks: Regulatory risks

- We started applying an internal carbon price to investment proposals from the local brands in 2021. We continue to fine-tune the model and further develop climate criteria for CapEx proposals, including guidance on how to link eligibility and alignment reporting under the EU Taxonomy. We also monitor our investment proposals against our net-zero ambition calculations.

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- We aim to reduce our carbon footprint by identifying and implementing ways of making equipment in use and buildings more energy efficient – see *Own operations (scope 1 and 2)* above.
- We are also mitigating regulatory risks through our work on sustainable packaging, food waste, sustainable sourcing, reformulation of own-brand products, product transparency and the expansion of our brands' ranges to include more low-carbon products.

Transition risks: Market risks

- Our net-zero ambitions identified the use of renewable energy as a way to reduce our carbon footprint. While our brands continue to make use of opportunities to place more solar panels, they also actively pursue the acquisition of other sources of renewable energy, such as PPAs for green energy. For example, Albert Heijn announced that it will purchase green energy from Eneco, produced on a wind farm still to be built, securing approximately half of its own electricity needs from 2027 onwards.

  As a result of initiatives in this field, 40% of the electricity consumption from our brands came from renewable sources in 2023, compared to 24% in 2022.
- Our brands in Europe are working to increase their assortments of plant-based products and make them more visible to customers. For example, Albert Heijn launched its new AH Terra own-brand product line, offering around 200 plant-based products – including 58 new products – as alternatives to traditional products. The plan is to continue to add more items under this product line in the future.

Opportunities

In our view, the impacts of climate change also offer opportunities. By becoming more resilient as a company, we are of the opinion that we will be able to attract people who have a strong desire to work for a company that is taking responsibility for its impacts and acting to mitigate climate change.

We are also advancing our activities in sustainable finance, and have seen some initial successes, including our MSCI ESG rating being upgraded from AA to AAA and the issuance of our €500 million Green Bond in March 2023, which reinforces our commitment to achieving net zero.

In September 2023, Ahold Delhaize established a Sustainability-Linked Commercial Paper Program allowing the Company to issue Commercial Paper up to a maximum outstanding balance of €1.5 billion. This program further commits Ahold Delhaize to meeting its environmental ambitions by introducing a penalty in the event GHG emissions or food waste reduction targets are missed.

How we measure performance

- Percentage reduction in absolute GHG emissions from own operations (scope 1 and 2) – market-based approach.
- Reduction in absolute GHG emissions from our value chain (scope 3) against a set baseline.

See *ESG statements* for our performance, as well as our reporting on *EU Taxonomy*.

Our targets

In order to ensure that measures are taken to reduce GHG emissions in our own operations and supply chain and increase energy efficiency in our own operations, we have set the following targets.

The finalization of our climate risk scenario assessment will be used to define targets for adopting practices to manage risks that could occur as a result of climate change.

TIMELINE	TARGET
SCOPE 1 AND 2 (2018 BASELINE)	
Short term	>38% reduction by 2025[1]
Near term	50% reduction by 2030[2]
Long term	Net zero: 90% reduction and 10% removals by 2040 against a 2018 baseline[2]
SCOPE 3 (2020 SBTi-METHODOLOGY BASELINE)	
Short term	• Suppliers representing 70% of our footprint will be asked to commit to SBTi by 2025. • All our suppliers will be asked to report on scope 3 by 2025.
Near term[3]	• We commit to reduce absolute scope 3 FLAG GHG emissions by 30.3% (or 4.7 $MtCO_2e$) by 2030 from a 2020 baseline (of 15.5 $MtCO_2e$)[4]. • We commit to reduce absolute scope 3 Energy and Industrial GHG emissions by 42.0% (or 12.4 $MtCO_2e$) by 2030 from a 2020 baseline (of 29.5 $MtCO_2e$)[4].
Long term[3]	• We commit to reduce absolute scope 3 FLAG GHG emissions by at least 72% (or 15.0 $MtCO_2e$) by 2050 from a 2020 baseline (for long-term target) of 20.8 $MtCO_2e$[5, 6]. • We commit to reduce absolute scope 3 Energy and Industrial GHG emissions by 90% (or 34.0 $MtCO_2e$) from a 2020 baseline (for long-term target) of 37.8 $MtCO_2e$[5, 6].
Net zero	• We commit to reach net-zero GHG emissions across our own operations and the value chain by 2050[5, 6].

1 The 2025 target has been increased to >38% from 34% last year to align future ambitions with 2023 performance.
2 The SBTi has approved Ahold Delhaize's scope 1 and 2 near-term science-based emissions reduction target. This target is based on a 1.5-degree decarbonization pathway.
3 The near-term and long-term scope 3 emissions reduction targets, split between FLAG and Energy and Industrial emissions, have been adjusted following a resubmission of these targets to SBTi in 2023. We previously reported a combined near-term target of 37% by 2030. See *Our material topics* for more detaill.
4 Committed, but not yet approved by SBTi, the target is based on a 1.5-degree decarbonization pathway. See *Scope 3 target setting for SBTi* for more detail.
5 Ahold Delhaize has also committed to set long-term scope 3 emissions-reduction and net-zero targets by 2050. These targets are submitted, but not yet validated by SBTi. See *Scope 3 target setting for SBTi* for more detail.
6 In the setting of our long-term and net-zero SBTi targets, we are planning to also make use of removals to the extent permitted by the SBTi guidance.

CIRCULARITY

FOOD WASTE

Definition

Promoting responsible handling of unsold food to reduce food waste and increase reuse of food waste and the recycling of food that is wasted along the supply chain, in distribution and operations as well as in customers' homes. Contributing to creating a food system that is based on the principles of the circular economy.

Boundary: Own operations and value chain (up- and downstream)

General developments in 2023

Food waste remained an important topic worldwide in 2023. Food waste does not only negatively impact food security, it also fuels climate change. If food ends up in a landfill, it produces methane, a GHG that contributes to climate change – and when food is wasted, all the energy and water associated with growing, harvesting, transporting and packing the food are also wasted.

The 2023 progress report of Champions 12.3 mentions that, based upon the latest available data, about 8% of all food produced in the world for human consumption is lost on the farm; 14% is lost between the farm gate and the retail sector; and 17% is wasted at the retail, food service provider and household levels, resulting in significant impacts on human livelihoods and well-being, the global economy and the environment.

Our impact

Food waste can have negative environmental, social and financial impacts. Our brands continue to reduce the amount of food that is wasted as much as possible, in our supply chains, stores and even at customers' homes. By reducing the amount of food waste at the source and donating surplus products to food banks, we can reduce our environmental impact while creating a positive social impact.

Moreover, food loss and waste generates about 8-10% of global GHG emissions annually (IPCC, 2020).

Unsold food also negatively impacts our financial results due to the lost margin. In 2023, Ahold Delhaize brands donated 76 thousand tonnes of unsold food to feed people and reported 225 thousand tonnes of food wasted; thus a total of 302 thousand tonnes of unsold food.

A total of 77% of the food wasted in 2023 was recycled (or 57% of the total unsold food, which includes both food donated and food waste as well as food waste disposed); the remainder was sent to landfill or incinerating facilities.

Application of unsold food

Unsold food donated to people	**25%**
Total tonnes of food recycled	**57%**
Total tonnes of food waste disposed (landfill or incineration)	**17%**
Total of unsold food (302 thousand tonnes)	**100%**

For the 57% food recycled as percentage of total unsold food, the recycling destinations are as follows:

Destinations of food recycled

Animal feed	**17%**
Anaerobic (biogas)	**69%**
Aerobic (compost)	**7%**
Bio-based materials/ biochemical processing (rendering)	**4%**
Recycling other (e.g. converted to biodiesel)	**3%**

CIRCULARITY

FOOD WASTE CONTINUED

Our approach and progress

We aim to contribute to a food system that ensures everyone has access to nutritious food for generations to come. We continuously review our operational processes to reduce food waste, and divert unsold food to feed those in need within our brands' communities. We have a three-pronged approach to driving down food waste.

1. **Reducing food waste**
   We reduce food waste across our brands' operations, including stores, warehouses and transport. Specific actions, which can differ by brand and location, include working with suppliers to buy smarter; introducing discounts on almost-expired products; and using technology, such as dry misting in the fresh food department and electronic shelf pricing.

   For example, the Better for Nature and Farmer (Beter voor Natuur & Boer) growers from Albert Heijn use a new AI-powered scanner to determine strawberry shelf life. Because the shelf life of each strawberry harvest varies – for example, due to weather conditions – sometimes strawberries last three days, and sometimes a whole week. This varying quality can lead to food waste. With the scanner technology, growers know the exact shelf life of each strawberry harvest and can use this to optimize "best by" dates – for example, by shipping locally. The technology has saved at least 70,000 kg of strawberries from food waste. Albert Heijn intends to apply it to other types of fruit to further reduce food waste. Based upon lessons learned from this initial application of AI, the brand will explore further opportunities with more impact.

   In addition, Albert Heijn sells leftover packages (AH Overblijvers). These packages contain products that are left over at the end of the day and can be bought together. The initiative is expected to prevent approximately 4.5 million kilogram of extra food waste each year. In addition, all Albert Heijn stores provide dynamic markdown of perishable products approaching their sell-by date. The exact discounts – ranging from 25% to 70% – are automatically shown on the electronic price tag. An algorithm developed by Albert Heijn, automatically calculates the best discount, so that no unsaleable products are left over at the end of the day. This means less food is wasted and customers benefit from access to lower-priced products.

2. **Diverting surplus food**
   We divert surplus food to food banks, charities and innovative operations, such as restaurants that cook with unsold food.

   In September 2023, Maxi in Serbia started working together with the Food Bank of Vojvodina to help people in need. Associates help distribute food packages every evening in front of a Mega Maxi store in Beograd. Each person in need receives a package containing about eight kilograms of pastries, fruit, vegetables and grocery products that are close to their expiration date or have damaged packaging.

3. **Recycling to divert from landfill**
   We send food no longer suitable for human consumption to other recycling methods, to divert it from landfill. These methods can include animal feed production, green energy facilities or industrial uses.

   In June 2022, Divert launched a waste food recycling program with Giant Food to reduce the amount of organic waste going to landfill. Giant's stores mark down, repurpose, or donate unsold and still edible food to local food banks whenever possible. For the food that cannot be repurposed or donated, Divert is able to recycle it and recoup its value by processing the wasted food into renewable energy.

   Giant Food and Divert, Inc., reported in August 2023 that more than 30.8 million pounds of wasted food was processed in the first year of their collaboration.

   We also support other innovative ideas to combat food waste, joining forces with third parties where needed. For example, Delhaize Belgium and start-up Wastech launched the "From Waste to Feed" project, an innovative system that, for the first time, uses live larvae to process food surpluses. Unsold fruit and vegetables from the supermarket are put to good use, because the larvae that eat the surplus food are then processed into protein as a supplement for animal feed. Through this project, Delhaize is actively combating food waste and reducing GHG emissions. In addition, larvae as an ingredient processed into pet food is a perfect alternative to the widely used soy, which often has a large ecological footprint.

We also look further than our own operations to fight food waste. For example, in December 2023, Ahold Delhaize USA announced its role as a founding participant in the U.S. Food Waste Pact. This national voluntary agreement was put forth by partners at ReFED – a national nonprofit working to end food loss and waste across the food system – and the World Wildlife Fund (WWF), the world's leading conservation organization. The pact aims to assist our U.S. brands, and all food businesses, in making impactful progress on food waste reduction goals through pre-competitive collaboration.

Ahold Delhaize is also a founding member of the World Resources Institute 10x20x30 initiative through which retailers partner with suppliers to root out food loss and waste in the food supply chain.

While we would like to do even more to reduce food waste, our efforts are sometimes limited by external factors, such as the infrastructure of hunger relief organizations in certain of the markets our brands serve.

See our website for more information on **food waste.**

How we measure performance

- Percentage reduction in food waste compared to a set baseline. We measure this with a relative metric: total tonnes of food waste per €1 million of food sales.

See *ESG statements* and *Performance review – Food waste* for our performance.

Our targets

TIMELINE	TARGET
Short-term	We have a target of >40% reduction of total tonnes of food waste per €1 million of food sales against our 2016 baseline by 2025[1].
Medium-term	We have a target of 50% reduction of total tonnes of food waste per €1 million of food sales against our 2016 baseline by 2030.

1 The 2025 target has been increased to more than 40% from more than 38% last year to align future ambitions with 2023 performance.

CIRCULARITY

SUSTAINABLE PACKAGING

Definition

Implementing practices to reduce product and transportation packaging and increase reusable, recyclable or compostable packaging material use, where possible. Working with stakeholders to support the transition to a circular economy for packaging.

Boundary: Own operations and value chain (up- and downstream)

General developments in 2023

Across the globe, millions of tonnes of plastic end up in landfills, burned or leaked into the environment – and that amount is rising every year.

Ahold Delhaize has joined large consumer goods companies like Nestlé, Unilever, The Coca-Cola Company and PepsiCo, among others, as signatories to the New Plastics Economy Global Commitment ("The Global Commitment"), which is led by the Ellen MacArthur Foundation in collaboration with the UN Environment Programme. The group has set ambitious 2025 targets with the aim to realize a common vision of a circular economy in which plastic never becomes waste. The *Global Commitment 2023 Progress Report* concluded that while strong progress is being made in some areas, the 2025 target of 100% reusable, recyclable, or compostable plastic packaging will almost certainly be missed by most organizations. Flexible packaging and lack of infrastructure continue to be the main barriers. The prospect of not meeting all of the group's 2025 targets reinforces the urgency for businesses to accelerate action, particularly around reuse, flexible packaging, and decoupling business growth from packaging use.

Our impact

Different types of packaging, such as glass, paper, aluminum and plastic are used to pack the products sold by Ahold Delhaize and its brands. From a circular economy and environmental perspective, our main focus is on plastic packaging and on reducing own-brand primary plastic product packaging, as this has the most direct impact on reducing our footprint.

Our brands continue to improve their own-brand product packaging by eliminating unnecessary plastic, switching to reusable and/or recyclable packaging, and increasing the use of recycled content in own-brand plastic packaging.

In our business model, we mainly consume plastics through our own-brand products and various CPG suppliers that manufacture branded products delivered to our own operations.

In 2023, Ahold Delhaize brands put 169 thousand tonnes of own-brand primary plastic product packaging on the market, of which 28% is currently reusable, recyclable or compostable.

For national-brand products, the influence we may have on our suppliers is limited, and we are dependent on the information they are willing to provide to our brands.

We encourage our national-brand product suppliers to pledge to The Global Commitment and become members of the Ellen MacArthur Foundation plastic pact, which requires them to set ambitious 2025 targets to help realize the common vision with strict monitoring by the Foundation. Many of our significant suppliers have already made this commitment, including Nestlé, PepsiCo, The Coca-Cola Company, Unilever, Mars Incorporated and L'Oréal, along with major packaging producers like Amco, plastics producers such as Novamont and resource management specialist Veolia. These suppliers account for a significant portion of the branded products in our brands' operations.

We monitor progress through The Global Commitment Progress Report, through which all the signatories provide an update to the Ellen MacArthur Foundation on the progress they made on their commitments during the year. The key findings from the 2023 report were:

1. While progress is being made in some areas, key 2025 targets (for example, the target of 100% reusable, recyclable, or compostable plastic packaging) are expected to be missed.
2. The continued growth in total packaging weight reinforces the importance of stepping up efforts to design out the need for single-use packaging in the first place; doing so will require rethinking not just packaging, but also products and business models.

   Accelerating ambition and progress on direct elimination is essential, and further collaboration throughout the system is required to ensure innovative elimination methods are successful where packaging cannot currently be directly eliminated.
3. Significantly accelerating virgin plastic reduction will require a substantial increase in uptake of post-consumer recycled (PCR) content, as well as an extensive reduction in total plastic packaging use.
4. On top of the important elimination and reuse actions, reaching 100% reusability, recyclability or compostability will require overcoming pivotal hurdles around flexible packaging and the scaling of infrastructure.
5. Businesses are encouraged to collaborate with all actors in the value chain to improve collection, sorting and recycling systems, and drive collective investments into recycling technologies and infrastructure, particularly for packaging that is not yet recyclable in practice and at scale, such as polypropylene (PP) pots, tubs and trays and polyethylene terephthalate (PET) thermoforms.
6. A global rollout of well-designed and implemented Extended Producer Responsibility (EPR) programs for packaging is essential to meaningfully scale collection and recycling infrastructure. Businesses can support and accelerate this by actively advocating for mandatory EPR programs consistently across geographies.

See the **Ellen MacArthur Foundation** website for detailed insights on the retail and food sectors' progress on and challenges in reducing plastic waste.

Our approach and progress

Our approach to sustainable packaging is primarily focused on our own-brand products and their primary plastic packaging, as we control the processes within the value chain.

For national brand products, we do not control the plastic consumption or usage within the value chain and we do not always receive detailed data on the type of plastics used in these products. Our approach for branded products is, therefore, to encourage CPG suppliers to become members of the Ellen MacArthur Foundation in order to unite more suppliers behind a common vision of a circular economy for plastics.

CIRCULARITY

SUSTAINABLE PACKAGING
CONTINUED

We also work with several umbrella organizations to find solutions for sustainable packaging. Some of our brands are members of national plastic pacts that are implementing solutions towards a circular economy for plastic. For example, Albert Heijn is a member of the Dutch Plastics pact, while Ahold Delhaize USA is a member of the U.S. Plastics Pact and the Sustainable Packaging Coalition, a membership-based collaborative that believes in the power of industry to make packaging more sustainable.

In line with guidance from the Ellen MacArthur Foundation, we follow a framework designed to help us move toward a more circular system for own-brand products, through:

1) Elimination

Eliminating problematic or unnecessary plastic packaging through redesign, innovation and new delivery models is a priority. To achieve a circular economy, we need to curb growth in the total amount of material that needs to be circulated. While plastics bring many benefits, there are some problematic items on the market that need to be eliminated to achieve a circular economy, and sometimes plastic packaging can be avoided altogether while maintaining utility. Elimination is about more than bans on straws and plastic bags – it is a broad innovation opportunity.

For example, Stop & Shop implemented plans to eliminate all single-use plastic bags from its stores across the Northeast U.S. in the summer of 2023. Customers are encouraged to use reusable bags, and Stop & Shop sells various types of these bags at its stores, including one type that costs just 10 cents. The supermarket also offers community reusable bags with $1 from every purchase going to a local nonprofit.

Alfa Beta launched a new type of paper packaging for its “AB think BIO” organic tomatoes, apples and pears that has the potential to save more than 4,000 kilos of plastic annually.

Ahold Delhaize’s European brands joined forces to launch an EU-wide tender for the trays used in stores to pack delicatessen products, such as olives, salads, cheeses and pastries. This tender was initially set up to harmonize the assortment and save costs, but, along the way, the team also managed to take a big step towards sustainability. In addition to changing to the same shape and size of the trays, the project team also convinced the local teams to opt for more sustainable material. The items that were still made of non-recyclable polystyrene (PS) were transformed into recyclable PET (rPET) or PP. Moreover, a minimum of 80% recycled content was added to all rPET trays, at least half of which comes from post-consumer waste.

2) Shift to reusable

The shift away from single-use towards reusable packaging is a critical part of reducing the negative impact of plastic usage. However, in order to have a real impact, reuse models need to be taken from niche to scale. The Global Commitment states in its 2023 Progress Report that strong policy measures will be crucial to enable the scaling of reuse, and unlock the significant benefits it can offer. In parallel, businesses should drive progress where they can.

Several Albert hypermarkets offer “packaging-free” walls that feature several modules of products in smart or reusable packaging. In the food modules, customers can find dry goods, ranging from breakfast mixes to nuts, cereals, pasta, pulses and seeds, most organic and almost half from the Nature’s Promise own brand. The drugstore section provides products such as washing powder and baking soda and the liquid drugstore range offers basic liquid cosmetics such as soap and shampoo, along with detergents and cleaning products. For grocery products, customers can choose whether to use smart reusable resealable containers, which can be returned to the store after use, or come with their own containers. The hypermarket in Chodov, for example, offers more than 80 items in smart packaging for customers to choose from.

3) Recyclable or compostable in practice and at scale

The recyclability of product packaging is complex, as it often comprises several different materials.

Designing packaging to be reusable, recyclable or compostable is an essential step, but a circular economy is only realized if packaging is actually reused, recycled or composted in practice. This requires the necessary systems to be in place to collect, sort and effectively reuse, recycle or compost the packaging.

“Recyclable” means different things to different people in different contexts. In the context of The Global Commitment, “technically recyclable” is not enough. Recycling needs to not just work in a lab – it should be proven that packaging can be recycled in practice and at scale.

An important step to assess the recyclability of plastic packaging for Ahold Delhaize is to find evidence that, for each plastic packaging category in our own-brand portfolio, an infrastructure for recycling exists in practice and at scale today. That means, essentially, a recycling rate of 30% or higher in geographies together covering more than 400 million inhabitants on the basis of the data in The Global Commitment’s Annual Recycling Rate Survey. In several of our brands’ markets, and for several plastic packaging types, this is not yet the case and, as a result, the plastics are not reported as recyclable even though they may technically be recyclable.

For some packaging categories – such as most rigid plastic packaging – in some geographies, designing technically recyclable plastic packaging is a crucial first step to facilitate the scaling of the necessary infrastructure to collect, sort and recycle these packages in practice.

Design changes, such as removing undetectable carbon black pigment and removing or redesigning components such as caps, lids, pumps and trigger sprays, have the potential to not only increase overall recyclability but also stimulate the scaling of essential infrastructure.

Similar to how recyclability is defined, for compostability, The Global Commitment also moves beyond technical compostability (i.e., meeting relevant international compostability standards) to compostability proven to work in practice and at scale.

CIRCULARITY

SUSTAINABLE PACKAGING
CONTINUED

The "in practice and at scale" requirement and suggested threshold result in some signatories reporting low or moderate recyclability percentages today. The threshold also means that progress towards 2025 targets can be expected to follow a "lumpy" trajectory (e.g., if infrastructure to collect and recycle certain high-volume categories of packaging reaches the threshold scale requirement, recyclability scores would increase significantly). Working toward an ambitious 2025 target and creating transparency on current recyclability percentages demonstrates signatories' commitment to driving change at scale.

It should be noted that recyclability and compostability percentages reported as part of The Global Commitment are not comparable to assessments and claims of recyclability using different definitions or methodologies. The definitions of recyclability and compostability used in the context of The Global Commitment are designed to be applied at a global level and are not linked to any specific geographical area, local context, or regulations, or on-pack recyclability or compostability labels.

Food Lion partnered with Sealed Air, Fieldale Farms and ExxonMobil on an advanced recycling initiative. This pilot turned flexible plastics collected from nearly 180 Food Lion stores serviced by a DC in Greenville, South Carolina, into new food-grade packaging that is put back into the supply chain in a continuous cycle, diverting it from landfills. After a viable pilot, the process is now being evaluated for scale throughout Ahold Delhaize. This circular solution for food packaging waste was the first of its kind in the United States.

For our own brands, we have set a target to ensure 100% of primary own-brand plastic packaging is reusable, recyclable or compostable in practice and at scale by 2025. We expect that we will not achieve this target, due to issues ranging from the scaling up of reusable packaging to the availability of a robust recycling infrastructure for certain plastic packaging categories within some of our brands' markets.

For this reason, we have set an additional reduction target on virgin own-brand plastic product packaging, as this is something we have direct control over and that has a direct impact on reducing our footprint.

4) Decoupling from finite (fossil) resources

Moving towards a circular economy for plastic packaging involves decoupling from finite (fossil) resources. This is achieved, first and foremost, by reducing the need for virgin plastics through elimination, reuse and use of recycled content. Then, over time, any remaining virgin inputs must be switched to renewable feedstocks that are proven to come from responsibly managed sources and to be environmentally beneficial.

Albert Heijn started collaborating with Avantium N.V., a technology company in sustainable chemistry, to make packaging more sustainable. To this end, Avantium's 100% plant-based and circular material polyethylene furanoate (PEF) is being used for various forms of packaging. The first application will be Albert Heijn's new fruit juice bottle made out of PEF, to be introduced in the brand's stores once Avantium's commercial plant for PEF is operational. Albert Heijn is the first supermarket chain in the world to introduce PEF packaging for its own-brand products.

In 2023, our brands reduced the use of virgin plastic in their own-brand primary product packaging by 10.3% compared to 2022.

How we measure performance

- Percentage reduction of absolute virgin plastics used in primary own-brand plastic product packaging
- Percentage of recycled content used in primary own-brand product packaging
- Percentage of own-brand primary plastic product packaging that is reusable, recyclable or compostable

During 2023, we concluded that it is not always possible to obtain information about whether recycled content is post-consumer or post-industrial (pre-consumer) recycled content. As a result, we determined that it is not possible to report on post-consumer recycled content and, therefore, changed the target to report on recycled content and not post-consumer recycled content, as we had in the past. Recycled content that is now reported includes both post-consumer, post-industrial and recycled contents of unknown origin. As post-industrial recycled content is considered to be a small portion of total recycled content, the reduction target is still considered appropriate.

See *ESG statements* for our performance.

Our targets

As noted under our impact above, our main focus is on plastic packaging and on reducing own-brand primary virgin plastic packaging, as this has the most direct impact on reducing our footprint.

We have set the following targets:

TIMELINE	TARGET
Short-term	By 2025, our brands aim to reduce the use of virgin plastic in their own-brand primary product packaging by 5% compared to the 2021 baseline.
	25% of our total own-brand primary plastic packaging weight will be made from recycled content by 2025.
	100% of primary own-brand plastic packaging is reusable, recyclable or compostable in practice and at scale by 2025.

NATURE

SUSTAINABLE PRODUCTS

Definition

Provide an assortment of products that are produced with respect for the environment, including, but not limited to, the protection of biodiversity.

Boundary: Upstream value chain

General developments in 2023

Nature is declining at unprecedented rates. On average, we've seen an astonishing 60% decline in the size of populations of mammals, birds, fish, reptiles and amphibians in just over 40 years, according to WWF's Living Planet Report 2018.

This decline has enormous implications, not just for business but also for the health of the planet and society. Nature and biodiversity form the basis of human existence and have significant economic, social and cultural value. From an economic standpoint alone, we know that approximately half of the world's GDP is moderately or highly dependent on nature and its services.

Our impact

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

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

We know that food systems have to 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 progressing on:

- **More sustainable production systems:** Unsustainable farming and production systems can have adverse impacts on soils, pollinators, local waterways, forests and biodiversity. As an industry, we need to increase the use of regenerative and sustainable agriculture, and get better at addressing key risks such as deforestation within key commodity supply chains. We also need to ensure that people in food value chains are treated with respect and paid fairly.
- **More sustainable consumption patterns:** A key part of this is helping customers increase their consumption of plant-based proteins, which, when produced sustainably, have fewer environmental impacts than animal-based proteins.

  Our brands source products from around the world and sell them outside their growing seasons. Bringing products to the stores from outside of local growing regions requires more energy and resources. With our own-brand products, we aim to make a real impact, influencing what is offered to customers, how it is produced and where.

We take our role in this transition to sustainable food systems very seriously, and work with groups across our value chains, such as the CGF, to contribute to this change throughout the broader industry.

Our approach and progress

Dependence on the natural environment is also relevant for us at Ahold Delhaize. Our business, broader value chain and communities are all dependent on highly functioning natural ecosystems. Essentially all food products that we sell are derived from biological resources, and are dependent on the provision of services, such as productive soils, healthy waterways and effective pollination.

Our approach for sustainable products currently focuses on our supply chain (where most of our impact is), and, in particular, on suppliers of own-brand products (own-brand food sales accounted for 38% of total food sales) – as we have greater leverage with these suppliers. 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.

A broader plan on nature

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.

This included conducting a high-level impact and dependency assessment using ENCORE's natural capital model and reviewing our current approach.

In the coming months, we will continue on the journey by:

- Conducting a detailed impact, dependency and risk assessment and identifying priority value chains and regions for additional exploration.
- Reviewing existing targets and considering the feasibility of setting new or additional nature targets.
- Implementing actions within our brands and adjusting plans based on learnings and insights.
- Enhancing our disclosure of nature-related impacts, dependencies, risks and opportunities.

When we have more clarity on the way forward, we will include it in future reporting, also considering the requirements under the CSRD.

Sustainable sourcing of critical commodities

Across our brands, we focus our efforts on seven commodities in own-brand supply chains with elevated social and environmental risks: tea, coffee, cocoa, palm oil, soy, wood fiber and seafood.

While the risks differ between the commodities and their sourcing locations, these commodities are considered to be high risk for potential impacts such as deforestation, land conversion, overfishing and human rights violations.

We utilize certification to mitigate risks connected to these commodities, and are aiming to have 100% of own-brand tea, coffee, cocoa, palm oil, soy, wood fiber and seafood certified against Ahold Delhaize-approved standards by 2025. See our *website* for more information.

In addition, our brands are also partnering with NGOs and universities on nature-related topics. For example, Alfa Beta in Greece continues to work with WWF and local fishermen to improve local fisheries.

NATURE

SUSTAINABLE PRODUCTS
CONTINUED

Our brands conduct an annual risk assessment to identify social and environmental risks linked to our sourcing practices. This assessment considers environmental impacts such as land conversion, pesticide use and water use, as well as a range of social impacts. Our brands use its outputs to inform their ongoing work on these topics in their supply chains.

Deforestation
Around the world, forests continue to disappear, often to be used for agricultural, ranching and logging purposes. Deforestation and land conversion are a particular concern for tropical rainforests and ecosystems, which are crucial in capturing carbon and helping mitigate climate change.

By 2025, Ahold Delhaize and its brands aim to have 100% of own-brand products containing soy, palm oil, cocoa, coffee and tea certified against an acceptable standard that provides for no deforestation or land conversion as defined by the *Accountability Framework Initiative* or the *Forest Resources Assessment*. The cut-off date we use is December 31, 2020, or the date of the applicable certification, whichever is earlier.

In 2023, we started to prepare for the EU's new Deforestation Regulation (EUDR), including by mapping supply chains and engaging with key suppliers. This work will continue into 2024. See our website for more information.

Sustainable farming practices
We know that unsustainable farming and production systems can have adverse impacts on soil, pollinators, local waterways and biodiversity.

Shifting to more sustainable agricultural models is key to a food system transition that offers opportunities to drive positive impact on climate (both resilience and decarbonization), soil health, biodiversity, animal welfare and water consumption.

Our brands have several initiatives in place that aim to drive improved farming practices, including:

- Delhaize Serbia has been working with the Faculty of Agriculture at the University of Belgrade to reduce the use and quantity of pesticides in fruits and vegetables since 2022. The first pesticide-free products to be produced under this partnership were special varieties of melons and watermelons in 2022. In 2023, the brand re-certified seven items (special varieties of watermelons and melons) and certified nine new items (apples, raspberries, packed salads, cherries and pumpkins).
- Albert Heijn cooperates with more than 1,200 farmers and growers through its Better For Nature and Farmers program, and makes agreements about sustainability, innovation and the earning capacity within our food chain.
- Since 2020, The GIANT Company has partnered with the Rodale Institute, a global leader in regenerative organic agriculture, to create a more sustainable food chain from farm to table, through education, research and training. Over the last three years, The GIANT Company, in partnership with its customers, has raised more than $3 million during its Healing the Planet campaign to support the Rodale Institute's regenerative organic agriculture initiatives, including climate science research to strengthen food system sustainability practices and climate resilient communities.

Our brands are working to further integrate sustainable agriculture expectations into sourcing requirements. They work directly with suppliers to adopt sustainable agriculture practices that include conserving natural resources, reducing land conversion and improving soil health.

Multi-stakeholder partnerships
We know that transitioning to a more sustainable food system will require coordinated action from a variety of actors across governments and NGOs and within food and beverage value chains. For this reason, we are involved in several multi-stakeholder forums centered around critical social and environmental challenges and solutions. Topics covered by forums we currently participate in include deforestation, Illegal Unreported and Unregulated (IUU) fishing, regenerative agriculture and sustainable seafood.

In addition, several of our brands have partnerships with NGOs – for example, Albert Heijn's partnership with World Wide Fund for Nature (WWF) Netherlands to support the goal to halve the environmental footprint of the Dutch customer's shopping basket by 2030.

How we measure performance
- Percentage sustainable sourcing for seven commodities in our own-brand products.
- Reduction in absolute GHG emissions from our value chain (scope 3) against a set baseline.

For performance on these metrics, see **Critical commodity reporting** on our website.

Our ambitions
As noted above, we are working on a new nature approach, the outcome of which might result in additional targets being set.

TIMELINE	AMBITION
Short-term	By 2025, Ahold Delhaize and its brands aim to have 100% of own-brand products containing soy, palm oil, cocoa, coffee, wood fiber and tea certified against an acceptable standard that provides for no deforestation or land conversion as defined by the *Accountability Framework Initiative* or the *Forest Resources Assessment*. The cut-off date we use is December 31, 2020, or the date of the applicable certification, whichever is earlier.

NATURE

ANIMAL WELFARE

Definition
Ensuring that suppliers are following stringent standards on animal welfare by implementing ethical practices for treating animals across their operations.

Boundary: Upstream value chain

General developments in 2023
While there are differing opinions and legislation around animal welfare globally, a Eurobarometer survey published in October 2023 by the European Commission found that protecting the welfare of animals is essential to Europeans. According to this survey, a large majority of Europeans (84%) believe that the welfare of farmed animals should be better protected in their country than it is now. Over 90% of Europeans consider that farming and breeding practices should meet basic ethical requirements. These include offering animals enough space, sufficient food and water, environments adapted to their needs (mud, straw, etc.), as well as ensuring proper handling.

Despite the fact that the survey's interviews were carried out in March 2023, when food prices were already very high due to inflation, 60% of respondents indicated that they would be willing to pay more for products sourced from animal-welfare-friendly farming systems. Around a quarter (26%) would be ready to pay up to 5% more for animal-welfare-friendly food.

Our impact
Animal-derived proteins are still an important part of the human diet – predominantly beef, dairy, pork, chicken and eggs – but the economics of their production often has an inversely proportional relationship with the welfare of the animals. Higher animal welfare standards require investments in physical space, working hours and specialized equipment, which might not always be available in certain markets.

At the same time, farm animal welfare is connected to food safety, due to the close links between space provided to animals and their health. Higher stocking densities require a higher usage of antimicrobials to keep the animals healthy, which may lead to antibiotic-resistant pathogens for humans.

Ahold Delhaize and its brands are committed to promoting animal welfare and safe food, while, at the same time, preserving access to affordable, fresh products – which can be a balancing act.

Our approach and progress
At Ahold Delhaize, we believe supporting animal welfare is the right thing to do. Although market dynamics can vary in the different countries where our brands operate, research shows that the majority of our brands' customers agree and think that animal welfare should be well protected.

We embrace the globally recognized five freedoms of animal welfare:

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

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

Our global commitments around animal welfare include the following:

Animal testing: Ahold Delhaize does not support the testing of own-brand food, pharmaceutical or cosmetic products and their ingredients on animals.

Growth promoters: The use of beta antagonists for growth-promoting purposes in farm animals is illegal in the European Union. Despite the use being legal in the U.S., the U.S. brands promote meat from livestock that are not fed with beta antagonists, aiming to reduce the use of growth promoters, and supporting the producers that are voluntarily phasing them out.

Live animal transport and slaughtering: We are committed to limiting live long-distance transport of farm animals across all species. Furthermore, it is our aim that animal-based products come from farm animals that have been rendered unconscious and insensible to pain before harvest through effective stunning in a single attempt.

Antimicrobials: Ahold Delhaize supports the reduced use of antimicrobials medically critical to humans on farm animals. Ahold Delhaize does not support the prophylactic use of antimicrobials in animal farming.

Routine mutilation: We strive to minimize all forms of routine mutilations that are harmful for animal welfare by collaborating with the industry.

Close confinement: We strive to minimize all forms of close confinement that are harmful for animal welfare. Since January 1, 2013, all EU member states have prohibited breeding sows in individual stalls, with the exception of the first four weeks of pregnancy and the week before giving birth. Our U.S. brands aim to eliminate the use of gestation stalls by 2025 or sooner. Certain U.S. states, such as Maine and Rhode Island, have already implemented legislation banning the use of gestation stalls.

Our local brands translate these global commitments into day-to-day decision making, taking into account local market conditions and local legislation. More information on specific brand approaches is available on the brand websites (see *www.aholddelhaize.com* for links).

In addition, this year, we updated our *Standards of Engagement* to incorporate our vision on animal welfare; besides complying with applicable legislation, we expect suppliers to commit to sound, science-based animal care practices and the elimination of animal cruelty, abuse and neglect. In addition, Ahold Delhaize expects suppliers to incorporate the five freedoms of animal welfare (see earlier paragraph).

While we are making progress on cage-free eggs and gestation crate-free pork, we do not expect to achieve our ambition of 100% cage-free eggs in 2025. The rate of supplier transition in some regions is slower than expected, and we want our brands to continue to be able to offer customers healthy and affordable protein options. Our plan and targets will be updated in 2024.

Ahold Delhaize also makes use of valuable horizontal and vertical collaborations to further improve animal welfare. Our great local brands collaborate with their suppliers to improve animal welfare through contracts and certification and by providing support. Ahold Delhaize also participates in multi-stakeholder initiatives like GRSB, SAI Beef (ERBS), the Sustainable Dairy Partnership and GlobalG.A.P. (for pork and chicken). Key areas of action are antimicrobial use and mortality rates.

How we measure performance
Currently, we have identified the following performance metric on animal welfare. In future years, our performance metrics may be expanded, also considering the impact of vertical collaborations in our value chain.

- Percentage of cage-free laying hens for both own- and national-brand shell eggs.

Our ambitions

TIMELINE	AMBITION
	Albert Heijn and Delhaize Belgium have already achieved 100% cage-free own-brand and national-brand eggs, shell eggs and eggs-as-ingredient.
2025	All other European Ahold Delhaize brands and all U.S. brands have committed to being 100% cage-free for own-brand and national-brand shell eggs by 2025.

Social

As we work to build a healthier planet, we also focus on healthier people – in particular, customers and associates.

Our social impact extends beyond the boundaries of our offices, and our brands' stores and DCs. Our work impacts not only associates but also the customers our brands serve and, more broadly, the communities they operate in. Our great local brands aim to drive positive impact by helping customers and associates make healthy, sustainable choices and working to ensure customers have access to affordable, high-quality nutritious products. Our brands strive to ensure every associate can thrive, and that both associates and customers feel a sense of belonging and community. We also strive to reduce negative impacts, by safeguarding human rights in our brands' own operations and across our supply chains, and working to prevent store-based violence and other workplace safety-related incidents.

For our performance on these social topics, see *ESG statements*.

IMPACTS ON CUSTOMERS

CUSTOMERS' HEALTH AND NUTRITION

Definition

Expanding the brands' product ranges with healthy and nutritious goods. Providing clear and complete information on products' health impacts. Increasing customers' awareness about health and nutrition.

Boundary: Own operations and value chain (up- and downstream)

General developments in 2023

Global hunger, measured by the prevalence of undernourishment (SDG Indicator 2.1.1), remained far above pre-pandemic levels. Some studies indicate that the proportion of the world population facing chronic hunger in 2022 was about 9%, compared with approximately 8% in 2019.

Growing urbanization is a megatrend that, combined with shifts in income, employment and lifestyles, is driving changes in food production, processing, distribution and procurement and consumer behavior.

These changes represent both challenges and opportunities to ensure everyone has access to affordable healthy diets.

Urbanization is often associated with a diversification of diets, including the consumption of foods that can contribute to a healthy diet, not only in urban areas but also in rural areas.

However, the availability of vegetables and fruits is insufficient to meet the daily requirements of a healthy diet in almost every region of the world, and urbanization contributes to the spread of convenience, pre-prepared and fast foods, often energy dense and high in fats, sugars and/or salt, which are increasingly abundant and also cheaper.

The prevalence of childhood obesity is at risk of increasing with the emerging problem of high consumption of highly processed foods and food away from home.

Our impact

Healthy food leads to healthy communities by reducing the risk of chronic diseases and contributing to a community's overall resilience and vitality. Customers look to our brands for fresh, healthy inspiration to help them put delicious, nutritious family meals on the table every day.

Our brands work to help make customers (and associates) more aware of what they eat and how it impacts their health and the planet. They aim to offer affordable, nutritious product choices and other information and support to make healthier eating easier and more appealing.

IMPACTS ON CUSTOMERS

CUSTOMERS' HEALTH AND NUTRITION CONTINUED

Our approach and progress

We aim to make healthier eating commonplace by making fresh, nutritious and delicious food available and affordable for everyone. Our local brands make healthier eating easier through their broad ranges of products that include affordable, nutritious choices, and with recipes, support services and transparent labeling. They use engaging activities to make healthier food appealing and fun.

Working with customers

Our brands inspire customers and provide healthier food in stores and online. They continue to add healthier and more sustainable products to their assortments and keep reformulating own-brand products to reduce salt, sugar and fat and increase vitamins, whole grains and fiber. For example, during 2023, Albert launched 20 new healthy products, and, in cooperation with their suppliers, reformulated 30 products, increasing fiber content in local bakery products and reducing salt and fat in others.

Through Nutri-Score in Europe and Guiding Stars in the U.S., our brands continue to drive transparency about nutritional value.

All of the Ahold Delhaize brands aim to have a nutritional navigation system implemented by 2025. The U.S. brands, Delhaize in Belgium, Albert Heijn in the Netherlands and Maxi in Serbia have met this target ahead of time.

However, our brands in the CSE countries are in a difficult position to meet this target. Local authorities showed resistance to the adoption of Nutri-Score (used by Delhaize and Albert Heijn) and decided to forbid it as a consumer-facing system. They will wait for the European Commission to propose EU-wide legislation for front-of-package labeling. In light of this sensitive situation, our CSE brands (Albert, Alfa Beta, Mega Image and Delhaize Serbia) have removed the Nutri-Score logo on own-brand products.

Nonetheless, the CSE brands are committed to proactively elevating their marketing messaging towards healthy products to keep encouraging healthier diets.

Our brands strive to provide healthier choices and guidance to customers while, at the same time, offering the wide range of products consumers demand.

For example, our Delhaize brand in Belgium integrates healthier choices into its customer loyalty program. The SuperPlus program enables customers to earn points that can then be spent on discounted products or gift cards. Another benefit to SuperPlus is the Nutri-Boost program, which gives every customer spending a minimum amount per month, a 10% discount on fresh products, such as vegetables, fruit, bread and refrigerated products with Nutri-Scores A or B. This discount is not capped at a certain amount, and a comparison between the regular price and the Nutri-Boost price is displayed on the shelves and in the app, making it easy and visible for customers. Approximately 2.5 million customers have signed up for the program.

Hannaford continued in 2023 with its registered dietitian program, which helps customers make healthy choices by providing free nutrition education. The program has grown significantly since its launch more than 20 years ago, when it was one of the first programs of its kind to be offered by a large-scale supermarket retailer in the northeastern United States. Hannaford shoppers now have access to free nutrition education from more than 30 dietitians in over 50 stores across the New England region and New York state. Dietitians lead more than 1,000 in-store classes, tours and online seminars each year on topics such as heart-healthy eating, meal planning and nutrition for kids. The brand also provides education at schools, libraries and healthcare facilities.

In September 2023, Stop & Shop's nutrition partners hosted a week-long wellness event for the community at the brand's Grove Hall store in Boston, Massachusetts. This Wellness Week was a great way to connect and provide ongoing health and wellness support for the community. All year long, a dedicated in-store dietitian at the Grove Hall location offers free nutrition programming through one-on-one consultations, healthy grocery shopping assistance, cooking demonstrations, in-person community classes and webinars.

The GIANT Company has a program by which it offers virtual classes focused on a healthy lifestyle and healthy eating and linked to incentives. The brand's dietitian team hosts a series of virtual classes that provide inspiration, knowledge, and engagement for customers.

Currently, the classes have an average attendance of 285 people. Content varies, and touches upon different health-related areas. For example, "Produce Spotlight" classes highlight and discuss a seasonal produce item, and incorporate it into a recipe. "Meal Solutions Monday" classes highlight quick and nutritious meal solutions, while "Wellbeing Workshops" offer the opportunity to collaborate with The GIANT Company's pharmacists.

Albert Heijn offers a motivational app called "AH My lifestyle coach," developed for everyday effective lifestyle coaching – targeting diet, exercise and sleep. The coaching, developed in close collaboration with behavior scientists, is focused on sustained behavioral change and linked to all kinds of different life stages and journeys. For instance, the app provides coaching on customers' personal shopping basket, along with over 75 challenges that include tasks, recipes, workouts and articles.

Our Greek brand, Alfa Beta, has a website that offers helpful information and enables customers to create their own personalized nutrition plans. The online platform includes health tips and numerous healthy recipes – supported by appealing photos and marketing. Its focus is not only on healthy food, but also sustainable products and cooking with leftovers to fight food waste.

IMPACTS ON CUSTOMERS

CUSTOMERS' HEALTH AND NUTRITION CONTINUED

Giant Food's Healthy Living team expanded the brand's offerings in 2023 to make services and solutions even more accessible. Customers and associates can now access education on a wide range of topics, with supporting resources such as podcasts, shopping lists, meal plans and recipe collections available in the Giant Food YouTube video library. Customers who prefer shorter content can engage on the team's new Healthy Living by Giant TikTok account. In March 2023, the Healthy Living by Giant podcast celebrated its 100th episode, marking seven years of bi-weekly storytelling connecting customers to their farmers, makers, and community.

In addition, to improve the health of communities in need, the brand launched its Giant Food Pantry Project. It connected local partners with professional organizers who helped stock their pantries with Guiding Star-rated ingredients to make approximately 5,400 culturally relevant, balanced meals.

Collaboration with others

As part of our ongoing commitment to promoting health, we engage in the Consumer Goods Forum (CGF), including its coalition Collaboration for Healthier Lives, bringing together manufacturers, retailers and other partners dedicated to empowering individuals to lead healthier lives. During coalition meetings, Ahold Delhaize shares insights from our local markets, in line with the coalition's strategy of "Better Options, Better Choices, and Better Communities."

Key themes such as behavior change, healthier diets, employee well-being, and preventive health are at the forefront of discussions, emphasizing our holistic approach. In 2023, the coalition released a playbook, Winning Behavior Change: A Toolkit for Building Impactful Initiatives, which showcases the data and key learnings from the coalition global initiatives and provides a view on how businesses can establish and execute impactful projects and strategies.

We take those learnings and integrate them into our internal knowledge sharing, to help us create impactful initiatives that move the needle on health.

How we measure performance

- Percentage of healthy own-brand food sales as a proportion of total own-brand food sales.

Our targets

TIMELINE	TARGET
Short-term	52.3% healthy own-brand food sales as a proportion of total own-brand food sales by 2025[1].

1 The 2025 target has been decreased to 52.3% from 55.6% last year to account for the expected impact of the amended Nutri-Score algorithm which is implemented in 2024.

PRODUCT AFFORDABILITY

Definition

Ensuring that customers and communities have access to high-quality nutritious products at prices they can afford.

Boundary: Own operations and downstream value chain

General developments in 2023

While inflation seems to have peaked in 2022 in most markets where we operate, prices remain higher than pre-pandemic levels. Supply chain shortages have moderated compared to a tumultuous 2022. Yet the lingering effects of these trends and consistent pressure on margins is also impacting Ahold Delhaize's business.

Information in the public domain indicates that nearly 60% of respondents said grocery spending represented a significantly higher share of their income. Consumers have also adapted their buying habits by trading down to save money.

Reducing spending remains a top priority for shoppers in all income groups. In fact, nearly 60% of U.S. consumers are looking for ways to save money, an increase of 13 percentage points over 2022.

This search for savings means own-brand offerings became more important. Even if market conditions improve, consumers might continue buying own brands: 83% of U.S. consumers believe the quality of own-brand goods is equal or superior to that of branded products.

Our impact

Our local brands' longstanding commitment to building strong, long-term relationships with suppliers helps them to keep shelves stocked so that customers can get the products they need, even in challenging times.

As a large food retail company, Ahold Delhaize also has a role to play in ensuring communities in its brands' markets have access to affordable products.

For example, The GIANT Company launched a pilot program with a local health system, through which low-income households receive a digital voucher for fresh produce every two weeks. They can log in to the GIANT app or website, click on offers and shop with the voucher either online or in-store.

Our approach and progress

Our approach to ensuring product affordability focuses on the following areas:

Saving for our customers

Our Save for Our Customers initiative enables our brands to operate efficiently, keeping costs down and prices competitive, for example, by introducing more entry-priced products, expanding their high-quality own-brand assortments and delivering personalized value through digital omnichannel loyalty programs. Their own-brand ranges are an important tool in helping offer customers unique and high-quality products at a good value.

See also *Performance review* for information on our Save for Our Customers initiative.

During 2023, in addition to our existing AMS and Coopernic buying alliances, Ahold Delhaize joined the European retail alliance joint venture EURELEC, to help address persistent price differences between European markets.

For more information on how we ensure affordable products, see also **Strengthen operational excellence.**

IMPACTS ON CUSTOMERS

PRODUCT AFFORDABILITY CONTINUED

Expanding our reach

Our approach to increasing access to high-quality, affordable food and other items centers on our brands' convenient neighborhood locations and seamless digital shopping platforms. Our brands continuously look for opportunities to expand the brick-and-mortar store network and extend online shopping delivery.

For example, Food Lion announced the expansion of its Food Lion To Go grocery pick-up service to 45 more stores in Delaware, Georgia, Maryland, North Carolina, Pennsylvania, South Carolina, Tennessee, Virginia and West Virginia in December. With this development, the brand now offers Food Lion to Go pickup or home delivery in approximately 90% of its 10-state operating area.

Product assortment

Our great local brands have been agile in expanding their assortments with high-quality own-brand products at affordable prices and swift to pass on price reductions where possible.

For example, Delhaize Belgium is working to provide a wide offering of affordable products to its customers through its Little Lions program, launched in 2022, that puts 500 basic own-brand products in the spotlight at competitive prices. By Q3 2023, the Little Lions campaign expanded to 1,000 products – double the original offering.

To keep daily grocery shopping affordable, Albert Heijn has also expanded its range of Price Favorites from 1,700 to more than 2,000 top-quality products always offered at good value for money. Price Favorites are available for all daily groceries – including vegetables, fruit, breakfast cereals, cleaning products and toilet paper – and for every occasion.

Customer loyalty programs

Our brands continue to invest in and leverage the power of our digital capabilities to provide customers with meaningful, highly personalized discounts tailored to their needs and wallets.

How we measure performance

- Delivery on our Save for Our Customers program.

Our targets

TIMELINE	TARGET
Short-term	Save for Our Customers program to deliver ≥ €1 billion in 2024.

FAIR AND SAFE WORKPLACE

WORKPLACE CONDITIONS (OWN OPERATIONS)

Definition

Ensuring responsible labor practices in our own operations, which include workplace health and safety, compensation and benefits, talent and development, employee well-being and health promotion, and freedom of association topics.

Boundary: Own operations

General developments in 2023

Across all our markets, price inflation reduced consumer spending power and forced some customers to make different choices while shopping for their groceries, including downtrading. In addition, our brands and those of our competitors experienced an increase in shoplifting cases and, subsequently, in workplace violence related to prevention and response activities. Although physical injuries were relatively limited, we experienced two tragic fatalities this year. Store associates were also more exposed to verbal aggression, intimidation and threats, as well as additional pressure on their mental health and well-being.

Our impact

At Ahold Delhaize, over 402,000 associates look to our brands and businesses to provide a safe place to work and contribute to their health and well-being. As a company of great local brands that are close to the communities they serve, we have a keen understanding of the specific needs of people in all our brands' markets and act to keep associates safe and provide them with the support they need.

Our approach and progress

Workplace health and safety

This increased level of crime and violence prompted our brands to extend and strengthen their programs to ensure a safe working and shopping environment for associates and to ensure continuity of services to communities in sometimes challenging neighborhoods. In many communities, our brands' presence represents continued access to affordable and nutritious food. Brands in the U.S. and Europe not only revamped and strengthened their workplace violence prevention programs with in-person training for store management and associates to increase their skills in managing conflicts in the workplace, but also made significant and focused investments in prevention to support our store management and associates and to manage crime levels and product loss.

Stop & Shop continued to roll out advanced video technology to assist customer scanning behavior and reduce the abuse of self-checkouts to commit theft. Giant Food, Hannaford, Food Lion, The GIANT Company, Albert Heijn and Albert are in the process of piloting and selecting similar video technology to address the theft opportunity that self-checkouts offer. Mega Image is improving its Security Operating Center to assist store management in detecting and responding to crime incidents, combined with rapid security response teams for intervening in crime incidents. A few brands in the U.S. and Europe (including Hannaford, Albert Heijn and Albert) are piloting body-worn cameras to measure the added value for deescalating conflicts.

FAIR AND SAFE WORKPLACE

WORKPLACE CONDITIONS (OWN OPERATIONS) CONTINUED

Our U.S. brands are rolling out technology to prevent losses successfully by blocking the wheels of shopping carts with unpaid products in them so they cannot be pushed out of the store. All our brands have advanced capabilities and have put plans in place to ensure timely and adequate incident response and aftercare, often supported by third-party professionals, such as trauma response and mental support services.

As an often vital part of the communities we serve, our brands are also collaborating with relevant stakeholders, such as national and local governments, law enforcement, retail organizations and the media to contribute to a safer living environment and raise awareness in the communities we serve.

We believe that building a comprehensive safety culture, processes and tools across the organization is the foundation of building awareness and engaging associates. Visible leadership commitment and associate participation in safety provide a strong foundation for a positive culture in an organization. The Ahold Delhaize brands and businesses strive to maintain workplaces that are accident and injury free, recognizing that healthy and safe work environments reduce absences and improve business results.

In 2023, we created a comprehensive global safety policy to be implemented in 2024. The care for the health, safety and well-being of our colleagues, customers, suppliers and vendors is one of our core company values. Brand leadership is responsible for establishing and resourcing implementation plans and monitoring performance around locally relevant health and safety topics. We work through a Global Safety network, which comprises the Safety leads from each brand and other relevant experts. The team collaborates on strategic priorities, mitigation of common risks, shared best practices, subject matter expertise and common guidelines and expectations. The Global Safety network also provides support and resources for developing and maintaining global or common safety management systems that manage organizational exposures to loss, including mitigating injury and regulatory risks.

In 2023, we focused on building leadership on safety among brand management teams. We know that leaders are highly influential in creating a safe workplace. We invested time with brand executives to learn how they were approaching safety engagement and to gather success stories that could be shared more broadly across the company. Several brands – including bol, Albert Heijn, RBS and Mega Image – hosted workshops focused on how to be better safety leaders and advocates.

The teams put a lot of work into aligning key performance indicators, with a particular focus on reducing serious injuries and fatalities. We were encouraged by the improvement in workplace absenteeism rate, from 2.00 in 2022 to 1.89 for 2023. Although serious injury rate increased form 0.42 for 2022 to 0.47 for 2023, overall we had fewer serious injuries in 2023 and the rate is elevated as a result of working hours.

In addition to our work to improve associate safety, our brands also have a strong strategic focus on the health and well-being of associates, their families and communities. They show this by providing benefits that promote healthy living, work-life balance and financial security, in the spirit of our value, care. Our brands also have programs in place to inspire associates to focus on their mental health and well-being.

See also the **Cultivate best talent** section for more information on how we support associate health, well-being and talent and development. See also **Diversity, equity and inclusion** section for more information on pay equity.

How we measure performance

- Workplace injury absenteeism rate (number of injuries that result in lost days per 200,000 hours worked)
- Serious injuries and fatalities rate (per one million hours worked).

Our ambitions

TIMELINE	AMBITION
Short-term	Reduce absenteeism rate year-on-year
Aspiration	Through risk mitigation, education and awareness, reduce all serious injury and fatality occurrences

FAIR AND SAFE WORKPLACE

HUMAN RIGHTS IN THE SUPPLY CHAIN

Definition

Making sure human rights are respected in our supply chains, covering topics like child labor, forced labor, working conditions, discrimination and harassment, women's rights, freedom of association and compensation.

Boundary: Upstream value chain

General developments in 2023

December 10, 2023, marked the 75th anniversary of the Universal Declaration of Human Rights (UDHR), the international community's foundational statement affirming the inherent dignity and equal rights of all people.

Today, on the one hand, we find ourselves in a period of uncertainty amidst multiple global crises, including geopolitical conflict in many parts of the world, the climate crisis and persistent inequalities. On the other hand, we also see progress. There is increased alignment from stakeholders on their expectations of businesses relating to human rights. On December 14, 2023, the Council of the European Union and the European Parliament agreed on the text for the CSDDD, which will require many companies in the EU and beyond to conduct environmental and human rights due diligence on their global operations and value chain, and oblige them to adopt a transition plan for climate change mitigation. While the exact implementation date is not yet known, Ahold Delhaize has several years of experience with human rights due diligence and is now in the process of expanding that approach to social and environmental due diligence.

Our impact

As a global retailer, our commitment to respect human rights extends to the supply chains that our brands depend upon. The strong, long-term relationships our brands build with suppliers help us to gain visibility into the supply chain and aim to use our influence to ensure that the companies we deal with operate in a fair and ethical way that respects human rights.

Our approach and progress

Our commitment to human rights

Our commitment to human rights is an extension of our longstanding dedication to conducting business ethically, and anchored in the first principle of our Code of Ethics: we respect each other.

See also the **Business ethics and compliance** section for more information on our Code of Ethics.

In 2022, Ahold Delhaize updated its *Position on Human Rights*, which outlines our broad commitment to this important issue.

The Position on Human Rights is structured around the key affected stakeholders in our own operations and in the supply chain. It identifies specific vulnerable groups, including, but not limited to: women, members of the LGBTQ+ community, children, persons with disabilities, minorities, refugees, migrant workers and indigenous peoples. The document more clearly expresses our commitment by including our approach to due diligence and providing more information about how Ahold Delhaize and its brands provide access to remedy.

Our Position on Human Rights applies to the own operations and supply chains of all Ahold Delhaize brands and businesses and is owned and formally approved by the Executive Committee. The latest version is available on our website.

Ahold Delhaize also published its second *Human Rights Report* in June 2022, and we are planning to publish our third Human Rights Report during the course of 2024, focusing on the progress on our Roadmap on Human Rights. As with the Position on Human Rights, the 2022 Human Rights Report and its content were reviewed with – and approved by – functional and regional leadership, as well as the Executive Committee.

In the Human Rights Report, we describe in more detail how we embed our commitment to respect human rights throughout our own operations and in the supply chain. We focus on three important aspects: governance, implementation and access to remedy. In the report, we explain how we strengthened our governance of human rights, including the roles and responsibilities to implement our commitment across the organization, and how we engage on human rights and ethics through newsletters, campaigns, webinars and trainings. Ahold Delhaize's Executive Committee directly oversees the implementation of our Roadmap on Human Rights through a quarterly progress report and one or more annual in-person reviews.

In the Report, we also explain our overall approach to human rights due diligence and the operational processes we use to mitigate our impacts and manage the salient issues in our own operations and supply chain, including the existence of our Speak Up lines, which enable each of our brand's associates, third parties within and connected to our supply chains and the public to raise concerns.

Remediation and access to remedy are important aspects of an effective human rights due diligence process, and we commit to addressing allegations that human rights are not being properly respected. In the Human Rights Report 2022, we also explain how grievance mechanisms are carried out in the supply chain in collaboration with the standards and programs we implement.

SOCIAL

FAIR AND SAFE WORKPLACE

HUMAN RIGHTS IN THE SUPPLY CHAIN CONTINUED

Social compliance

Our operational processes include our *Standards of Engagement*, as well as our social compliance and critical commodity programs and targets to monitor working conditions and mitigate social impacts in our supply chain.

We are making steady progress towards auditing and certifying production units in high-risk countries against acceptable standards, defined as any standard considered equivalent to amfori BSCI. As we explain in our *ESG statements*, we also accept stepping-stone standards in specific countries or as a first, temporary step for suppliers towards an acceptable standard. If we include stepping-stone standards, we are approaching 96% of production locations audited or certified on social compliance.

We focus our social compliance program on production locations in high-risk countries (as defined by amfori BSCI), and our critical commodity programs are specifically developed to address major social (and environmental) issues such as child labor and forced labor. In addition, we conduct an annual sustainability risk assessment that reviews social and environmental risks, based on our salient human rights issues, associated with product categories and raw materials and the geographies from which we source them. You can read more about our approach and the specific actions to address child labor and forced labor in our Human Rights Report 2022.

See also our performance on social compliance as reported in our *ESG statements*.

See also our second **Human Rights Report issued in June 2022** and our Position on Human Rights.

Standards of Engagement

The Standards of Engagement define our expectations and require that our suppliers maintain the same high level of business ethics, regard for human rights and the environment as Ahold Delhaize and its brands. The Standards of Engagement are included in agreements with suppliers and they contain the principles that we believe are necessary to support human rights and protect the environment.

To address changing demands and expectations, we revised our Standards of Engagement in 2023, after extensive consultation with colleagues across Ahold Delhaize and the brands, and the revised version took effect on January 1, 2024.

While there are no major changes in terms of requirements, the Standards of Engagement are now fully aligned with the updates made to the Position on Human Rights in 2022, as well as key objectives of our approach on health and sustainability. The Standards now more explicitly address some of the salient human rights impacts, including the need for age-verification mechanisms and the international principles on responsible recruitment in line with the outcomes of our human rights due diligence process and the expectations of stakeholders.

In addition, this version of the Standards of Engagement allows for closer cooperation with – and investigation of – suppliers, if and when reports or allegations arise of serious compliance issues. That aligns with the work we are doing, and external expectations on sustainability due diligence. Version 4.0 will replace version 3.0 over a three-year period, with each new contract or contract renewal.

You can find our updated *Standards of Engagement* on our website.

Industry committees and working groups

Our brands work together with industry organizations to drive food safety and social and environmental sustainability. In addition, we take an active role in various industry committees and working groups, including those of the amfori Business Social Compliance Initiative (BSCI) and the CGF's Sustainable Supply Chain Initiative, to address human rights issues in collaboration with the business community and other relevant stakeholders. In addition, the brands also partner locally and regionally to address human rights impacts in their supply chains, for example with IDH, the Sustainable Trade Initiative. You can read more about those partnerships in the *Human Rights Report 2022*.

FAIR AND SAFE WORKPLACE

HUMAN RIGHTS IN THE SUPPLY CHAIN CONTINUED

Sustainability due diligence

At Ahold Delhaize, we are of the opinion that sustainability due diligence (SDD) is the starting point of our CSRD journey, and, therefore, kicked off our first SDD process in the third quarter of 2023. This is not the first time Ahold Delhaize has conducted due diligence. This SDD process builds on our previous work on human rights due diligence, but this time, we expanded the scope to also include environmental topics.

Sustainability due diligence can be best described as an approach by which companies identify, address and mitigate the social and environmental impacts in their own organizations and throughout their value chains. In addition, companies are expected to track and communicate about their progress.

See also the Sustainability due diligence diagram for an overview of the different steps of a sustainability due diligence.

The steps and requirements for sustainability due diligence are originally based on the UN Guiding Principles on Business and Human Rights and the OECD Guidelines, and these now form the basis for upcoming European legislation: the CSDDD. By already performing sustainability due diligence, we are proactively taking steps to prepare Ahold Delhaize and the brands for the upcoming CSDDD requirements.

By the end of Q4 2023, we completed the initial overview of salient social and environmental impacts. Once formally approved, this list will be one of the key inputs into our double materiality assessment, which will be kicked off in Q1 2024. During Q1 2024, we will work – with internal and external stakeholders – to draft a due diligence roadmap and further prepare for the CSDDD.

In addition, and as part of our approach to due diligence, we are planning to perform at least two human rights impact assessments in 2024, focusing on understanding our most salient human rights impacts in the supply chain, so we can determine how to mitigate or reduce them.

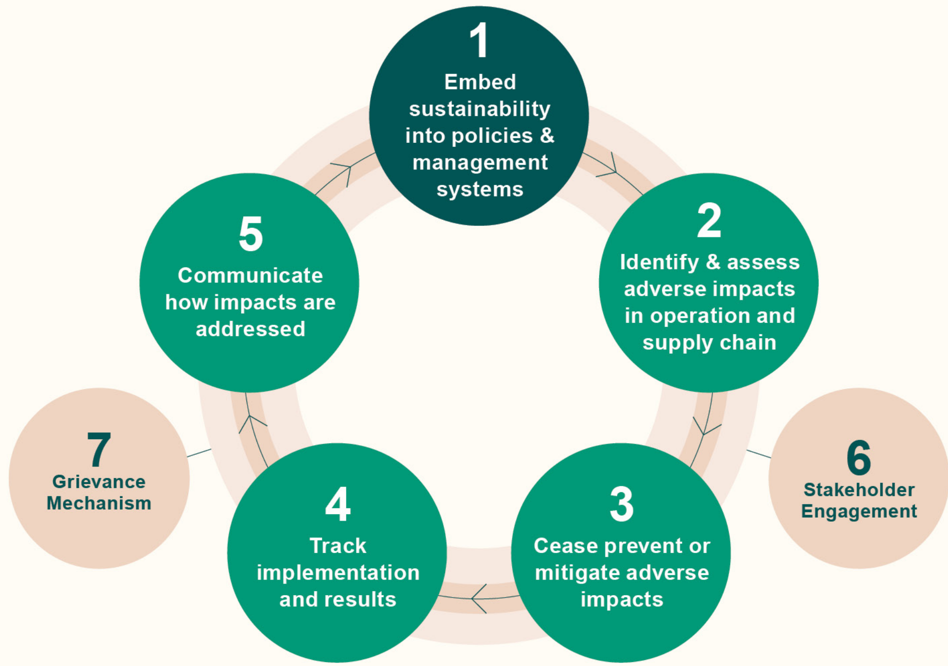
How we measure performance

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

Our ambitions

TIMELINE	AMBITION
Short-term	100% of production sites of own-brand products in high-risk countries audited against an acceptable standard with a valid audit report or certificate and no non-compliances on deal-breakers by 2025

Sustainability due diligence



DUE DILIGENCE		DESCRIPTION
1	**Embed sustainability into policies and management systems**	Embedding social and environmental due diligence in a company's governance and organization
2	**Identify and assess adverse impacts in operation and supply chain**	Taking proactive steps to understand how existing and proposed activities may affect social and environmental impacts
3	**Cease, prevent or mitigate adverse impacts**	Reflecting the results of the impact assessment on business processes
4	**Track implementation and results**	Monitoring the company's performance on human rights and the environment, tracking implementation and results
5	**Communicate how impacts are addressed**	Communicating and reporting on how impacts are addressed
6	**Stakeholder engagement**	Engaging with (affected) stakeholders and their legitimate representatives along the way
7	**Grievance mechanism**	Responding to allegations and providing for, or cooperating in, remediation, where appropriate

DIVERSITY, EQUITY AND INCLUSION

DIVERSITY, EQUITY AND INCLUSION

Definition
Building a diverse and inclusive environment, fostering non-discriminatory workplace practices.

Boundary: Own operations

General developments in 2023: Why DE&I matters
In 2023, as we dove deeper into what it would take to create a sense of belonging and community for our brands' customers, we took clear steps towards engaging our leadership teams on what it takes to be sustainable leaders, including acknowledging the role health equity plays in addressing systemic inequities in our brands' communities. DE&I creates a fabric of trust and reliability only when we show actionable steps towards corporate responsibility and continuous positive change in communities both within and outside our walls.

At Ahold Delhaize, we pride ourselves on being open for everyone. We want every associate to thrive, and every customer to feel a sense of belonging and community in our brands. In addition, we want to role model how the innovation that comes from DE&I can pivot business practices and ultimately change the trajectory of our brands' communities and the planet.

Our DE&I approach
As an international company, our agile DE&I framework ensures our approach is relevant to our local brands. Globally, we have a common focus on holistic inclusion, using the strength of different perspectives to grow our brands; locally, our brands design, implement and drive DE&I strategies tailored to the communities where they live, work and serve. Our Global DE&I framework includes three pillars critical to this work: people, community and culture.

Our people
We define and celebrate diversity as anything and everything that makes us unique and anything and everything that makes us similar – inclusive of, but not limited to: generations, LGBTQ+, gender, race and ethnicity, disabilities, neurodiversity, religion, nationalities and more.

Our culture
Our shared values of courage, care, teamwork, integrity and humor are at the core of our work. They ensure that every voice matters, and that everyone feels respected as part of the Ahold Delhaize family.

Our communities
We believe in working together to improve the world we live in through community engagement and collaboration with external partners and organizations that share our values.

DIVERSITY, EQUITY AND INCLUSION

DIVERSITY, EQUITY AND INCLUSION CONTINUED

Performance toward our aspiration

We are committed to transparency in how we report our progress on DE&I.

100% gender balanced

Globally, our aspiration is to have a workforce that is 100% gender balanced at all levels. This year, we evolved our interpretation of what it means to be gender balanced. Because we are open for everyone, we want to ensure our gender representation includes all employees, including those who do not identify in binary terms. Therefore, our aspiration is not limited to a 50/50 split between men and women, but more representative of all people. We are working on ways to offer associates avenues toward self-identification across our geographies in 2024 so we can update our metrics in this space.

Compared to 2022, our overall proportion of women in management increased from 40% to 41%, while our director-level representation increased from 35% in 2022 to 36% in 2023. We saw the biggest increase at executive level (VP+), where we moved from 33% to 37% this year. See table Our DE&I metrics.

100% reflective of our communities

Our aspiration is to have a workforce that is reflective of the communities we serve. Each brand tracks and measures additional dimensions of diversity that are relevant to its local context and labor market. Across the U.S. brands, the focus is on racial and ethnical diversity, and for our European brands, the focus is on the number of roles offered to associates with disabilities. See table Our DE&I metrics.

100% inclusive

Globally, our aspiration is to be 100% inclusive every day. We measure the cultural aspects of inclusion through an inclusive workplace index that is part of our annual AES. In 2023, we enhanced our DE&I indices to capture a greater breadth of information. We now have foundational data we can use to measure DE&I progress in coming years.

We received a score of 81% on this index in 2023, which measures the following: if diversity is valued at Ahold Delhaize; if associates, regardless of their differences, are treated fairly; if associates can be their authentic selves; whether managers treat all associates with respect; and if associates are encouraged to share their ideas about improving our work environment. We are proud of this result, as 81% is significantly ahead of the global retail benchmark of 77%. See table Our DE&I metrics.

How we support DE&I

We trust, empower and hold accountable our internal and external partners, who are committed to advancing DE&I within our businesses, our brands' communities and society as a whole.

Balanced slates

Our commitment to balanced slates continues to be an important part of company and brand diversity, equity and inclusion strategies. Balanced slates are one tangible way we can source the very best talent and bring our DE&I aspirations to the forefront -- through minimizing unconscious bias in hiring, promotions and job assignments by ensuring equitable access to opportunities. Studies have shown that ensuring underrepresented groups have fair representation in candidate pools provides the best opportunity for hiring managers to diversify teams and select the best-qualified candidates. At Ahold Delhaize, we review and audit our senior-most leadership balanced slate outcomes, and brands determine locally through what job level they apply balanced slates.

Psychological safety

Building on a great foundational launch of psychological safety in 2022, our CSE brands implemented psychological safety workshops in all their brands. Using what we learned from CSE, we partnered with an external nonprofit, The Contentment Foundation, to create programmatic custom rollouts to take place across the Company in 2024. By the end of 2023, more than 1,000 senior leaders were engaged in leadership workshops on how to create psychologically safe work environment.

Women in Leadership forum

This year, we aligned around our purpose for having a Women in Leadership forum: to inspire and empower people to discuss important topics and challenge and support each other in creating more inclusive and equitable workplaces. We meet on a quarterly basis, introducing a new theme each time that is relevant and actionable for the group. In 2023, through stories and collaboration with our Supervisory Board, we focused deeply on enhancing our mindset of abundance, thinking positively to create positive change. We introduced our own definition of allyship, acknowledging our responsibility as leaders to commit to taking action to ask, listen, speak up for, show up for and support those who are marginalized.

Supplier diversity

Through the dedication and efforts of the PDL team in the U.S., we are developing mutually beneficial and successful partnerships with a talented group of diverse-owned suppliers that offer quality products and services, excellent customer service and competitive costs. We develop these relationships by incorporating the national and local businesses into the everyday process of category reviews and product or service bids.

Each quarter in 2023, PDL ran Supplier Diversity Matchmaking events and gave selected suppliers free pitch coaching classes to prepare them for the meetings. The GIANT Company spotlighted vendors during their 100th-year anniversary and included them in digital communications to customers. We are working hard to share best practices in this space and continue to create forums for decision makers that foster and encourage sharing and learning.

Top image: Associates from Hannaford

Bottom image: Gall & Gall associates

DIVERSITY, EQUITY AND INCLUSION

DIVERSITY, EQUITY AND INCLUSION CONTINUED

Pay equity

As a people business, at Ahold Delhaize, we pride ourselves on being open for everyone and we want every associate to thrive. We also believe it is important to compensate every associate equitably. To us, equity means that everyone has equal access to opportunities, regardless of background, and recognizes that we all have unique needs and experiences. We each have a role to play in this, as colleagues or as people leaders.

We believe that associates' total value proposition is more than the wages and benefits they receive. It includes other factors, such as working conditions, opportunities to learn and refine skills, safety, and the diversity and inclusiveness of the workforce. All these aspects are important to associates' well-being and appreciation of their overall working experience and are measured through Ahold Delhaize's AES.

Ahold Delhaize and all the brands recognize and support the right of every individual to receive equitable compensation for their work. Ensuring pay equity is an important mission for each brand and supports our DE&I aspirations.

Ahold Delhaize and each of its brands have adopted the following six overarching principles of fundamental "procedural justice" to guide fair compensation:

1. A solid base for comparing roles
2. Market-based compensation
3. Compensation in compliance with the law
4. Equal pay for equal work
5. Compensation aligned with individual performance and brand business strategy
6. Compensation that is transparent, consistent and explainable for the individual associate

More information about these principles can be found on our website, in our 2022 Human Rights Report under the heading *Compensation*. In addition, our brands and businesses consider these principles in establishing their compensation practices and in resolving disputes. The majority of associates in our brands are covered by collective labor agreements (CLAs). For associates outside of the CLAs, each brand has adopted an independent job evaluation methodology (Korn Ferry Hay) and has created policies and frameworks for determining job levels and titles, pay grades and bands, performance evaluation and wage increases.

Focusing on pay equity

We realize that creating and maintaining policies and frameworks is a critically important step, and that it is equally important to measure the outcome of these practices to ensure pay equity within each of the brands and businesses. The two areas Ahold Delhaize and each of its brands focus on when assessing the performance on pay equity are equal pay for equal work and analyzing any difference in (average/median) earnings between men and women. While both deal with pay differences at work, there are important distinctions between the two.

Equal pay for equal work

We are committed to ensuring all associates at Ahold Delhaize brands and businesses are paid equally for doing the same or equivalent jobs, or work of equal value. Prior to 2023, several brands had already conducted pay difference analyses internally and others conducted equal pay for equal work studies through an independent third-party expert in this field, taking into account local legal requirements. The purpose of these analyses is to close any unexplainable pay differences. In 2023, all brands finalized an equal pay for equal work analysis using the same methodology and by the same independent third party.

Based on these pay equity analyses, each brand identified opportunities to improve pay differences and developed plans to meet its goals. When the brands find unexplainable pay differences, they will adjust these differences to improve equal pay for equal work.

Ahold Delhaize and its brands are committed to continuing to perform pay equity analyses, refreshing them every three years and using the results to close any identified differences.

The gender pay difference

Gender pay difference is a measure of the average or mean difference in earnings between men and women across an organization or the labor market as a whole, regardless of role or seniority. The average gender pay difference shows the difference between the average hourly rate for all males compared with all females across all brands, expressed as a percentage of the average hourly rate for all males. If we were to rank all male and female associates separately, from the lowest to the highest paid, the associate whose pay falls precisely in the middle represents the median. The median gender pay difference shows the difference between the median hourly base rate for all males compared with all females, expressed as a percentage of the median hourly base rate of all males.

Ahold Delhaize is continuously committed to sharing gender pay difference figures, and we continue to conduct internal gender pay difference studies. In order to accurately track and report on our progress in this field, we have chosen to share the analysis covering the same population as in our 2022 Annual Report; the gender pay difference analysis covers 1,966 associates (male and female) in management positions in the Netherlands.

The study showed a provisional average gender pay difference of 2.93% (2022: 4.46%) and a median gender pay difference of 2.59% (2022: 2.99%) in favor of men in 2023. We are proud of the progress we have made on both aspects in comparison to our 2022 gender pay difference figures and will continue our efforts in 2024.

To support our fair compensation principle and our ambition for equal opportunities, we continue to review the gender distribution at all levels. In 2023, we were proud to see female representation at our most senior level (VP+) increase further, from 33% to 37%. We have also applied balanced slates to external hiring and internal succession planning at this most senior level to ensure we consider a more diverse pool of candidates.

Gender pay
Shows the difference in pay between women and men

"Median pay difference"
Population: Manager+, the Netherlands
M F
2.59%
(2022: 2.99%)

"Mean pay difference"
Population: Manager+, the Netherlands
M F
2.93%
(2022: 4.46%)

DIVERSITY, EQUITY AND INCLUSION

Top image: Associates in an Etos store

Bottom image: Associates at our support office in the Netherlands

DIVERSITY, EQUITY AND INCLUSION CONTINUED

Our continuous commitment

We remain committed to our DE&I aspiration to achieve 100% gender balance at all levels, to be 100% reflective of the communities our brands serve (as defined by each local brand), and to strive for 100% inclusion, every day. We will continue to perform pay equity studies for equal work, refreshing them every three years and using the results to close any unexplainable identified differences. And we will keep pushing ourselves further in reviewing our practices, integrating equity into our people decisions and building internal capabilities with a focus on all aspects of DE&I, such as representation and pay equity.

We are committed to delivering pay equity to all associates and providing a work environment where people -- regardless of gender, race/ethnicity, or any other status -- have equitable access to career opportunities and can reach their full potential. As part of this commitment, Ahold Delhaize and its brands will regularly review their policies and each brand will shape its focus in line with legislation, including new EU legislation, and local needs.

Note: Ahold Delhaize recognizes there are multiple personal pronouns used for different groups and identities, including gendered, gender neutral and gender inclusive.

DE&I accolades this year

Ahold Delhaize brands are honored to have been recognized across dozens of DE&I certified awards in 2023; here is a sampling of some of the top awards we have received:

Alfa Beta

- Gold Award at Diversity & Inclusion Awards 2023, through BOUSSIAS and the Diversity Charter Greece, recognizing collaboration with more than six NGOs and design of employability programs for refugees and immigrants

Stop & Shop

- Equality 100 Award as a Leader in LGBTQ+ Workplace Inclusion by Human Rights Campaign.

Giant Food

- Gold Loyalty360 Award in Corporate Social Responsibility by Loyalty360

Delhaize Serbia

- Most Inclusive Employer Award 2023, by the Responsible Business Forum, Smart Collective and USAID
- Third place, most gender-sensitive company, recognized by the Association of Business Women in Serbia

Mega Image

- A Top Employer bringing certified excellence in employee conditions by the Top Employers Institute.

The GIANT Company

- 100% on HRC Foundation's Corporate Equality Index for 2023/2024
- Best Places to Work for LGBTQ+ Equality by Human Rights Campaign

Food Lion

- Equality 100 Award as a Leader in LGBTQ+ Workplace Inclusion by Human Rights Campaign.
- One of America's Greatest Workplaces 2023 for Diversity by Newsweek.

How we measure performance

- Gender balance by level
- Reflective of our brands' communities
- Associate inclusive score

Our aspirations

At Ahold Delhaize, we are committed to ensuring we are an inclusive company.

TIMELINE	ASPIRATION
Long-term	A workforce that is 100% gender balanced at all levels
	A workforce that is 100% reflective of the communities we serve
	A workplace that is 100% inclusive – where all voices are heard and valued

SOCIAL

DIVERSITY, EQUITY AND INCLUSION

DIVERSITY, EQUITY AND INCLUSION CONTINUED

Our DE&I metrics

We measure progress based on data from each of the applicable brands; they manage their workforces and are responsible for outcomes. The following table outlines aggregated data for the purposes of reporting on performance toward our DE&I aspirations.

	2023	2022	2021	2020
100% Gender balanced				
Female at VP+ level	**37%**	33%	27%	27%
Female at director level	**36%**	35%	34%	34%
Female at manager level	**41%**	40%	40%	39%
Female below manager level	**53%**	54%	54%	54%
Female: Total Ahold Delhaize	**52%**	53%	53%	54%
100% Inclusive				
Inclusive workplace index[1]	**81%**	80%	79%	79%

1 Annual associate engagement survey results, see *Definitions and abbreviations* for definitions.

	2023[2]	2022	2021	2020
100% Reflective of communities				
Racially/ethnically underrepresented at VP+ level (U.S.)[1]	**15%**	18%	17%	10%
Racially/ethnically underrepresented at director level (U.S.)[1]	**18%**	18%	19%	12%
Racially/ethnically underrepresented at manager level (U.S.)[1]	**22%**	22%	22%	15%
Racially/ethnically underrepresented below manager level (U.S.)[1]	**37%**	38%	37%	34%

1 Figures are for associates in the U.S. only, and exclude associates in Europe due to legal restrictions in Europe. The term "racially/ethnically underrepresented" refers to racial/ethnic groups that are underrepresented in the U.S. workforce generally (Black or African American, Asian, Native American or Alaska Native, Hispanic or Latino, Native Hawaiian or Other Pacific Islander, Two or More Races). Reported associate racial/ethnic categories in the U.S. are based on voluntary self-identification; associates with a missing racial/ethnic category are not included in the figures above. Each U.S. brand has adopted its own DE&I strategy to reflect our DE&I ambitions, and these figures represent an aggregation of the data of each brand.

2 Figures for 2023 exclude FreshDirect. The brand added significantly to our racial and ethnic diversity, which is why we see a decrease on some measures from 2022. However, if you compare against the numbers from before FreshDirect's acquisition in 2021, we have still shown improvement across all metrics.

3 Survey results exclude bol, FreshDirect, Pingo Doce and Delhaize Belgium.

4 Aggregation of data from each U.S. brand. Racial/ethnic diversity is based on self-identification; data where identification is missing is not included in the analysis.

Associate population diversity

81% Associate Employee Survey (AES) inclusion score[3]

402,000 Total associates

52% female

47% male

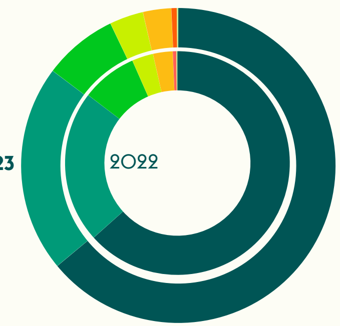
1% other

Gender diversity by region

47% female | **52%** male | **1%** other

59% female | **40%** male | **1%** other

US associates: Racial and ethnic diversity[4]



	2023	2022
White	**63.1%**	62.8%
Black or African American	**21.0%**	21.8%
Hispanic or Latino	**7.5%**	8.0%
Two or more races	**3.4%**	3.1%
Asian	**2.9%**	2.8%
American Indian/Alaskan Native	**0.5%**	0.5%
Native Hawaiian/ Other Pacific Islander	**0.2%**	0.2%

Governance

Our commitment to integrity is foundational to effective governance. We believe that our values and ethical principles should guide everything we do. Having the right governance helps ensure that we take a structured approach to our ESG commitments and is critical to our success.

At Ahold Delhaize, governance is more than our policies, processes and controls. Effective governance depends on having an ethical culture in place, and we work hard to embed that culture in everything we do. Transparency and accountability are guiding principles of our approach to governance.

See also *Introduction to ESG* for how we manage our ESG performance.

BUSINESS ETHICS

BUSINESS ETHICS AND COMPLIANCE

Definition

Building strong practices for how we conduct business and ensuring our business is transparent to stakeholders. Establishing anti-competitive, anti-corruption and whistle-blower practices.

Boundary: Own operations

General developments in 2023

The increasingly complex regulatory environment in which we operate has heightened our focus on addressing new compliance risks. Evolving regulatory mandates in regional, national and local legislation across our operating footprint have required that we evolve our capabilities and resources through innovation and efficiency. Additionally, as our business continues to grow and evolve, we encounter new compliance risks that require additional capacity and expertise to effectively manage.

Our impact

At Ahold Delhaize, we are committed to conducting our business “the right way, every day.” Our ethical culture drives ethical decision making in every aspect of our business, including compliance with external laws and regulations, a clear policy framework, and controls that create transparency and accountability.

Our Code of Ethics provides four ethical principles that guide our actions:

1. We respect each other.
2. We follow the law.
3. We act ethically in all of our relationships.
4. We have the courage to speak up.

Our approach and progress

Our ethical principles apply to all associates of Ahold Delhaize and its businesses. Manager-level and above associates are assigned an annual Code of Ethics training. In addition, the Code of Ethics and our ethical principles are communicated to associates through our website, local intranet pages, posters, videos, local campaigns and during our global Ethics Week. The full Code is available in the corporate governance section of our website at *www.aholddelhaize.com*.

In addition to our Code of Ethics, we have a global Governance, Risk Management and Compliance (GRC) framework that addresses and monitors key risks to our business, including risks related to ethical business practices such as conflicts of interest, anti-corruption and bribery, and competition. This framework also includes policies and controls that relate to internal processes as well as legal and regulatory risks. You can read more about the framework under *Risk management*.

In 2023, we conducted a global Ethical Culture Survey to measure our progress on awareness and implementation of our ethical principles among associates. We plan to conduct a follow-up survey in 2025 and will report on our progress.

BUSINESS ETHICS

BUSINESS ETHICS AND COMPLIANCE CONTINUED

Speak Up line

Ahold Delhaize and its brands provide multiple ways to report misconduct. Our Speak Up line enables associates and third parties, including individuals in our supply chains, to report misconduct, including irregularities, and raise concerns about improper behavior or possible violations of law or policy.

The Speak Up line is accessible online and by phone, 24 hours per day, seven days per week, in the local languages of the countries in which our brands operate. It is a confidential and secure service hosted by NAVEX. The Speak Up line is communicated to associates on our website, on the brands' intranets, on posters and in our annual Code of Ethics training and communications. You can find the contact details and more information about the process, including a response timeline, as well as the detailed Speak Up Policy, at *www.aholddelhaize.com*. In 2023, we updated our Speak Up Policy and related process to address new expectations of the EU whistleblower directive.

In 2023, our Speak Up lines received 4,741 reports (2022: 5,128), The top ten issue types reported were:

1. Unfair treatment (27%)
2. Misconduct or inappropriate behavior (26%)
3. Bullying (8%)
4. Discrimination (6%)
5. Request for guidance (6%)
6. Sexual or other harassment (5%)
7. Other violations of company policy (3%)
8. Retaliation (3%)
9. Workplace safety (3%)
10. Substance abuse (2%)

There were no substantiated reports involving senior management.

All reports are forwarded to the appropriate internal resource for review and investigation. If misconduct is substantiated, appropriate corrective action is taken and remedy provided.

Approximately 64.2% of reports were made anonymously in 2023. On average, reports were investigated and resolved within 30 days. Approximately 31% of investigated reports were substantiated. In 2023, there were no substantiated reports of significant financial reporting, accounting, fraud or ethical violations and there were no substantiated reports involving senior management.

The Ethics team of Ahold Delhaize and its brands review the reports from the Speak Up lines on a quarterly basis and discuss and incorporate learnings to improve the system and ensure that processes are in place to address and prevent the reported issues. In addition, the Ethical Culture Survey includes questions about the accessibility, potential barriers, implementation, performance and outcomes of the Speak Up line. In 2023, Ahold Delhaize also conducted a survey of a sample of users and worked with NAVEX to continuously improve the system.

No retaliation

Ahold Delhaize and its brands strongly encourage reporting misconduct. We will not retaliate or allow retaliation against anyone who, in good faith, reports potential misconduct. Any form of direct or indirect retaliation is strictly prohibited.

Corruption and bribery

Ahold Delhaize and its brands are committed to conducting business in an ethically responsible manner and complying with the law in all countries and jurisdictions in which we operate. This commitment includes compliance with laws relating to anti-corruption and bribery. The Ahold Delhaize Code of Ethics and our *Global Anti-Corruption and Bribery Policy* prohibit any form of corruption or bribery, including facilitation payments. This guidance is available to all associates and is addressed in our Code of Ethics training, as well as in training and communication for functions that are at risk of encountering corruption and bribery. Based on our monitoring systems across our operations, including the Speak Up line, there were no incidences of bribery or corruption during the year.

None of the Ahold Delhaize-controlled brands incurred any legal action, fines, penalties or settlements related to anti-competitive business practices in 2023, and there were no significant instances of non-compliance with laws or regulations.

Legal compliance

All significant instances of non-compliance with legal obligations are reviewed by the global GRC committee to ensure that the non-compliance is appropriately addressed and remediated.

During 2023, there were:

1. No confirmed incidents of legal non-compliance related to bribery, corruption, and anti-competitive business practices.
2. No significant breaches of laws or regulations, including social or environmental impacts.

Data privacy

The protection of personal data is paramount to Ahold Delhaize. Customers, associates and business partners entrust our businesses with their personal data and we are committed to safeguarding this information, consistent with relevant security and privacy legislation and regulations. At Ahold Delhaize and its brands, we strive to use customer data to benefit customers, whether it is checking their home address for deliveries, accessing their shopping history for personalized benefits or confirming account details for online orders. Our four privacy foundations guide how Ahold Delhaize and its brands manage personal data. More information is available on our *website*, as well as further information on key practices around how we maintain the *security of systems and data*. Ahold Delhaize and each of the brands have a privacy notice for customers and associates, in line with local legal obligations, available on their websites.

How we measure performance

Due to the nature of this material topic, we manage potential incidents as we become aware of them, but do not track specific indicators.

Our ambitions

AMBITION
We consistently strive to create a strong ethical culture where our decisions and actions align with our values and ethical principles and in which any misconduct is reported without fear of retaliation.

OUR CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)

The UN SDGs aim to promote sustainable development that meets the needs of the present without compromising the ability of future generations to meet their own needs. At Ahold Delhaize, we acknowledge the significance of the UN SDGs' 2030 Agenda for Sustainable Development. The SDGs have been a source of inspiration for us, and we have aligned our ESG priorities and strategy with them. To demonstrate our ongoing commitment, we raised the SDG flag at our headquarters in Zaandam on September 25, 2023. In this chapter, we provide some examples of how we contribute to the SDGs.

SDG NAME	EXAMPLES OF AHOLD DELHAIZE CONTRIBUTIONS TO THIS SDG	MATERIAL TOPIC RELATED TO THIS SDG
Zero hunger 2 ZERO HUNGER	• We enhance food accessibility through our brands' stores and pick-up and delivery services, as well as by donating food. In 2023, Ahold Delhaize brands donated 76 thousand tonnes of food. • Our brands promote healthier eating habits by providing healthier options in their product ranges, implementing food labeling and educating customers. • Our brands ensure that customers and communities have access to high-quality nutritious products and at prices they can afford, through initiatives such as Save for Our Customers and customer loyalty programs. For example, to keep daily grocery shopping affordable, Delhaize Belgium continues to guarantee the purchasing power of customers through its Little Lions initiative, which has, so far, put 500 basic own-brand products in the spotlight at competitive prices.	*Customers' health and nutrition* *Product affordability*
Good health and well-being 3 GOOD HEALTH AND WELL-BEING	• Our brands offer nutritional products in stores and, through Nutri-Score in Europe and Guiding Stars in the U.S., continue to drive transparency about nutritional value. • A key part of creating more sustainable consumption patterns is supporting customers in increasing their consumption of plant-based proteins, which, when produced sustainably, have fewer environmental impacts than animal-based proteins. • We aim to safeguard the health and well-being of associates.	*Customers' health and nutrition* *Sustainable products* *Workplace conditions*
Gender equality 5 GENDER EQUALITY	• Ahold Delhaize and each of its brands recognize and support the rights of all associates to be treated fairly and equally, regardless of their gender. Our Code of Ethics and Position on Human Rights include clear commitments and expectations on equal employment opportunities and respect in the workplace. Also, Ahold Delhaize is a signatory of the Women's Empowerment Principles. • Ahold Delhaize's Standards of Engagement prohibit discrimination in hiring, remuneration, access to training, promotion or retirement based on gender, and forbid any physical, sexual, psychological or verbal harassment. • Ahold Delhaize is committed to further accelerating our ambition to have a workplace that is 100% gender balanced at all levels, 100% reflective of the communities our brands serve and 100% inclusive. For example on December 8, 2023, Ahold Delhaize women in leadership community hosted a joint event on navigating gender diversity with the LEAD Network, an organization that strongly advocates for gender diversity in retail FMCG industries.	*Diversity, equity and inclusion* *Human rights in the supply chain*
Affordable and clean energy 7 AFFORDABLE AND CLEAN ENERGY	• Promoting sustainability in our operations. Our brands are building and remodeling stores by installing energy-efficient equipment, such as LED lights, doors on refrigerator cabinets, heat recuperation, heat pumps, CO_2 refrigeration systems (which not only reduce emissions, but are more energy efficient than conventional refrigerators) and improved insulation. They are also installing sensors that, for example, automate defrosting by sensing when it is needed and are more energy efficient than using a timer. • We are also seizing resource efficiency opportunities by generating renewable electricity at our own sites, where feasible, and targeting emissions reduction from our logistics suppliers and own vehicle fleet. As part of this work, we are establishing long-term partnerships with local renewable energy producers.	*Climate change*

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

OUR CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)

SDG NAME	EXAMPLES OF AHOLD DELHAIZE CONTRIBUTIONS TO THIS SDG	MATERIAL TOPIC RELATED TO THIS SDG
Decent work and economic growth	• Ahold Delhaize and each of its brands commit to respect fundamental human rights at work. Each brand is committed to providing safe, secure and inclusive environments where all associates and customers are respected and appreciated. In addition, each of our brands strives to provide associates with challenging and rewarding opportunities for personal and professional growth. More information about our commitment to respect human rights is available in Ahold Delhaize's Position on Human Rights. • Ahold Delhaize requires from suppliers that they comply with the Standards of Engagement or an equivalent commitment, and suppliers must observe all applicable laws and regulations of their country of operation. That includes requirements on – among others – working hours, compensation, freedom of association and occupational health and safety.	*Workplace conditions* *Human rights in the supply chain*
Reduced inequalities	• Ahold Delhaize and each of its brands recognize and support the right of associates to a workplace free from harassment and discrimination. Ahold Delhaize's Code of Ethics, Position on Human Rights and Standards of Engagement include clear commitments and expectations on equal employment opportunities and respect in the workplace in own operations and in supply chains. • In addition, Ahold Delhaize identified vulnerable groups as part of its work on human rights due diligence. Those vulnerable groups include – but are not limited to – women, members of the LGBTQ+ community, children, persons with disabilities, minorities, refugees, migrant workers and Indigenous Peoples. In the latest update to the Standards of Engagement, we included a reference to the international principles of responsible recruitment in relation to forced labor to reflect the vulnerability of migrant workers, as well as a requirement on land rights that particularly affect Indigenous Peoples.	*Diversity, equity and inclusion* *Human rights in the supply chain*
Responsible consumption and production	• We aim to move to a more circular system that reduces the negative impacts of plastic product packaging. Our brands continue to improve their own-brand product packaging by eliminating unnecessary plastic, switching to reusable and/or recyclable packaging, and increasing the use of recycled content in own-brand plastic packaging. • We aim to contribute to a food system that ensures everyone has access to nutritious food for generations to come. We continuously review our operational processes to reduce food waste, and divert unsold food to feed those in need within our brands' communities. We have a three-pronged approach to driving down food waste (for more information, see Food waste).	*Sustainable packaging* *Food waste*
Climate action	• In line with the indicators and targets of this SDG, we report on our GHG emissions and have set science-based emission reduction targets for our own operations (scope 1 and 2) and our value chain (scope 3) in line with the UN's goal to limit global warming to 1.5°C. • We also contribute to awareness-raising and education around climate action. 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.	*Climate change*

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SDG NAME	EXAMPLES OF AHOLD DELHAIZE CONTRIBUTIONS TO THIS SDG	MATERIAL TOPIC RELATED TO THIS SDG
Life below water 14 LIFE BELOW WATER	• Ahold Delhaize and the brands are committed to ensuring that own-brand seafood is responsibly sourced. We utilize certification to manage risks connected to our critical commodities, and are aiming to have 100% of seafood certified against Ahold Delhaize-approved standards by 2025. • In practice, this means buying seafood with trustworthy certifications recognized by the Global Sustainable Seafood Initiative (GSSI), including the Marine Stewardship Council and Aquaculture Stewardship Council. • In addition, our brands are also partnering with NGOs and universities on topics related to this SDG. For example, Alfa Beta in Greece continues to work with WWF and local fishermen to improve local fisheries.	Sustainable products[1]
Life on land 15 LIFE ON LAND	• Our brands are working to further integrate sustainable agriculture expectations into their sourcing requirements. They work directly with suppliers to adopt sustainable agriculture practices, such as conserving natural resources, reducing land conversion and improving soil health. • We utilize certification to manage risks connected to our critical commodities, and are aiming to have 100% of own-brand tea, coffee, cocoa, palm oil, soy, wood fiber certified against Ahold Delhaize-approved standards by 2025. • Our brands have several initiatives in place that aim to drive improved farming practices; see Sustainable products for more information and examples.	Animal welfare Sustainable products
Peace, Justice and Strong Institution[2] 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	• Our ethical principles are the foundation of our commitment to conduct our business the right way, every day. Our Code of Ethics supports our commitment to comply with relevant legal and regulatory obligations and make ethical choices related to our business. • In addition to our Code of Ethics, we have a global GRC framework that addresses and monitors key risks to our business. This framework includes policies and controls that relate to internal processes (e.g., financial reporting, capital investments, purchasing and tax) as well as legal and regulatory risks (e.g., data privacy, competition and antitrust, and corruption and bribery). • The Ahold Delhaize Code of Ethics and our Global Anti-Corruption and Bribery Policy prohibit any form of corruption or bribery, including facilitation payments. This guidance is available to all associates and is addressed in our Code of Ethics training, as well as in training and communication for functions that are at risk of encountering corruption and bribery.	Business ethics and compliance
Partnerships for the Goals 17 PARTNERSHIPS FOR THE GOALS	• As leading global retailers, Ahold Delhaize and the brands are committed to consulting with many different stakeholder groups on ESG topics, and taking their needs into account in our day-to-day business. For example, we are a member of the United Nations Global Compact (UNGC) and CGF. • Related to specific material topics, we partner with other organizations to learn and share, and we use frameworks and methodologies. For example: – We calculate food waste according to the Food Loss and Waste Protocol (FLW Protocol), a multi-stakeholder effort to develop the global accounting and reporting standard for quantifying food and associated inedible parts removed from the supply chain. – Our assessment methodology for recyclability follows the guidelines of the Ellen MacArthur Foundation New Plastics Economy Global Commitment regarding recyclability of plastic packaging. Ahold Delhaize brands work with a number of external partners to recycle cardboard, paper, plastic, metal, glass, wood, electronics, cooking oil and food waste. – Our carbon footprint methodology follows the guidelines of the World Business Council for Sustainable Development (WBCSD)/World Resources Institute (WRI) and we report our GHG emissions with reference to the GHG Protocol on corporate GHG accounting and reporting.	Food waste Sustainable products Sustainable packaging Animal welfare Climate change Customers' health and nutrition Human rights in the supply chain Diversity, equity and inclusion Workplace conditions

1 Also see https://www.aholddelhaize.com/sustainability/our-position-on-societal-and-environmental-topics/seafood/
2 More specifically, our contribution is related to SDG 16.5 Substantially reduce corruption and bribery in all their forms.